

## INVESTMENT DIVISION



**DATO' MOHAMAD NASIR AB LATIF**  
Deputy Chief Executive Officer

**“As a retirement savings fund, our objective is to preserve and enhance the value of our members’ retirement savings and this can be measured by looking at our declared dividend rates against Malaysia’s inflation rate. For 2017, the dividend rates declared for Simpanan Shariah and Simpanan Konvensional were 2.61 per cent and 3.11 per cent respectively over the inflation rate of 3.79 per cent. For the past three years, the EPF has declared a rolling three-year real dividend of 3.51 per cent and 3.67 per cent for Simpanan Shariah and Simpanan Konvensional respectively, which exceeded our strategic target of two per cent.”**

In ensuring that the strategic investment targets are met, the EPF’s investments stand guided by its Strategic Asset Allocation (SAA) to optimise return within its risk tolerance limits.

Apart from the SAA, the EPF also has Tactical Asset Allocation (TAA) which allows portfolio managers to deviate from the median SAA within the portfolio’s tolerable range to take advantage of market conditions. Meanwhile, the medium term views on the market are incorporated into our Dynamic Asset Allocation (DAA) which is reviewed on a quarterly basis.

### GIVING BACK VALUE

The current SAA is effective for the year 2017-2019. The SAA was reviewed in 2016 to reflect prevailing market conditions, changes to regulatory and accounting requirements and investment constraints. The revised SAA maintains the allocation by broad asset classes. However, there has been a reallocation for the sub asset classes to reflect the growth in the EPF’s investment asset size which exceeds the growth of the Malaysian GDP, therefore making it inevitable for the EPF to increase its allocation to overseas investment to 32 per cent from 26 per cent previously. The reviewed SAA also focuses on meeting the median SAA for the Real Estate & Infrastructure asset class of 10 per cent from the current exposure of 4.06 per cent as at end of 2017.

### INVESTMENT HIGHLIGHTS

During the year, the EPF saw improved market conditions across both global and domestic markets in 2017. The two rate hikes by the US Federal Reserve and anticipation of tax reform in the US fuelled the global market indices rally as it signalled investors’ positive outlook on the economy and increasing corporate profits going forward. Other factors that played a key role include raising oil prices and strengthening of the ringgit.

#### OBJECTIVES

The Investment Division manages the EPF’s investment fund with two primary long-term investment objectives:

- ↓ To preserve and enhance the value of capital from members’ contribution; and
- To maintain stable and consistent returns over the long term within tolerable risk limits.

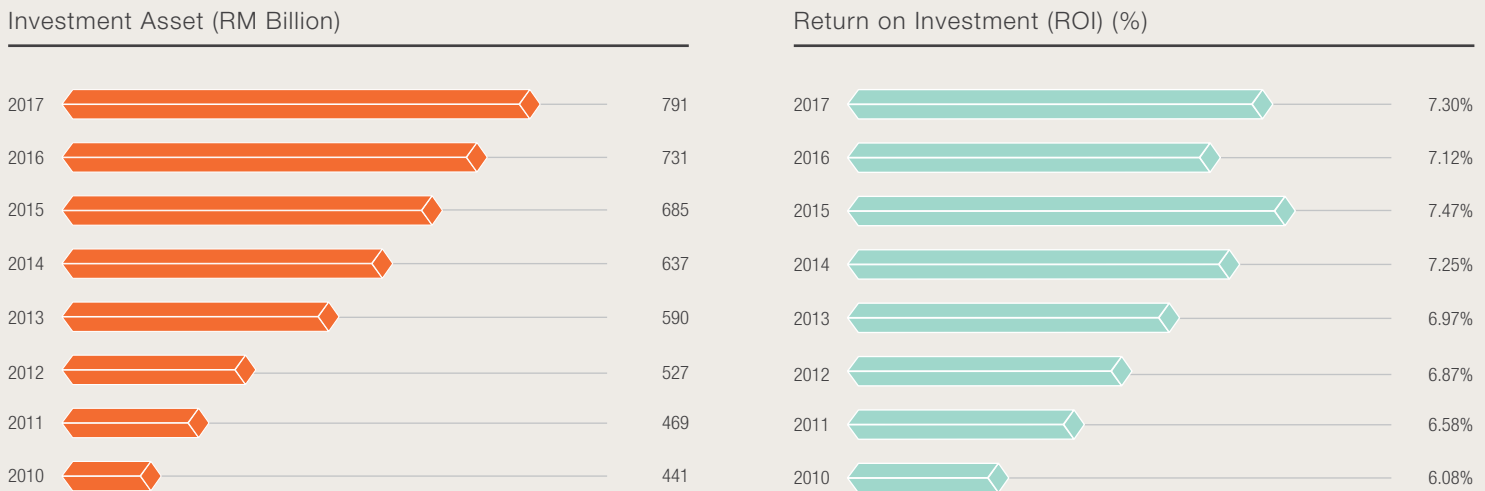
#### STRATEGIC TARGETS

To ensure that the above objectives are met, two strategic investment targets have been set:

- To declare at least 2.50 per cent nominal dividend on a yearly basis; and
- To declare at least 2.00 per cent real dividend (inflation adjusted) on a rolling three-year basis.

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INVESTMENT ASSET AGAINST RETURN ON INVESTMENT (ROI)



Gross investment income for 2017 was RM53.14 billion, the highest since the EPF's establishment in 1951. Of the amount, a total of RM4.60 billion was attributed to Simpanan Shariah, proportionate to its share of total shariah assets while RM48.54 billion was attributed to Simpanan Konvensional. The returns for Simpanan Konvensional were enhanced by the income generated from non-shariah investments following the outperformance of banking stocks globally, while Simpanan Shariah does not include conventional banking stocks due to their non-shariah compliant status. As at 31 December 2017, 52.5 per cent of the investment asset was in non-shariah compliant assets, which contributed 57.1 per cent to the total gross investment income.

The RM53.14 billion generated was equivalent to 7.30 per cent Return on Investment (ROI), higher than 7.12 per cent recorded in 2016. The EPF's investments had been delivering a three-year annualised ROI of 7.30 per cent, which is commendable given the EPF's nature as a balanced fund with exposure in fixed income instruments of about 50 per cent.

The EPF's diversification into global assets in over 40 countries and 26 currencies has allowed it to realise sizeable gains from different markets and asset classes, which helped to boost overall performance. Overseas investment, which made up about 28 per cent of total investment assets as at 31 December 2017, contributed close to 41.45 per cent of the EPF's gross investment income for the year, thus enhancing the overall returns to the EPF's investment portfolio by 1.22 per cent to 7.30 per cent. The overseas portfolio has been recording a one, three and five years annualised ROI of 10.83, 11.14, and 10.43 per cent respectively.

In accordance with the Malaysian Financial Reporting Standards 139 (MFRS 139), the EPF was required to recognise net impairment amounting to RM3.38 billion, significantly lower as compared with RM8.17 billion in 2016. Contrary to gross investment income, 62 per cent of the listed equity impairment was from shariah-compliant stocks, particularly among Oil & Gas and Telecommunication counters, which dragged down the income of the portfolio even further.

Investment Asset  
**RM791.48**  
Billion

Return On Investment  
**7.30**  
Per cent

Gross Investment Income  
**2017**  
**RM53.14**  
Billion

Total Dividend Payout  
**48.13**  
Billion

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The dividend payout for each account was derived from total gross realised income for the year after deducting the net impairment on financial assets, unrealised losses due to foreign exchange rate and derivative prices, investment expenses, operating expenditures, statutory charges as well as dividend on withdrawals. The total dividend payout amount for 2017 was RM48.13 billion, of which RM3.98 billion was for Simpanan Shariah with dividend rate of 6.40 per cent while RM44.15 billion was for Simpanan Konvensional equivalent to the dividend rate 6.90 per cent.

The 6.40 per cent for Simpanan Shariah marks a strong performance for the scheme's first financial year. The dividend rate of 6.90 per cent for Simpanan Konvensional on the other hand was the highest rate ever announced since 1997.

As at 31 December 2017, the EPF's investment assets stood at RM791.48 billion, remained healthy above total members' savings balance. A total of 49.51 per cent of the EPF's investment assets were invested in Fixed Income Instruments and 42.23 per cent in Equities, while the remaining 4.06 per cent and 4.19 per cent were in Real Estate & Infrastructure and Money Market Instruments respectively.

**MALAYSIAN GOVERNMENT SECURITIES AND EQUIVALENT (MGS & EQUIVALENT)**

The EPF's investment in fixed income instruments continued to provide a stable stream of income in 2017. The asset class which comprises MGS & Equivalent and Loans & Bonds in total contributed 32.84 per cent of the RM53.14 billion gross investment income registered for the year.

Our holdings in MGS & Equivalent stood at RM208.94 billion as at 31 December 2017, RM27.64 billion or 15.25 per cent higher compared with 2016. The asset class represented 26.40 per cent of our total investment, about 1.60 per cent increase from 24.80 per cent in 2016. The asset class registered a gross investment income of RM8.40 billion, grew by 8.79 per cent compared with RM7.72 billion in 2016. The growth in income was higher than the year-on-year growth of the asset class size, resulting in an ROI of 4.45 per cent, higher than the previous year's ROI of 4.40 per cent. In addition, the fluctuations in market yield for MGS & Equivalent allowed the EPF to rebalance the portfolio as well as facilitate profit taking activities.

**LOANS AND BONDS**

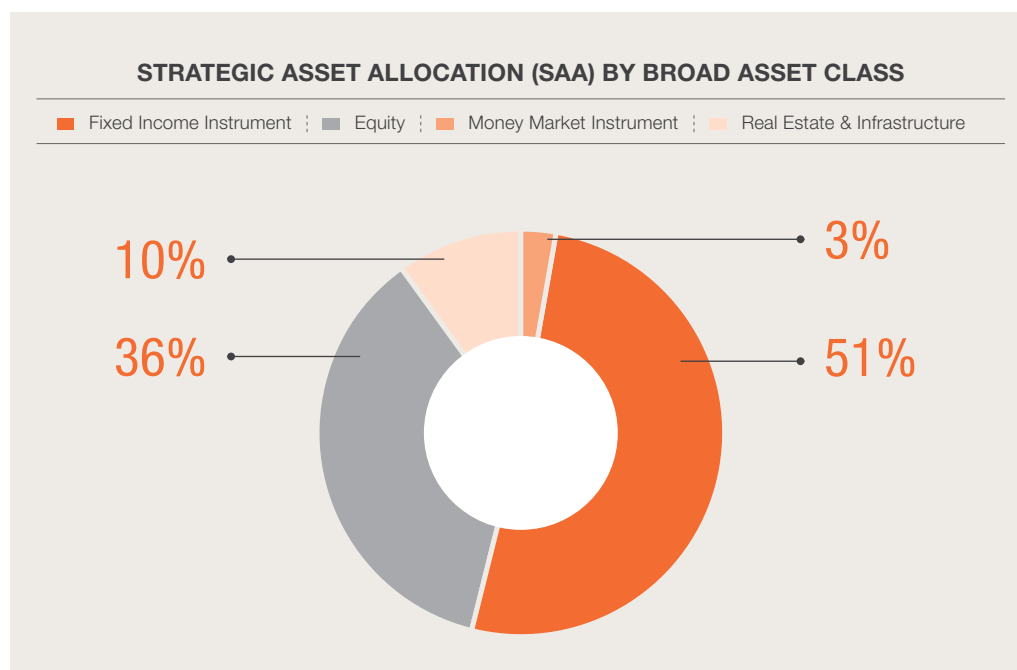
The asset class comprising domestic and global portfolios, increased from RM173.85 billion to RM182.94 billion in 2017, marginal growth of 5.23 per cent from 2016. While there were a number of maturities and repayments made during the year, there were also significant bond subscriptions and loan drawdowns through injection of new money, creation of

new mandate and also reinvestment of income throughout the year.

Gross investment income recorded for 2017 by the asset class was RM9.05 billion, an increase of 6.35 per cent or RM540.18 million against RM8.51 billion in 2016. The ROI however, decrease from 5.43 per cent in 2016 to 4.80 per cent in 2017. Nonetheless, the Loans & Bond portfolio continued to provide a healthy spread over the MGS & Equivalent portfolio, with the spread in ROI of 0.35 per cent in 2017.

**EQUITIES**

We continued to increase our holdings in Equities, made up of both listed and private equities in the domestic and global markets. The asset class increased from RM309.48 billion in 2016 to RM334.23 billion as at December 2017, an increase of 8.00 per cent or RM24.74 billion. The asset growth also reflects the increase in equity prices globally as well as the movement of foreign currencies against the Malaysian Ringgit.



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EPF External Portfolio Managers Annual Awards 2017, recognising the Outstanding Performance by External Portfolio managers in managing EPF's Investment Portfolio held 11 May 2017.

Making up 42.23 per cent of the fund's total investment assets, Equities remained the largest contributor to the investment income at RM31.48 billion, representing 59.23 per cent of total income. The high income was mainly driven by global listed equities, in particular developed market equities such as in the US and in North Asia, which have gone through a strong rally throughout the year. Non-shariah compliant stocks especially conventional banking, saw a higher return that was driven by both major global and domestic banks, which have been the outperformers during the year.

On the contrary, higher listed equity impairment from shariah-compliant stocks, particularly among Oil & Gas and Telecommunication counters, dragged down the income of the portfolio. Impairment recognition is in accordance with the Malaysia Financial Reporting Standard (MFRS) 139, which was adopted since 2010. A total of RM3.38 billion of net impairment was recognised, of which 62 per cent or RM2.26 billion of that coming from shariah-compliant stocks and 38 per cent or RM1.42 billion were from non-shariah compliant stocks.

In line with the higher investment income, ROI increased from 10.35 per cent in 2016 to 11.46 per cent in 2017. It is worth noting that this was the seventh consecutive year that the asset class had recorded a double-digit ROI, adding value to the EPF's overall portfolio return.

**MONEY MARKET INSTRUMENTS**

While we aim to minimise holdings in this asset class in order to optimise returns, we are at the same time required to maintain a healthy cash balance to cater for members' withdrawals, administrative expenditures and investment drawdowns. At the end of the year, RM33.20 billion or 4.19 per cent of our total asset were in Money Market Instruments, which registered a gross investment income of RM1.24 billion, equivalent to an ROI of 3.91 per cent. Compared with 2016, the cash balance was lower by RM3.82 billion or 10.33 per cent in 2017.

**REAL ESTATES AND INFRASTRUCTURE**

It is the EPF's long-term and forward looking strategy to continuously increase our exposure in this asset class. During the year under review, the asset class recorded a growth of 9.19 per cent or RM2.71 billion, from RM29.46 billion in 2016 to RM32.17 billion in 2017.

Most of our investments in the asset class were made through our associate and subsidiary companies, of which dividend income from these companies made up the majority of the asset class' gross investment income. For the year 2017, Real Estate and Infrastructure asset class registered a gross investment income of RM2.97 billion, an increase of RM487.84 million or 19.62 per cent compared with 2016 of RM2.49 billion. This translated to an ROI of 8.55 per cent in 2017, higher by 33 basis points compared with 8.22 per cent recorded in 2016.

Within the asset class, foreign investments which were initiated in 2010 have shown encouraging performance and have played its intended role as an effective hedge against inflation.

# STATISTICS

## CONTRIBUTION RATES

Year	Employee	Employer	Total
1952 - June 1975	5%	5%	10%
July 1975 - November 1980	6%	7%	13%
December 1980 - December 1992	9%	11%	20%
January 1993 - December 1995	10%	12%	22%
January 1996 - March 2001	11%	12%	23%
April 2001 - March 2002	9%	12%	21%
April 2002 - May 2003	11%	12%	23%
June 2003 - May 2004	9%	12%	21%
June 2004 - December 2008	11%	12%	23%
January 2009 - December 2010	8%	12%	20%
January 2011 - December 2011	11%	12%	23%
<b>January 2012 - February 2016</b>			
Income RM5,000 and less	11%	13%	24%
Income more than RM5,000	11%	12%	23%

Year	Employee	Employer	Total
<b>March 2016 - December 2017</b>			
<b>Members Below Age 60</b>			
Income RM5,000 and less	8%	13%	21%
Income more than RM5,000	8%	12%	20%
<b>Members Age 60 Until Age 75</b>			
Income RM5,000 and less	4%	6.5%	10.5%
Income more than RM5,000	4%	6%	10%
<b>January 2018 - Current</b>			
<b>Members below age 60</b>			
Income RM5,000 and less	11%	13%	24%
Income more than RM5,000	11%	12%	23%
<b>Members age 60 until age 75</b>			
Income RM5,000 and less	5.5%	6.5%	12%
Income more than RM5,000	5.5%	6%	11.5%

## ACTIVE MEMBERS' PROFILE BY AGE GROUP AND GENDER

As at 31 December 2017

### TOTAL MEMBERS

↗ 7,110,517

### TOTAL SAVINGS

↗ RM557,175,195,673

Age Group (Year)	Number of Male	Number of Female	Total Members	Total Members (%)	Total Cumulative Members (%)	Total Savings (RM)	Total Savings (%)	Total Cumulative Savings (%)
<16	680	371	1,051	0.01	0.01	741,146	0.00	0.00
16-25	954,228	802,354	1,756,582	24.70	24.72	13,954,374,772	2.50	2.50
26-30	707,634	625,304	1,332,938	18.75	43.46	41,303,092,589	7.41	9.92
31-35	576,107	464,795	1,040,902	14.64	58.10	66,744,791,846	11.98	21.90
36-40	454,925	356,506	811,431	11.41	69.52	84,820,284,647	15.22	37.12
41-45	390,521	296,523	687,044	9.66	79.18	101,827,391,492	18.28	55.40
46-50	337,705	237,500	575,205	8.09	87.27	104,319,855,530	18.72	74.12
51-55	270,839	178,384	449,223	6.32	93.58	83,466,779,372	14.98	89.10
56-60	175,207	103,632	278,839	3.92	97.51	35,102,109,814	6.30	95.40
61-65	78,794	39,037	117,831	1.66	99.16	16,148,590,729	2.90	98.30
66-70	32,478	13,033	45,511	0.64	99.80	6,674,668,355	1.20	99.50
71-75	8,873	3,013	11,886	0.17	99.97	2,396,724,013	0.43	99.93
76-80	1,532	392	1,924	0.03	100.00	395,118,108	0.07	100.00
81-85	108	20	128	0.00	100.00	17,931,818	0.00	100.00
>85	16	6	22	0.00	100.00	2,741,440	0.00	100.00
<b>Total</b>	<b>3,989,647</b>	<b>3,120,870</b>	<b>7,110,517</b>	<b>100.00</b>		<b>557,175,195,673</b>	<b>100.00</b>	

Source: EPF Business Intelligence system

Note: Total Savings Amount not inclusive of annual dividend

# STATISTICS

## ACTIVE MEMBERS' AVERAGE SAVINGS AT AGE 54 BY GENDER

Male				Female			
Year	Number of Members	Total Savings (RM)	Average Savings (RM)	Year	Number of Members	Total Savings (RM)	Average Savings (RM)
2008	35,415	5,322,180,264	150,280	2008	17,607	1,705,344,178	96,856
2009	36,387	5,794,733,417	159,253	2009	18,552	1,886,638,751	101,695
2010	40,542	6,507,302,076	160,508	2010	21,486	2,360,738,881	109,873
2011	40,004	6,657,338,898	166,417	2011	22,354	2,647,519,595	118,436
2012	43,230	7,581,549,702	175,377	2012	24,921	3,206,896,233	128,682
2013	45,805	8,427,983,030	183,997	2013	27,363	3,765,478,721	137,612
2014	47,135	9,385,899,753	199,128	2014	29,289	4,382,090,266	149,616
2015	49,878	10,719,311,181	214,911	2015	31,768	5,155,803,817	162,296
2016	50,223	11,201,215,794	223,030	2016	32,109	5,618,243,593	174,974
<b>2017</b>	<b>51,579</b>	<b>12,062,316,509</b>	<b>233,861</b>	<b>2017</b>	<b>33,198</b>	<b>6,067,433,813</b>	<b>182,765</b>

## MEMBERS' AVERAGE SAVINGS AT AGE 54

Active Members				Inactive Members			
Year	Number of Members	Total Savings (RM)	Average Savings (RM)	Year	Number of Members	Total Savings (RM)	Average Savings (RM)
2008	53,022	7,027,524,442	132,540	2008	130,653	2,860,548,303	21,894
2009	54,939	7,681,372,168	139,816	2009	134,556	3,055,433,736	22,708
2010	62,028	8,868,040,956	142,968	2010	148,844	3,528,282,764	23,705
2011	62,358	9,304,858,493	149,217	2011	146,172	3,418,820,359	23,389
2012	68,151	10,788,445,936	158,302	2012	157,425	3,802,693,654	24,156
2013	73,168	12,193,461,751	166,650	2013	160,131	4,203,516,072	26,250
2014	76,424	13,767,990,019	180,153	2014	166,131	4,578,149,209	27,557
2015	81,646	15,875,114,998	194,438	2015	169,425	5,343,743,319	31,540
2016	82,332	16,819,459,387	204,288	2016	170,844	5,812,652,311	34,023
<b>2017</b>	<b>84,777</b>	<b>18,129,750,322</b>	<b>213,852</b>	<b>2017</b>	<b>147,160</b>	<b>6,456,208,469</b>	<b>43,872</b>

Source: EPF Business Intelligence system

Note: Total Savings Amount not inclusive of annual dividend

## OPERATIONS DIVISION



**DATO' MOHD NAIM DARUWISH**

Deputy Chief Executive Officer

**“In an effort to keep abreast of the changing demographics and the challenges propagated by the technological revolution, the EPF has embarked on a transformation journey to become a digital savvy organisation. By employing digital infrastructure, transforming the processes and with skilled and engaging workforce, we are confident that our aspiration to be a fully digital organisation is feasible. The Operations Division has thus responded to this challenge with aggressive measures to provide excellent customer service by simplifying processes and encouraging transactions through the various available service channels: counter, kiosk, online and mobile applications.”**

### TOWARDS A DIGITAL ORGANISATION

Changes in the technology forefront propels the need to revolutionise systems and processes in the EPF; the i-Akaun being the first target service. The i-Akaun was introduced in 2005 primarily to empower members and employers by promoting self-service functions to monitor contributions, check savings balances, enable payments, monitor transaction status and update personal information.

The i-Akaun is the gateway to the many of the EPF electronic services such as e-Pengeluaran and e-Caruman. While e-Pengeluaran provides an avenue for members to submit their withdrawal applications online, the e-Caruman assists employers to transact payments and submit employees' contribution information.

### OPERATIONS TRANSFORMATION 2.0

The Operations Division has now aggressively embarked on an **Operations Transformation 2.0** project with a primary focus on providing excellent customer service. This project was established to strengthen the EPF's operations and customer service, thus delivering a nimble and flexible operating model which appeals to all generations in line with the EPF's vision in helping members to achieve better future.

The Operations Transformation 2.0 project is aligned with the EPF's Strategic Plan to be a digital organisation that ensures improvements to increase customers' digital experience and realigning the business processes to maximise value through increased productivity, quality, efficiency and control of cost.

### MAIN FUNCTION

The Operations Division is responsible in the management of members' and employers' accounts, which includes registration, collection of contributions, withdrawals, nominations, enforcement on defaulting employers, in addition to overseeing and managing the overall operational service network that comprises 68 EPF branches throughout the nation. Multiple service channels, including the Contact Management Center (CMC), counter services, kiosk, email facilities, website ([www.kwsp.gov.my](http://www.kwsp.gov.my)) and other e-channels are made available to provide customers easy access to EPF services.

The division is also entrusted with the EPF offices and properties management, as well as the operational transformation.

### OUR PLEDGE

To ensure that service quality is of the highest standard and meets customers' expectation, the EPF is very mindful of its 'Our Pledge' charter, which details out the EPF's commitment to deliver 11 core customer service operations functions.

OPERATIONS DIVISION

**REDEFINING MEMBERS' AND EMPLOYERS' DATA**

Beginning October 2017, the EPF has redefined members and employers statistics in line with the EPF Act 1991. This was initiated to differentiate the status of members' account between those with account balances and accounts with zero balances (dormant accounts). Conversely, the employers statistics is differentiated between employers with the liability to contribute pursuant to the EPF Act and employers who are deemed self-employed.

The redefining of members and employers statistics does not impact the integrity of members' and employers' account data (refer Facts At A Glance for 2017). The statistics of EPF members and employers reported in the EPF Customer Service Operations Report will only consider members with account balances and active employers.

**i-AKAUN**

As of December 2017, a total of 4,697,778 members have registered with i-Akaun and this represented 34 per cent of the total EPF members, while 99 per cent, or 488,954, employers are registered with the EPF through i-Akaun.

The i-Akaun is the gateway to online services offered by the EPF for customers to verify, query or transact; anytime, anywhere.

**e-PENGLUARAN**

A strategic collaboration between the EPF, various financial institutions and institutions of higher learning has resulted in providing an easy option to submit applications for housing and educational withdrawals. e-Pengeluaran, which was introduced in 2013, has undergone a number of phased upgrades to strengthen and improve its platform. In 2017, a total of 58,896 housing withdrawal transactions and 178,377 educational withdrawal transactions made through e-Pengeluaran were recorded. This online facility will be expanded to include age related withdrawal and health withdrawal applications in the near future.



Sample online advertisement of e-Pengeluaran (Housing).

**MEMBERS REGISTRATION**



**501,315**  
Total: 13.79m

**EMPLOYERS REGISTRATION**



**61,050**  
Total: 494,945

**WITHDRAWALS**



**2.32m**

**WITHDRAWALS (AMOUNT)**



**RM49.40b**

**e-CARUMAN**

The e-Caruman facility enables employers to make payments and submit employees' contribution information (Form A) online. 2017 numbers revealed that 99.3 per cent employers submitted the e-forms (Form A) and 60.9 per cent made online payments using the e-payment facility.

The e-Caruman was further enhanced to enable payment to be made through Financial Payment Exchange (FPX), which allows employers to use their own banking facility for making contribution payments. A total of 1,188,315 FPX transactions were recorded in 2017.

**EPF'S MOBILE APPLICATION**

The EPF has embarked on an initiative to further reach both members and employers by launching two mobile applications, namely i-Akaun (for members) and e-Caruman (for employers). Both applications are available in Android and IOS versions and downloadable via Google Play Store and Apple App Store. These mobile applications allow customers to make enquiries, verification and to enable relevant transactions.

Continuous enhancements to the members i-Akaun mobile application include interface features to the new EPF account statement, push notifications, secured inbox and FAQs on Simpanan Shariah. The statistics for 2017 showed a total of 919,500 i-Akaun application downloads with a staggering 6.03 million access recorded.

The e-Caruman mobile application facilitates employers with less than 10 employees to submit the Form A and effect contribution payments online. Employers gain from a function that allows them to access the Form A submission history and archived contribution information. A total of 46,817 downloads for this application were recorded in 2017.



OPERATIONS DIVISION

**MEMBERS AND EMPLOYERS REGISTRATION**

A total of 501,315 new members were registered in 2017, resulting in the total number of registered EPF members to reach 13.79 million, of which 7.11 million are active members. Conversely, a total of 61,050 new employers were registered, a 5.77 per cent increase from number of 57,721 employers registered in 2016, bringing the total number of employers registered with the EPF to 494,945 (this figure takes into account employers who have cancelled their registration).

**CONTRIBUTION COLLECTIONS**

In 2017, the EPF received total contributions of RM65.52 billion; an increase of 6.38 per cent from 2016. The increase was attributed to the increase in total number of members, employers and wages earned. In addition, continued awareness amongst employers on the importance of contributing for the retirement welfare of their employees and continued enforcement actions on defaulting employers further contributed to this increase. To ease employers' contribution payment, the EPF provides numerous payment channel options i.e., EPF counter, bank agents, payment kiosks, and many other e-channels, including mobile applications.

**WITHDRAWALS**

Processing members' withdrawal applications remains one the core activities of the Operations Division in 2017, where 2.32 million withdrawal applications under various schemes amounting to RM49.40 billion were approved. This represented an increase of 2.51 per cent applications approved and 5.54 per cent total withdrawn compared to 2016.

**ENFORCEMENT**

To safeguard the interest of members, the EPF has carried out continuous activities to monitor and control monthly contribution payments made by employers. Firm but prudent enforcement actions are meted out to

errant employers. This has resulted in the rate of defaulting employers to reduce 0.98 per cent in 2017 compared to 1.05% recorded in 2016.

An amount totalling RM3.04 billion of outstanding arrears were collected in 2017, compared with RM2.94 billion in 2016. A further RM28.65 million in interest and RM22.05 million dividend were collected from defaulting employers within the stipulated time frame.

In enforcing the Section 39 of the EPF Act 1991, a total of 1,271 company directors and business owners were barred from leaving the country for failing to settle their outstanding obligatory contributions. As of 2017, a total of 11,063 individuals were barred, and 6,809 new criminal prosecutions and 1,898 civil suits were registered in the courts against defaulting employers.

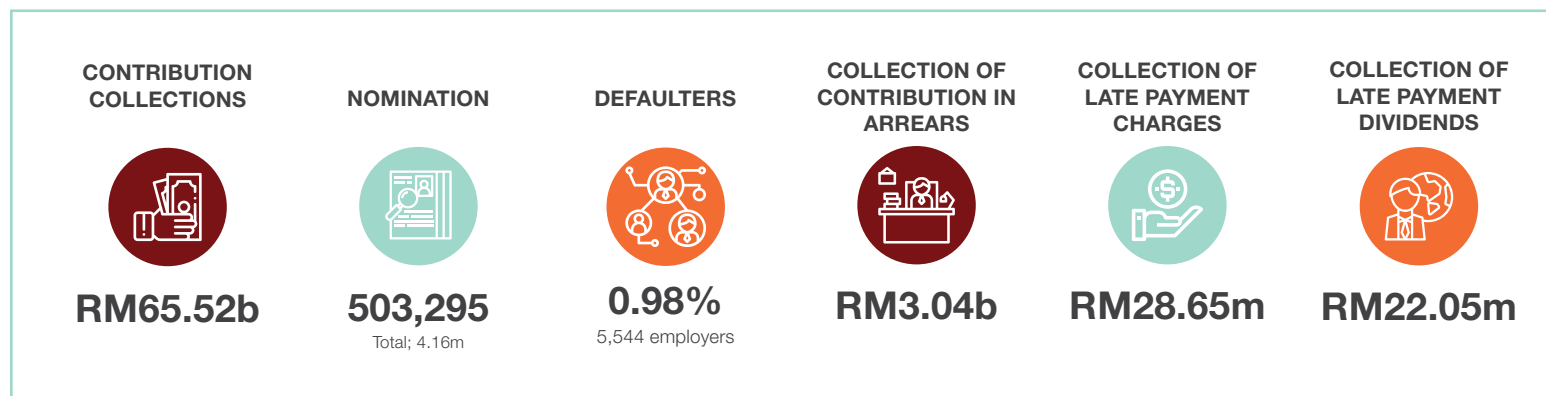
**NOMINATION**

The EPF emphasise the importance of nominating beneficiaries to ensure easy access and management of members in the event of his/her demise. Campaigns to spread awareness on nomination had successfully resulted in 503,295 new nominations in 2017. This increased the overall nomination figure to 4.16 million to date.

In December 2017, the EPF introduced an option for members to appoint Amanah Raya Berhad (ARB) as an administrator/trustee to their EPF savings. This is as an alternative to existing provision to nominate any individual as nominee.

**CUSTOMER INTERACTION**

Customer interactions through EPF counters, myEPF, kiosk, i-Akaun and Contact Management Center (CMC) in 2017 were recorded at 65.44 million. CMC recorded 1.37million interactions in 2017, a 1.82 per cent increase from 1.35 million in 2016.



OPERATIONS DIVISION

**ELECTRONIC AND SELF-SERVICES**

Overall, the initiatives embarked by the EPF in providing multiple electronic channels and self-services were a success with 93 per cent (60.68 million) customer transactions were recorded, compared to 91 per cent (55.41 million) in 2016. A breakdown of 2017 figure revealed that 92 per cent of members transactions and 70 per cent of employers transactions were effected through e-channels and self-services.

**CUSTOMER SERVICE SATISFACTION LEVEL**

A Customer Survey was one of the initiatives undertaken to gauge customers' expectations, perceptions and satisfaction. A survey undertaken in 2017 by CMC together with an independent consultant recorded a commendable 94.88 per cent of customer satisfaction.

**RETIREMENT ADVISORY SERVICES**

With 10 new Retirement Advisory Service (RAS) counters opened in EPF branch offices in 2017, the total RAS counters throughout the nation now stands at 28 counters. RAS was introduced in July 2014 by designating 57 trained and qualified officers in financial and retirement planning. In 2017, apart from serving customers at RAS counters, the officers carried out 1,088 outreach programmes across the nation and attracted a total of 63,112 customers.

**CUSTOMER TRANSACTIONS**  
electronic channels



**93 per cent**  
Total: 60.68m

**e-CHANNELS AND SELF-SERVICES**  
transactions by MEMBERS



**92 per cent**

**e-CHANNELS AND SELF-SERVICES**  
transactions by EMPLOYERS



**70 per cent**



An article in Harian Metro, dated 20 October 2017, on Retirement Advisory Services (RAS).

The EPF will continue to explore and strengthen RAS activities to reach out to more customers. RAS is part of EPF's long term initiative to increase awareness and knowledge among members in managing personal finances and savings to ensure a happy and meaningful retirement.

RAS also aims to increase the financial literacy level of members to help ensure security of their future. To date, the majority of EPF members do not fulfil basic savings according to their age group with the increasing average life expectancy.

Occasionally, RAS officers will join the EPF Mobile Team to provide retirement advisory services to customers as part of RAS' outreach programmes. This initiative has garnered positive responses from customers who were unaware of such service and its benefits.

# STATISTICS

## WITHDRAWAL BY SCHEMES

Year	2017		2016		2015	
Withdrawal Schemes	Number	Amount (RM)	Number	Amount (RM)	Number	Amount (RM)
Age 55	384,795	17,757,759,010	597,771	22,292,814,380	530,459	21,400,282,188
Age 50	154,063	4,738,729,140	156,991	4,855,680,128	148,699	4,831,008,499
Incapacitation	5,117	384,862,946	4,986	360,187,080	4,659	331,060,249
Leaving Country	4,377	427,410,624	4,467	445,244,745	3,833	377,363,471
Buying First House	86,642	2,107,996,219	83,401	2,002,008,099	89,071	2,108,847,723
Buying Second House	5,259	230,516,514	5,752	248,452,755	6,483	287,952,489
Housing Loan Monthly Instalment	1,916,877	1,825,859,748	1,781,735	1,666,932,871	1,551,508	1,375,789,117
Reduction/Redemption of Housing Loan	130,604	1,702,566,769	148,368	1,956,998,548	164,033	2,212,036,347
Health	6,266	58,183,038	6,101	57,000,845	5,692	51,766,353
Death	58,281	1,520,975,212	56,172	1,386,616,927	52,127	1,233,878,032
Periodical Payment	719	1,391,202	1,159	2,553,546	1,745	3,586,456
Members Investment Scheme	747,243	8,788,079,682	710,064	6,305,355,131	602,262	5,855,745,390
Pensionable Employees/Optional Retirement	118,146	2,484,663,943	51,230	2,157,264,348	48,688	1,972,703,781
Education	89,328	1,695,206,787	86,725	1,459,203,497	65,787	578,180,407
Monthly Payment Scheme	77	86,357	98	108,725	104	116,982
Withdrawal of Savings in Excess of RM1 million	6,882	1,320,100,522	6,143	1,369,448,593	5,471	1,390,499,668
Hajj	705	1,965,567	415	1,151,035	390	1,044,974
60 Years	170,963	4,106,433,535				
Prima Housing Withdrawal	2	19,140				
<b>Total</b>	<b>3,886,346</b>	<b>49,152,805,955</b>	<b>3,701,578</b>	<b>46,567,021,253</b>	<b>3,281,011</b>	<b>44,011,862,123</b>
Annual Dividend *	2,566	44,006,013	2,267	42,372,125	1,971	39,595,874
(i) Death Benefits	18,225	45,565,000	18,180	45,459,162	17,201	43,007,028
(ii) Incapacitation Benefits	864	4,320,000	821	4,105,000	771	3,857,000
<b>Total (i and ii)</b>	<b>19,089</b>	<b>49,885,000</b>	<b>19,001</b>	<b>49,564,162</b>	<b>17,972</b>	<b>46,864,028</b>

Year	2014		2013		2012		2011	
Withdrawal Schemes	Number	Amount (RM)	Number	Amount (RM)	Number	Amount (RM)	Number	Amount (RM)
Age 55	431,639	14,090,666,522	372,349	13,232,004,148	321,747	12,191,278,123	277,040	10,231,416,460
Age 50	140,082	3,941,562,511	133,007	3,841,209,171	130,759	3,984,531,423	130,586	3,605,903,955
Incapacitation	4,447	275,351,499	4,768	280,056,622	5,198	279,008,466	6,658	325,836,978
Leaving Country	3,098	303,592,892	2,824	241,303,564	2,903	230,796,636	2,690	189,841,619
Buying First House	85,704	1,930,598,080	86,565	1,876,999,217	88,995	1,777,426,640	92,077	1,698,964,207
Buying Second House	6,361	268,710,339	6,589	277,149,934	6,703	268,742,147	6,441	239,397,553
Housing Loan Monthly Instalment	1,381,043	1,148,654,580	1,228,978	995,167,116	1,112,140	879,631,125	1,076,388	815,023,159
Reduction/Redemption of Housing Loan	157,685	1,751,784,336	166,111	1,808,422,921	168,601	1,761,822,574	169,029	1,596,138,494
Health	4,969	46,057,154	4,713	43,125,986	4,393	38,848,087	4,458	39,392,342
Death	49,745	1,089,049,474	43,868	894,213,257	42,326	796,881,912	41,125	731,452,218
Periodical Payment	1,980	4,231,130	2,203	4,716,230	2,389	5,338,354	3,855	9,342,899
Members Investment Scheme	443,729	4,859,472,682	976,917	7,845,395,089	836,488	6,642,042,038	768,793	6,600,300,383
Pensionable Employees/Optional Retirement	68,048	2,520,563,342	83,480	2,828,461,698	97,457	3,139,899,695	93,174	3,029,359,627
Education	59,897	372,937,758	56,786	338,140,175	61,823	301,039,294	62,537	277,970,197
Monthly Payment Scheme	100	120,276	110	124,691	109	127,577	122	134,273
Withdrawal of Savings in Excess of RM1 million	3,874	999,278,093	3,214	814,566,007	2,529	657,344,224	1,875	481,966,931
Hajj	367	947,163	635	1,647,991				
60 Years								
Prima Housing Withdrawal								
<b>Total</b>	<b>2,842,768</b>	<b>33,603,577,831</b>	<b>3,173,117</b>	<b>35,322,703,817</b>	<b>2,884,560</b>	<b>32,954,758,315</b>	<b>2,736,848</b>	<b>29,872,441,295</b>
Annual Dividend *	1,596	30,135,786	1,652	30,020,258	1,719	30,230,311	1,799	30,449,675
(i) Death Benefits	16,910	42,276,000	14,973	37,431,000	14,903	37,258,500	15,120	37,797,000
(ii) Incapacitation Benefits	693	3,465,000	799	3,995,000	977	4,885,000	944	4,720,000
<b>Total (i and ii)</b>	<b>17,603</b>	<b>45,741,000</b>	<b>15,772</b>	<b>41,426,000</b>	<b>15,880</b>	<b>42,143,500</b>	<b>16,064</b>	<b>42,517,000</b>

# STATISTICS

## ACTIVE MEMBERS' PROFILE BY SAVINGS RANGE AND GENDER

As at 31 December 2017

Savings Range (RM)	Number of Male	Number of Female	Total	Savings (RM)
<1 - 1,000	213,930	165,103	379,033	189,105,690
1,001 - 2,000	158,260	123,992	282,252	416,975,944
2,001 - 3,000	124,918	97,526	222,444	552,678,672
3,001 - 4,000	103,362	81,269	184,631	644,168,983
4,001 - 5,000	91,192	73,728	164,920	741,185,189
5,001 - 6,000	81,610	65,715	147,325	809,370,127
6,001 - 7,000	74,528	60,781	135,309	878,867,357
7,001 - 8,000	69,297	56,858	126,155	945,487,481
8,001 - 9,000	64,263	53,590	117,853	1,001,394,949
9,001 - 10,000	61,101	50,304	111,405	1,057,991,996
10,001 - 15,000	268,390	222,330	490,720	6,089,455,792
15,001 - 20,000	220,099	183,573	403,672	7,033,317,165
20,001 - 25,000	183,900	155,639	339,539	7,619,342,384
25,001 - 30,000	159,989	137,589	297,578	8,168,248,546
30,001 - 35,000	139,478	118,562	258,040	8,373,349,715
35,001 - 40,000	125,700	105,512	231,212	8,661,434,510
40,001 - 45,000	114,312	93,651	207,963	8,830,511,209
45,001 - 50,000	105,607	85,116	190,723	9,052,836,834
50,001 - 55,000	97,743	77,704	175,447	9,204,215,683
55,001 - 60,000	89,891	70,706	160,597	9,230,002,064
60,001 - 65,000	83,536	64,214	147,750	9,229,217,684
65,001 - 70,000	77,404	59,295	136,699	9,222,602,022
70,001 - 75,000	71,703	54,007	125,710	9,109,562,182
75,001 - 80,000	66,798	50,045	116,843	9,052,083,120
80,001 - 85,000	61,988	46,452	108,440	8,943,279,878
85,001 - 90,000	57,677	42,829	100,506	8,791,724,735
90,001 - 95,000	53,549	39,794	93,343	8,630,569,302
95,001 - 100,000	49,983	37,024	87,007	8,480,481,357
100,001 - 150,000	354,175	261,288	615,463	75,256,324,833
150,001 - 200,000	190,816	138,030	328,846	56,750,646,903
200,001 - 250,000	109,322	79,261	188,583	42,018,018,352
250,001 - 300,000	66,526	49,023	115,549	31,547,986,365
300,001 - 350,000	43,316	31,625	74,941	24,226,419,517
350,001 - 400,000	30,196	21,205	51,401	19,205,297,423
400,001 - 450,000	22,049	14,799	36,848	15,608,170,358
450,001 - 500,000	16,937	10,699	27,636	13,092,082,562
500,001 - 600,000	23,383	13,886	37,269	20,341,111,766
600,001 - 700,000	15,204	8,340	23,544	15,211,806,112
700,001 - 800,000	10,214	5,310	15,524	11,600,281,930
800,001 - 900,000	7,432	3,594	11,026	9,337,750,743
900,001 - 1,000,000	5,485	2,467	7,952	7,538,506,975
> 1,000,000	24,384	8,435	32,819	54,481,331,267
<b>Total</b>	<b>3,989,647</b>	<b>3,120,870</b>	<b>7,110,517</b>	<b>557,175,195,673</b>

Source: EPF Business Intelligence system

Note: Total Savings Amount not inclusive of annual dividend

## STRATEGY DIVISION



**“We continued with our retirement literacy campaign to meet the strategic outcomes of targeting for 10 per cent coverage for employees from the informal sector in line with our vision to help members achieve a better future. Out of the 22 million total working age population in Malaysia, 62 per cent are self-employed and outside the labour force. They depend only on personal savings, and are either uncovered or under-covered as they have no formal social protection programme.”**

**TUNKU ALIZAKRI RAJA MUHAMMAD ALIAS**

Deputy Chief Executive Officer

### ROLLING OUT STRATEGY FOR THE FUTURE

The dynamic 5-Year Rolling Plan (5YRP) 2017-2022, an extension of 5YRP 2016-2021, continues to be our guide in formulating as well as executing strategies and initiatives for us to remain relevant and pursue our goal to become a trillion Ringgit organisation. Several key decisions were made as we embraced the fast-paced changes along the way. We have been relentless in transforming the EPF into a digital outfit by strengthening its ICT environment to increase automation level and enable efficient operations, moving away from being a transaction-led and transformed into an advisory-based organisation to create value-added customer experience.

Shifting from ‘one-size fits all’ investment option to several distinct investment options for our members, we take into consideration investment preferences and priorities of each member. We embark on 50 initiatives which are both a continuation from previous year’s efforts as well as new ones. Of the 50, 28 are strategic initiatives that included five flagship initiatives, which are Simpanan Shariah, E-Services, Simplified Business Process, Policy and Procedure (SB3P), Retirement Advisory Service (RAS) and Financial Literacy. These initiatives centered on six strategic thrusts to enhance organisational performance; namely Investment Excellence, Operations Excellence, Customer Excellence, Retirement Security, People Development and ICT and Capability Building.

In order to realise and ensure the 50 initiatives are implemented smoothly, the Project Management Learning Roadmap (ProMap) was introduced in January 2017 to focus on enhancing project management skills and knowledge for EPF employees. ProMap comprises two elements which are classroom training and experiential learning through hands-on involvement in the EPF’s numerous projects.

### DESIGNING PRODUCTS AND SERVICES TO PROVIDE THE ULTIMATE WALLET OF CHOICE

In offering our retirement savings as the “Wallet of Choice”, the EPF has enhanced our products and services in terms of redesigning policy solutions to enhance savings and simplifying withdrawal processes to assist members to prepare for their retirement. **Simpanan Shariah**, the world’s first-ever shariah-compliant retirement savings, was opened for registration in August 2016 as an option for members who choose for their savings to be managed and invested in accordance with Shariah principles. The EPF declared a dividend rate of 6.4 per cent for Simpanan Shariah 2017, with payout amounting to RM3.98 billion.

STRATEGY DIVISION

In order to help our members plan for their retirement well-being, a benchmark of how much they would need upon reaching retirement age must be set as a guide. We implemented the concept of **Basic Savings** to ensure that members have sufficient savings at a minimum amount when they retire in order to support their basic retirement needs for 20 years from age 55 to 75, in line with Malaysians' life expectancy. Effective 1 January 2017, the quantum for Basic Savings has been increased from RM196,800 to RM228,000, which is translated to having RM950 per month for 20 years.

**Akaun Emas** is another product that the EPF rolled out to complement the implementation of minimum retirement age of 60, serving as a second retirement nest egg to secure members' savings from age 55 to 60. Effective January 2017, all new contributions received after the age of 55 will be automatically parked under Akaun Emas and can only be withdrawn when our members reach the age of 60. This will not affect the existing scheme as members would still have the option of making full or partial withdrawals upon reaching 55 under Akaun 55. The extra savings accumulated during this five-year period will go a long way in serving members' needs when they enter the next phase of life.

Effective 21 July 2017, we enhanced our **Education Withdrawal** facility to allow members to withdraw from Account 2 to settle their outstanding education loan. This initiative aims to help our members settle their education debt as soon as possible and focus on accumulating retirement savings in the future.

In line with the principles of the International Labour Organisation, the EPF provided **additional facilities for non-Malaysian EPF members** who are now able to make pre-retirement withdrawals, subject to terms and conditions, namely the Age 50 Withdrawal, Housing Withdrawal (only for property purchased in Malaysia), Education Withdrawal

and Health Withdrawal. For Full Withdrawal facility such as the Age 55 and Age 60, only lump sum withdrawal is allowed for the purpose of Leaving Country, Incapacitation and Death.

**DEPLOYING SOCIAL SECURITY INFRASTRUCTURE**

To develop a more cohesive and holistic social protection system, the EPF took part in more than 250 networking and engagement sessions with ministries, agencies, organisations and NGOs and was involved in two international collaborations that position the organisation as a Social Security Centre of Excellence, via United Nations (UN) and the International Labour Organisation (ILO) in 2017.

A collaboration with the United Nations System Staff College (UNSSC) Knowledge Centre for Sustainable Development and Consensus Building Institute (CBI), the workshop demonstrated EPF's proactive commitment towards formulating a more comprehensive social protection system and ultimately deliver sustainable social well-being benefits for the country's population. This marked the first milestone of a long-term collaboration between the three parties, allowing the EPF to tap into global expertise in the sustainable development. The workshop, which focused on consensus building and sustainable development for

Social Protection in Malaysia was organised in 2017, participated by key representatives from various ministries and the EPF.

Taking place at the EPF Learning Campus in Bangi, the collaboration with International Training Centre of the International Labour Organisation (ITC-ILO) started in 2016 when both parties organised the Executive Course on Designing and Extending the Social Protection System, attended by 60 delegates from Cambodia, Vietnam, Brunei and Malaysia. It was in 2017, that the EPF and ITC-ILO signed an MoU for a joint development and implementation of future training activities in Asean and in particular, Malaysia enabling us to promote our learning centre as a social security excellence centre for the Southeast Asian region.

**KEEPING RETIREMENT IN MIND**

Essentially, the discussion on retirement has been another important focus supporting the idea behind having adequate social protection for Malaysians, given the fact that financial literacy level in the country is still relatively low. The creation of a Financial Education Network (FEN) serves as an inter-agency platform to increase the impact of financial education initiatives and identify new opportunities to improve financial literacy among the

<p><b>3 NEW PRODUCT CONCEPTS</b></p>	<p><b>10 POLICY SOLUTIONS</b></p>	<p><b>10 PROJECT MANAGEMENT LEARNING ROADMAP (PROMAP)</b></p>	<p><b>2 INTERNATIONAL COLLABORATIONS</b></p>
<p>Promoting EPF as LIFELONG SAVINGS OF CHOICE</p>	<p>Enhancing MEMBERS' SAVINGS and simplifying withdrawal process</p>	<p>Promoting Project Management Culture in EPF (10 potential employees for Bronze Pin Certification)</p>	<p>Positioning EPF as SOCIAL SECURITY CENTRE OF EXCELLENCE i.e. ILO and UN</p>

STRATEGY DIVISION

Malaysian public through greater alignment, closer collaboration and a strong focus on impact assessments. Its members are Bank Negara Malaysia (BNM), Agensi Kaunseling dan Pengurusan Kredit (AKPK), Securities Commission Malaysia (SC), Perbadanan Insurans Deposit Malaysia and the EPF. As an FEN member, the EPF has been actively contributing inputs, as well as formulating the strategic priorities and action plans in educating Malaysians on financial literacy.

One of our key strategies to keeping the discussion afloat is the continuous one-to-one collaboration with our strategic partners. In the case of working closely with collaboration AKPK, the joint messaging on debt management and retirement has clearly proven to be successful. We were able to bring the message across to new audiences in Kota Kinabalu, Sabah, and Kuching, Sarawak, throughout July 2017 and AKPK became a key partner in our Financial Literacy Campaign with See Hua Media Group – a new media partner with strong presence in both states. The campaign featured joint retirement talks by both speakers from the EPF and AKPK, supported by massive media coverage in print, radio and television. It was the first time that the EPF published a series of infographics featuring retirement tips in both *Kadazandusun* dan *Iban* dialects.

This close collaboration between the EPF and AKPK resulted in a financial education module, “The Retirement, The Start of a New Journey”, incorporating debt management and retirement planning for the public on the importance of long term financial planning. As a result, we managed to expand our target group in managing issues on inadequacy of

retirement income. As at 31 December 2017, three train-the-trainers sessions were conducted, participated by 70 participants ranging from executives to managerial level. A total of 51 sessions of public briefing were also conducted with a total of 3,259 participants.

Each year since 2014, the EPF organises the highly anticipated International Social Security Conference (ISSC). In 2017, the conference has once again gathered renowned international and local speakers at one venue to debate and elaborate on various pressing issues related to social security. Themed “Future of Work: Preparing for Tomorrow Today”, the 2017 conference focused on the topic of shifting workplace landscape and how the future of work will affect forthcoming employment prospects and imminent working lives.

The two-day conference, held on 2 to 3 August 2017, saw 386 participants discussing ways to gain deeper understanding on profound changes in the world of work, driven by disruptive technologies and breakthrough in traditional work order. A special media roundtable session with media partner, The Star, featured EPF’s Tunku Alizakri Alias, BNY Mellon’s David Cruikshank, Willis Towers Watson’s Ravin Jesuthasan and futurologists Mike Walsh of the global consultancy, Tomorrow, along with Sweden’s Magnus Lindkvist, amped up the discussion on how to change the mindset about the future work, challenges shaping the global workscape and how individuals and families cope to face these changes.

We continued with our retirement literacy campaign to meet the strategic outcomes of targeting for 10 per cent coverage for employees from the informal sector in line with our vision to help members achieve a better future. Out of the 22 million total working age population in Malaysia, 62 per cent are self-employed and outside the labour force. They depend only on personal savings, and are either uncovered or under-covered as they have no formal social protection programme.

The collaboration with Uber Malaysia is to encourage its ride-sharing driver-partners to save for their retirement through the 1Malaysia Retirement Savings Scheme (SP1M), allowing the Uber drivers to take charge of their own retirement. In addition, Uber Malaysia has agreed to other areas of collaboration, including facilitating financial planning talks by the EPF, and allowing the EPF to promote retirement planning to driver-partners.

**147**  
**PUBLIC BRIEFINGS AND OUTREACH PROGRAMMES**

Reaching out to more than 80,000 individuals

**260**  
**NETWORKINGS AND ENGAGEMENTS**

With ministries, agencies, organisations and NGOs

**10**  
**SPEAKING OPPORTUNITIES**

Positioning EPF to be one of the respected THOUGHT LEADERS in social security

**5**  
**FAR-REACHING PARTNERSHIPS**

Promoting RETIREMENT PLANNING and SP1M through forming collaboration with UBER, MDEC, NAFAS, and AKPK

STRATEGY DIVISION

**COMMUNICATION IN ASSURING SAFETY OF SAVINGS**

With the advent of social media, the EPF is not immuned to accusations, most of them fakes. Our close relationship with the media helps allay fears among members when negative news on the EPF comes up, while we engage members via our social media platforms. The EPF has invested in social media listening tools and daily news tracking system to continue monitoring sentiments among the public and will take steps to counter any allegation and provide detailed explanation on any issues pertaining to the EPF effectively.

Our Facebook page and Twitter platform, closely co-managed with our Contact Management Centre (CMC), serve as an important quick touch point to update members on current updates, closure or changes at our branches nationwide and to address all queries on our products and services. We also continue to regularly update our website with current information to help clarify confusion about misleading chain emails and WhatsApp audio messages on our governance, data on nominations, Death Benefit eligibility as well as other investment and operational matters.

**MOTIVATING THE EMPLOYEES**

With the belief that a motivated employee is a productive employee and as the EPF strives to have a global work culture, it embraces flexibility and has implemented MyFlex

initiatives in stages. These range from flexi-attire, to flexi-time, and flexi-benefits for the employees, anticipating their psychographics and lifecycle needs. Our employees are essentially well-versed on the dynamic 5-Year Rolling Plan (5YRP) 2017-2022 reinforced through internal communication channels, seven CEO Townhall Sessions, 16 roadshows and various management meetings at both state and regional levels held in 2017 and had reached out to more than 5,000 employees across functions, levels and locations. Their knowledge in the products offered by the EPF is essential in giving the correct information and advice to members.

The EPF Learning Campus targeted that 1,800 employees with a Bachelor Degree and above to be equipped with the Shariah-Registered Financial Planner certificate to enable them to become financial planners. The management has also introduced the Knowledge Empowers You (KEY) for the period 2017-2020 with three major thrusts namely: Leading Self, Leading Others and Leading Business. Within it is a Self-Learning Culture where 97 per cent of the employees (5,412) have undergone KEY with an average client satisfaction index of 86 per cent.

**KWSP EPF**

**TULAR MENGENAI PENAMAAN TIDAK BENAR!**

**KLIK UNTUK MAKLUMAT LANJUT**

KWSP ingin memaklumkan bahawa tular mengenai isu penamaan yang kini tersebar melalui aplikasi WhatsApp adalah tidak benar. Penularan ini adalah sama seperti sebaran sebelum ini mengenai pembahagian simpanan ahli KWSP secara automatik kepada Amanah Raya Berhad yang juga tidak benar.

Hak anak ahli ke atas Simpanan KWSP ahli yang beragama Islam adalah terpelihara apabila berlaku kematian ahli, samada dinamakan sebagai penama atau sebaliknya. Apabila berlaku kematian **Ahli Beragama Islam**, penama hanyalah sebagai Wasi atau Pentadbir, iaitu bertanggungjawab mengagihkan simpanan ahli tersebut yang berstatus harta pusaka, mengikut Faraid.

Mengikut undang-undang, penamaan tidak akan berkuatkuasa sekiranya pada ketika kematian ahli, penama masih belum mencapai umur 18 tahun kerana mereka tidak layak bertindak sebagai Wasi. Namun, ini tidak bermakna anak ahli di bawah umur 18 tahun yang didaftarkan sebagai penama, tidak akan mendapat haknya ke atas simpanan ahli.

Pengeluaran simpanan ahli yang meninggal dunia akan diproses seperti tiada Penamaan, iaitu berdasarkan pembahagian mengikut Sijil Faraid ATAU Perintah Pembahagian ATAU Surat Kuasa Mentadbir.

Bagi **Ahli Bukan Beragama Islam**, penama adalah benefisiari/penerima mutlak tidak kira umur.

KWSP juga ingin menegaskan isu pembahagian simpanan ahli yang meninggal dunia yang melibatkan penama/ waris di bawah umur 18 tahun kepada Amanah Raya Berhad secara automatik adalah juga tidak benar.

Untuk maklumat lanjut layari [www.kwsp.gov.my](http://www.kwsp.gov.my) atau hubungi Pusat Pengurusan Perhubungan di talian **03 8922 6000**.

**MAKLUMAT SAHIB**

[www.kwsp.gov.my/portal/ms/web/kwsp/general/chain-emails](http://www.kwsp.gov.my/portal/ms/web/kwsp/general/chain-emails)

WhatsApp message disseminated on 17 April 2017 to clarify confusion about EPF Nomination.



## FINANCE AND SERVICES DIVISION



**SAZALIZA ZAINUDDIN**  
Chief Financial Officer

**“As a responsible trustee of its members’ funds, the EPF will continue to invest its resources in ensuring that all rules and regulations applicable to our investments are duly adhered to, while internal controls and governance are regularly reviewed and renewed.”**

The process of monitoring the EPF’s operational costs begins at the proposal stage whereby the EPF will perform a thorough and comprehensive assessment on any new initiatives proposed. This includes assessing the viability and overall value of the initiatives prior to their implementation.

These initiatives will be monitored closely during the implementation phase to avoid any cost overruns. Post-completion, we will benchmark the outcome against the initial objectives to ensure that the intended purposes are met.

The Cost Per AUM is calculated based on total expenditure over the average contribution of a member. Although there has been a slight increase from 25 sen for each RM100 contributed by a member in 2016 to 26 sen in 2017, such cost has been consistent within the range of 25-30 sen for each RM100 in assets managed.

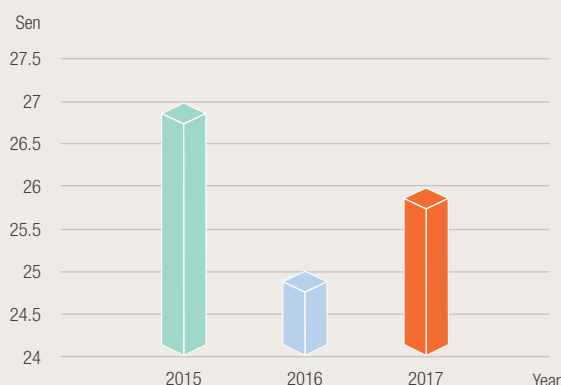
The Finance and Services Division was established on 3 April 2017 and is spearheaded by the Chief Financial Officer. Its primary functions are to provide financial, legal, and procurement services and support to internal customers within the EPF, as well as promoting awareness and ensuring compliance with relevant regulatory requirements applicable to the EPF. The Finance and Services Division consists of the Finance Department, Procurement Department, Investment Compliance Department and the Legal Department. As the EPF, members’ interest has always been the utmost priority and this is embodied in the various initiatives implemented by the Finance and Services Division.

### OPERATING THE EPF IN A COST EFFICIENT MANNER

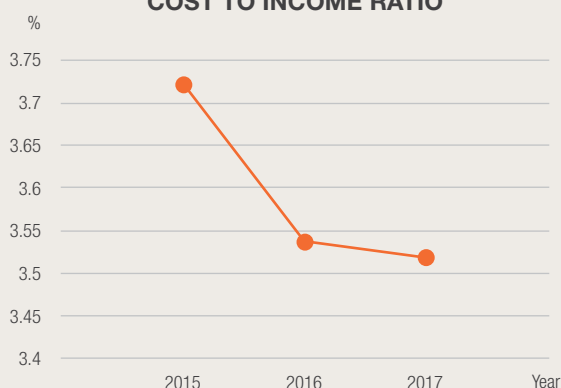
Following the various initiatives to digitise and automate processes within the organisation, we are also able to control the operational costs of managing the EPF within an optimal level. The EPF monitors its operational costs through two performance indicators; Cost Per Asset Under Management (“Cost Per AUM”) and Cost to Income Ratio.

Year	2015	2016	2017
Cost Per AUM (cents/RM100)	27 sen	25 sen	26 sen
Cost to Income Ratio (%)	3.72	3.54	3.52

### COST PER ASSET UNDER MANAGEMENT



### COST TO INCOME RATIO



FINANCE AND SERVICES DIVISION

As for the Cost to Income Ratio, there is a downward trend from 3.72 per cent in 2015 to 3.52 per cent in 2017, in line with the increase in revenue, as well as close monitoring of the EPF's operating costs.

In addition, various process improvement and cost management initiatives implemented for the last three years from 2015 to 2017, have produced, amongst others, the following reduction in costs:

Expenses	2015 (RM' 000)	2016 (RM' 000)	2017 (RM' 000)
Postages	8,970	6,480	4,620
Computer services for Form A processing	3,900	-	-
Utilities	23,588	23,935	22,598
<b>Total</b>	<b>36,458</b>	<b>30,415</b>	<b>27,218</b>

The reduction in the expenses for postages and computer services for Form A processing from 2015 through 2017 is a result of our effort to promote online services, whereby members have transitioned from accessing statements and enquiries through physical forms to online services such as the EPF's i-Akaun facility. In addition, employers can now submit their payments and Form A through the EPF online e-Caruman platform. Consequently, the EPF is able to reduce the costs of postages and computer services for Form A processing. The EPF's continuous cost control programs on electricity and water usage have inculcated a cost-conscious culture within the organisation resulting in the reduction of expenses for utilities.

In line with Bank Negara Malaysia's policy which encourages migration from paper-based payments to electronic payments, the EPF has continuously increased payments of members' withdrawals through direct crediting instead of issuing physical cheques. As a result, the EPF is able to reduce the cost of each payment by 16 per cent between 2015 and 2017.

**VALUE FOR MONEY PROCUREMENT**

The principles of Value for Money adopted by the EPF in its procurement process is driven by ensuring delivery of the right quality of product or services, at the right time, to the right users or beneficiaries, at the lowest price.

The EPF's procurement process begins with determining the correct specifications of items or products and services with respective users to ensure compatibility and suitability for the organisation. Given the volume of items to be procured, a tender process will be initiated to obtain competitive prices, as well as lower the cost per unit by taking advantage of economies of scale through bulk purchases. Proper evaluation of suppliers is essential to procure quality products and services for the organisation at fair prices.

**RECOVERY OF CONTRIBUTION**

The EPF is committed in the recovery of its members' contribution from defaulting employers, and this is effected through various legal avenues such as criminal actions and civil suits.

Before resorting to legal recovery avenues, "Recovery Call" is applied as one of the EPF's efforts to reach out to the defaulting judgment debtors (primarily directors and sole proprietors) through its internal database.

In safeguarding members' savings, the EPF is persistent in pursuing defaulting employers and this is illustrated in the number of cases for criminal and civil proceedings instituted by the EPF.

**NUMBER OF CASES (2015 – 2017)**

CASE	2015	2016	2017
Criminal	4,641	4,997	4,194
Civil	973	1,799	1,898
Total	5,614	6,796	6,092

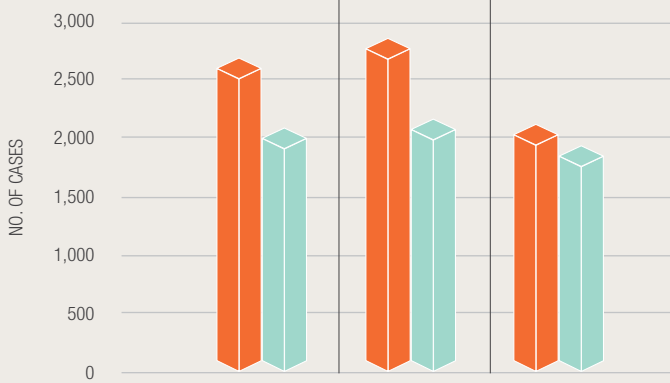
**NUMBER OF ORDERS/JUDGMENTS OBTAINED (2015 – 2017)**

CASE	2015	2016	2017
Criminal	681	602	478
Civil	2,442	2,675	3,721
Total	3,123	3,277	4,199

FINANCE DAN SERVICES DIVISION

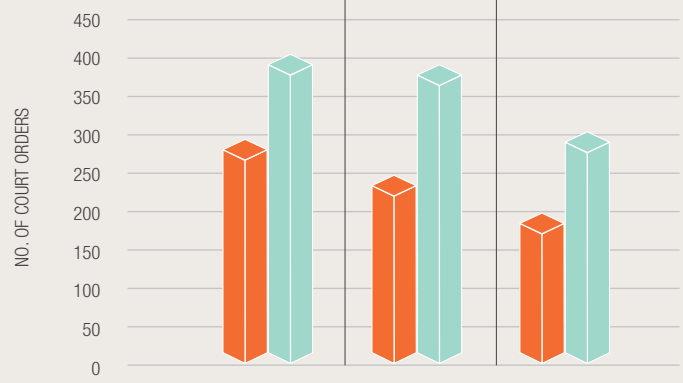
**CRIMINAL CASES**

		2015	2016	2017
Klang Valley	■	2,562	2,831	2,218
Other States	■	2,079	2,166	1,976



**NO. OF COURT ORDERS GRANTED**

		2015	2016	2017
Klang Valley	■	284	247	186
Other States	■	397	355	292



In 2017, 4,194 criminal cases were instituted against defaulters under Section 43(2) of the EPF Act 1991 as compared to 4,997 cases in 2016, with the total sum of RM46,160,409 in defaulted contributions recovered in 2017.

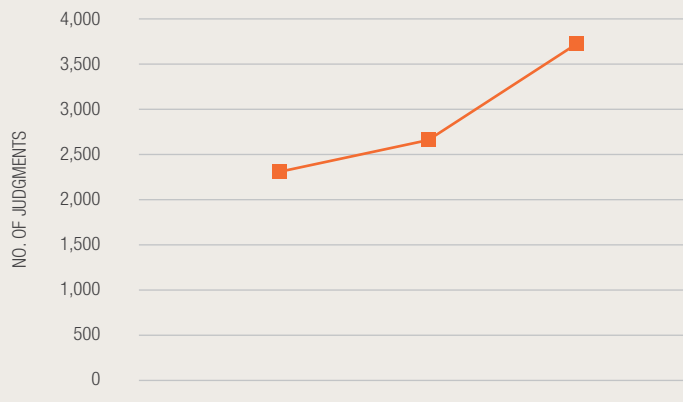
**CIVIL CASES**

		2015	2016	2017
Cases	■	973	1,799	1,898



**NO. OF JUDGMENTS OBTAINED**

		2015	2016	2017
Judgments	■	2,442	2,675	3,721



FINANCE AND SERVICES DIVISION



In 2017, 1,898 civil cases were instituted under Section 65 of the EPF Act 1991 against defaulting employers, an increase from 1,799 cases in 2016. Meanwhile, the judgments obtained against individual directors have also increased to 3,721 in 2017 from 2,675 in the preceding year.

Severe legal actions taken by the EPF, including winding-up proceeding against companies, bankruptcy action against individual directors, writ of seizure and sale of assets belonging to both employers and individual directors, have contributed in effective legal recovery of members' contribution, where a total sum of RM90,122,992 had been efficaciously recovered in 2017.

### GOVERNANCE AND COMPLIANCE

The EPF has investment exposures across 64 jurisdictions and is always keeping abreast with the relevant changes in rules and regulations applicable to the EPF.

The Legal Regulatory Unit was established as an initiative to provide information and updates on new laws and amendment to existing laws relevant to the EPF. Admendments to the Insolvency Act 2016 and Companies Act 2016 have impacted the EPF's operations where the increase in the minimum debt threshold for bankruptcy actions necessitates the EPF to take prior pro-active actions.

Capital market wise, there has been a harmonisation of settlement cycles globally to a T+2 settlement cycle to follow the European and US markets. In 2017, more markets joined in the foray to achieve global best practices particularly to protect financial markets by reducing credit and liquidity risks.

For the year 2017, the Settlement Unit settled total trade volume in excess of RM800 billion, and has ensured compliance in tax and reporting requirements across the various jurisdictions in which the EPF has investment exposures.

As a responsible trustee of its members' funds, the EPF will continue to invest its resources in ensuring that all rules and regulations applicable to our investments are duly adhered to, while internal controls and governance are regularly reviewed and renewed.

In addition, to promote good governance and uphold integrity of the organisation, all parties involved in the procurement process are required to provide self-declaration on potential conflict of interest and anti-bribery pledges.