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Social inequalities pose threat to society, says former UK pension minister

Justin Lim / theedgemarkets.com

November 23, 2021 23:59 pm +08



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Baroness Ros Altmann

KUALA LUMPUR (Nov 23): Social inequalities are issues that need more attention, considering one-third of the workforce may not be covered by the Employees Provident Fund (EPF).

Speaking at the briefing of the International Social Wellbeing Conference 2021 titled "The New Narrative: Turning the Tide on Inequality", former United Kingdom (UK) pension minister Baroness Ros Altmann said inequality remains in Malaysia, which poses danger to society.

"There are many facets to inequality. For example, between defined benefit and defined contribution pensions with the people who are not covered at all by any type of pension. These will give rise to later life inequalities," she explained.

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Another inequality she referred to are the self-employed, whereby they do not have separate "employer" contributions even if they are members of EPF.

"They (self-employed individuals) are their own employer, so they will have perhaps an ability to build less (savings for retirement life)," she explained.

She also pointed out that there is a big gender inequality with women losing out in pensions as well as health inequalities.

On another note, Ros Altmann encouraged people to pay their contributions into the pension system for a longer period through delaying their retirement age.

She noted that people could save up more for pension over longer time and earn more while working, citing this as a "win-win-win" situation.

Besides the financial benefits for individuals who work beyond their retirement age, she said, this also benefits businesses by retaining experienced workers who have specific skills.

"Older workers can be brilliant mentors for young people. And we found that in the UK, employment with firms really enjoys the benefits of the older workforce, (meanwhile) individuals can gain from increased income and better pension as they go through life.

"Society itself benefits because there is better social and intergenerational cohesion as ageism is less prevalent, and overall the economy will benefit because it will produce higher output, better growth and better well-being for its population," she commented.

Furthermore, she said considering the ageing population, delaying retirement from work will be "a really positive potential way forward" given the rise in the number of elderly people relative to young people.

Edited by Kathy Fong