

**UNIVERSITI TEKNOLOGI MARA**

**THE IMPLICATION OF PRIVATE RETIREMENT  
SCHEME IN AIA PENSION AND ASSET MANAGEMENT  
SDN. BHD. (APAM)**

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## **ABSTRACT**

Private Retirement Schemes (PRS) are investment and long-term savings plans that are voluntary and created to assist individuals in increasing their retirement funds. PRS aims to expand the options accessible to all Malaysians, regardless of employment status, in order to improve their retirement funds under a well-structured and organized framework. This research explores the implications of the Private Retirement Scheme (PRS) offered by AIA Pension and Asset Management Sdn. Bhd. (APAM), focusing on the challenges and opportunities associated with these schemes. Despite their potential to provide secure and structured retirement savings, PRS faces several issues, including investment performance due to market volatility, low financial literacy and awareness among Malaysians and shortage of competent staff. This study identifies key areas for improvement and offers strategic recommendations to enhance the effectiveness and attractiveness of PRS. These recommendations include funding significant public education initiatives, reducing administrative and management costs and fostering strategic partnerships. By addressing these challenges and implementing these recommendations, APAM can improve participation rates and ensure that contributors achieve their retirement goals, thereby reinforcing the overall stability and appeal of their PRS offerings.

**Keywords:** Private Retirement Scheme (PRS), long-term savings, retirement funds

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# **CHAPTER 1**

## **INTRODUCTION**

### **1.1 Research Background**

The Private Retirement Scheme (PRS) is an integral part of Malaysia's retirement planning framework, established to address the growing need for a comprehensive retirement savings system that goes beyond the traditional Employees Provident Fund (EPF). The PRS is a voluntary long-term investment scheme, designed to supplement mandatory retirement savings and provide individuals with additional financial security in their retirement years. The implementation and management of PRS by entities such as AIA Pension and Asset Management Sdn. Bhd. (APAM) play a crucial role in shaping the retirement landscape in Malaysia, offering diversified investment options tailored to meet the varying needs and risk appetites of contributors (Tai & Sapuan, 2018).

Several economic factors can be linked to the PRS's development. Similar to several other nations, Malaysia is undergoing demographic transitions marked by a rise in the number of old individuals and a longer life expectancy. These developments highlight the shortcomings of the EPF in providing adequate retirement income for all retirees, increasing the burden on the traditional pension system. Even while the EPF offers a solid retirement fund, retirees sometimes find that it cannot provide a sufficient income to last throughout their retirement years, particularly in light of the challenges presented by inflation and growing healthcare expenditures. As a result, more savings mechanisms—like the PRS—are desperately needed to close these gaps and improve Malaysians' overall preparedness for retirement (Shah et al., 2023).

APAM has emerged as a key player in the administration of the PRS, leveraging its extensive experience in the financial services industry to offer a range of retirement planning solutions. APAM's approach to managing PRS funds is characterized by a commitment to providing diversified investment options that align with the long-term