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**A STUDY ON PUBLIC AWARENESS AND
PERCEPTION TOWARDS EMPLOYEES
PROVIDENT FUND MONTHLY PAYMENT
WITHDRAWAL SCHEME**

**ISMAIL BIN HAJI TAHA
96500661**



**BACHELOR OF BUSINESS ADMINISTRATION
(HONS) (MARKETING)
FACULTY OF BUSINESS AND MANAGRMENT
MARA UNIVERSITY OF TECHNOLOGY
SARAWAK**

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ABSTRACT

According to the study done by EPF in 1994, 70% of the EPF members had exhausted their EPF saving within 3 years after retirement, the Board of EPF feels that their contributors should be better protected for the rest of their life after they have retired, therefore the EPF management have introduced Monthly Payment Withdrawal Scheme (MPWS) in July 2002. MPWS is an optional plan, which is available to all EPF contributors who have sufficient amount of savings. This scheme allows them to opt for their EPF saving to be paid monthly instead of a lump sum payment (Conventional Scheme) paid at the age of 55 years old. Under this scheme EPF will pay the minimum of RM 100 in respect of a minimum saving in MPWS RM24000 for the period of 20 years. Apart from that, members are guaranteed of dividend not less than 2%.

This study has tried to obtain the level of awareness among the EPF contributors towards the MPWS, their knowledge, understanding and how do they perceive scheme. The last part of the study is trying to determine the acceptance level of the contributors towards the scheme. Several recommendations are put forward based on the findings so as to improve the level of awareness, their knowledge and understanding so that they perceive the scheme positively. The last part of the recommendation is to suggest to the EPF Department to find out other alternative features which are more attractive to make the scheme more viable so as it will be accepted by the EPF contributors.

It is found that, the majority of the respondents in which 80% out of 150 respondents in this study said that they are not aware of the existence and also lacking knowledge towards the benefits being offered by the scheme. On top of that, majority of the respondents, 64% out of 150 respondents, preferred conventional withdrawal scheme (lump sum payment). This indicates that the scheme is not well accepted by the members as also supported by the lower percentage of subscribers which is only 1% out of 150 respondents. Therefore base on the analysis I conclude that in order to encourage its members to subscribe for the scheme EPF must emphasis more on awareness campaign and should consider to do some modification on the scheme so that it is more attractive and deliver great benefit especially to the lower income group.

CHAPTER 1

INTRODUCTION

1.1 Background of The Study

This study is a partial requirement for the fulfillment of Bachelor In Business Administration (Hons.) (Marketing) and therefore this study is merely for academic purposes. A descriptive research approach is used to study on the awareness and perception of EPF members towards MONTHLY PAYMENT WITHDRAWAL SCHEME with special preference to Kuching Branch.

EPF is the largest finance institution in Malaysia with currently estimated asset around RM200 billion and holding approximately 10 million members. Since its initial establishment in early 1951 until today, EPF had introduced various kind of withdrawal aimed to satisfy the needs and wants of its vast members. Among the schemes that have been introduced are 50/55 years old withdrawal, housing withdrawal, leaving country withdrawal, beneficiary withdrawal, incapacitate withdrawal, medical withdrawal, education withdrawal and investment scheme.

On top of that, EPF top priority objective is to protect its members through its social security scheme that aim to provide sufficient fund for its members to maintain comfortable live after retirement. However, according to the study that

CHAPTER 2

LITERATURE REVIEW

2.1 Managing Members Awareness And Perception About EPF In General

Although the EPF has been carrying out information dissemination exercises and education programs for its members, these measures are still inadequate. Thus, the EPF needs to embark on its information dissemination programs regularly and continuously. In view of the EPF's vast membership numbering 10.1 million who come from different background, only through widespread and continuous dissemination of information will members understand how their contributions should be utilized to ensure that they will not face any financial difficulties for the rest of their retirement life. (Adopted from EPF Bulletin).

Members must also clearly understand why they need to contribute to the EPF every month. In addition, their employers also have to top up 12 percent for their employees in order for them to have sufficient savings for their retirement. Through this awareness, the members will know their right better in relation to EPF contributions and the role they can play to ensure that their rights are protected.