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Proposal To Increase The Retirement Age May Resurface Once The Economy Picks Up

Undeniably, the ageing population of working class citizens pose a challenge to the fiscal and macroeconomic stability of the country through increased government spending on pension, healthcare, and social benefits programs pensioners. There is a plethora of benefits derived should the retirement age be extended despite the arguments that weigh down this option. It is all a matter of hitting that 'sweet spot' and figuring out which economic sectors can best tap on the silver-haired talent.

An integrated solution to address the much debated controversy on most suited retirement age is required for Malaysia to rise to the game. A game that will determine whether Malaysia will be able to sustain its economic growth at this critical time. One which saw the battle of the generations through the voices of YB Kula and YB Syed Saddiq. Therefore, pertinent and prompt policy solutions are necessary to ensure fiscal and macroeconomic sustainability as well as the health and well-being of citizens of all ages within the civil sector and eventually private sectors which tend to follow suit soon after.

Inevitably, just about every policy one can think of has a disproportionate impact on certain classes, races, genders, regions, industries or age cohorts, but that does not mean Malaysia should simply discount the possibilities. Sometimes what is deemed the best decision, is doing what is best for the whole country when all effects are taken into consideration in aggregate.

Encouraging older workers to remain longer in the labor force, with and extension of two years appears as the most viable solution to fiscal pressures and macroeconomic challenges related to population aging. Malaysia should consider introducing a phased-in retirement scheme in which older workers could choose to work fewer hours yet remain longer in the labor force, including after they retire. And gradual retirement can be beneficial to societies, employers, and workers.

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Dr. Amina Josetta Kayani
Senior Lecturer in Management,
Arshad Ayub Graduate Business School



Specifically, phased-in retirement allows continuity in tax revenues and reduced expenditure on government pensions, which holds particular importance for fiscal and macroeconomic stability. Having said that, this policy should not apply across all sectors of the economy and the country.

Policies should be arranged in a way that recognizes the dignity and autonomy of older individuals as opposed to providing them with meaningless or degrading tasks merely to keep them occupied. In addition to furnishing meaningful and rewarding opportunities, activities should be adapted to the physical and mental aptness of older individuals. And while paid and unpaid work activities are beneficial to society and the elderly, allowing for choice and autonomy is key.

It is of paramount importance that the government undertakes comprehensive consultation with the respective stake holder engagement to investigate into the viability and approach before passing any new policy. The regulatory impact analysis is pivotal to the assessment of the feasibility of the proposed new policy. This is to ensure all aspects of costs and benefits to the various stakeholders segments are given due consideration.

Once youth unemployment figures stabilizes, extending the retirement age from 60-62 appear would then to be a win-win strategy to achieve financial sustainability and enhance retirement income adequacy, thus counteracting the contraction of the working age population. Malaysia is going through some critical changes in the leadership and government, and there is no better time to revisit certain policies and maintain agility to circumstances - to leave no coins unturned for a better Malaysia.

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