

EPF Releases Belanjawanku 2024/2025 And Retirement Income Adequacy Framework



KWASA DAMANSARA, 12 December 2024: The Employees Provident Fund (EPF) today launches the *Belanjawanku 2024/2025* and Retirement Income Adequacy (RIA) Framework, aimed at offering Malaysians a comprehensive monthly expenditure guide while revising the recommended savings levels from a single-tier savings benchmark to a three-tier savings framework.

Since 2019, the EPF and the Social Wellbeing Research Centre (SWRC) at the University of Malaya have developed the *Belanjawanku Guide* to estimate the minimum monthly expenses needed for a decent living standard. Initially focused on the Klang Valley, the guide now covers 11 other major cities in Malaysia and is updated yearly to reflect current living costs. It serves as a practical tool for households and a valuable reference for policymakers. The *Belanjawanku Guide* has also guided the review of EPF's Basic Savings amount and supported the development of the new RIA Framework, which builds on the Basic Savings framework introduced in 2008.

RIA Framework Helps Members Set Savings Targets

Set to launch in January 2026, the RIA framework allows members to set savings targets that reflect different retirement lifestyles and aspirations. This approach emphasises the importance of viewing EPF savings as a source of ongoing income, helping members to understand savings they will need to sustain themselves during retirement.

The RIA Framework introduces a three-tier savings framework:

- **Basic Savings and Income**, covering essential retirement needs;
- **Adequate Savings and Income**, providing a reasonable standard of living during retirement; and

The RIA Framework focuses on the concept of both savings and retirement income security. Based on the *Belanjawanku 2024/2025*, a single elderly person requires approximately RM2,690 monthly (“Adequate Retirement Income”) to maintain a reasonable standard of living in retirement.

The new three-tier RIA Framework will be anchored on the Adequate Retirement Income as determined by *Belanjawanku* from time to time:

1. **Adequate Savings:** Set at 240 times the Adequate Retirement Income, rounded down to the nearest RM10,000 (RM650,000).
2. **Basic Savings:** 60% of Adequate Savings amount (RM390,000).
3. **Enhanced Savings:** 2 times of Adequate Savings amount (RM1.3 million).

The framework encourages a monthly drawdown for 20 years, aligned with average life expectancy in Malaysia. To illustrate, the different levels of savings will translate into the following at Retirement Age:

- **Adequate Savings (RM650,000):** Enables monthly withdrawals starting at RM2,708 in year one, growing to RM7,389 by year 20.
- **Basic Savings (RM390,000):** Supports monthly withdrawals of RM1,625 in year one, growing to RM4,434 by year 20.
- **Enhanced Savings (RM1.3 million):** Provides monthly withdrawals of RM5,417 in year one, increasing to RM14,779 by year 20, for a more comfortable retirement.

Transition Period for New Basic Savings Level

The new Basic Savings benchmark of RM390,000 represents an increase from the previous RM240,000. To phase the transition, the Basic Savings amount will increase gradually by RM50,000 annually over three years:

- RM290,000 by 1 January 2026
- RM340,000 by 1 January 2027
- RM390,000 by 1 January 2028

Future Adjustments to Reflect Cost of Living

To remain relevant to rising costs, the RIA savings levels will be reviewed every three years, starting in 2029, using updated data from the *Belanjawanku* findings.

Flexibility for Members With Excess Savings

The withdrawal policy for savings above RM1 million will align with the Enhanced Savings benchmark, offering members flexibility in managing their surplus funds. Like Basic Savings level transition, the threshold for this withdrawal will increase gradually by RM100,000 annually over three years. Additionally, under the Members’ Investment Scheme (MIS), members can transfer 30% of savings above the Basic Savings amount in Akaun Persaraan to approved funds managed by Fund Management Institutions premised on the New Basic Savings table effective 1 January 2026 (Table 1).

Table 1: New Basic, Adequate and Enhanced Savings Levels

Age	New Basic Savings <i>RM390,000 at age 60</i>	Adequate Savings <i>RM650,000 at age 60</i>	Enhanced Savings <i>RM1,300,000 at age 60</i>
18	1,400	1,500	2,500
19	1,700	1,800	3,100
20	2,200	2,300	3,900
21	2,800	3,000	5,000

	2022	2023	2024
24	12,300	14,100	24,300
25	15,900	19,000	30,700
26	19,800	23,400	40,900
27	23,800	28,600	51,200
28	28,300	34,500	62,800
29	33,000	40,700	72,800
30	38,000	47,500	85,400
31	43,400	54,800	99,100
32	49,100	62,700	114,000
33	55,100	71,200	129,000
34	61,400	80,300	147,000
35	68,100	90,000	165,000
36	75,100	100,000	185,000
37	82,600	111,000	206,000
38	90,400	123,000	229,000
39	98,600	136,000	253,000
40	107,000	149,000	279,000
41	116,000	164,000	305,000
42	125,000	179,000	336,000
43	135,000	195,000	368,000
44	145,000	213,000	402,000
45	156,000	231,000	438,000
46	167,000	250,000	476,000
47	179,000	271,000	516,000
48	191,000	292,000	559,000
49	204,000	315,000	606,000
50	217,000	339,000	652,000
51	231,000	364,000	703,000

Age	RM240,000	RM417,000	RM615,000
54	277,000	446,000	873,000
55	294,000	476,000	935,000
56	312,000	508,000	1,000,000
57	330,000	541,000	1,070,000
58	349,000	576,000	1,140,000
59	369,000	612,000	1,220,000
60	390,000	650,000	1,300,000

As of October 2024, around 36% of active formal EPF members meet the existing Basic Savings level according to age, anchored on RM240,000 at age 55. While this percentage may be impacted with the new benchmarks in the medium term, the adjustments are essential to help members' savings keep pace with the rising cost of living and the current retirement age in Malaysia.

EPF Chief Executive Officer Encik Ahmad Zulqarnain Onn said, “The *Belanjawanku Guide* and RIA Framework are cornerstones to EPF’s purpose in building a better retirement future for all Malaysians. The guide helps average Malaysians navigate the challenges in managing household expenses while the EPF establishes a strong foundation for building adequate retirement savings.

“By offering a comprehensive view of monthly expenditure and introducing new savings benchmarks, we aim to guide our members toward achieving a dignified and fulfilling retirement. These initiatives not only underscore EPF’s commitment to adapting to evolving socioeconomic realities but also reflect our objective to stay relevant and responsive to changing times. Our goal is to ensure that no Malaysian is left behind in planning for a secure and meaningful future,” he added.

The *Belanjawanku 2024/2025* can be downloaded for free from the EPF website at www.kwsp.gov.my. The *Belanjawanku App* can also be downloaded for free from Apple App Store, Google Play, and Huawei App Gallery.

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About the Employees Provident Fund (EPF)

Established in 1951, the Employees Provident Fund® (EPF®) is a social security organisation and one of the leading retirement funds in the world dedicated to protecting members’ savings and delivering exceptional services. Committed to its purpose of building a better retirement future for Malaysians, the EPF has expanded its functions to encompass a comprehensive social wellbeing ecosystem. The EPF remains steadfast in its efforts to continually update and improve its services, ensuring a solid foundation for sustainable, holistic, and equitable wellbeing for all Malaysians.