

# **Determinant Factors in Developing a Micro-Pension Model for Self-Employed Workers in Malaysia**

**Wan Anura Wan Nazimuddin, Hazimi Fozioh, Asyraf Afthanorhan**

Faculty of Business and management

University Sultan Zainal Abidin

[nikhazimi@unisza.edu.my](mailto:nikhazimi@unisza.edu.my)

## **Abstract**

In line with global trends, self-employment in Malaysian has shown an upward pattern and this is due to the preferred choice of employment among Malaysian millennials and Gen Z those born in the mid-1990s onwards. As exciting as this development is, Malaysians who are self-employed often neglect something everyone should do the moment they start working: saving for retirement. In Malaysia, the social protection system is only mandatory participated for those employed either in the public or private sector which basically covered by the government pensions scheme the Employees Provident Fund (EPF). The basic principle of this system is to provide protection against poverty, financial assistance, and future guarantees for the elderly, at the same time reducing the old-aged poverty and dependency on government assistance. However, no such structured social protection system was introduced to the informal sector workforce in Malaysia. Therefore, this study aims to determine the important factors to develop micro-pension model for self-employed in Malaysia. With the summary of the relevant literatures, the study has concluded several critical success factors in developing micro-pension scheme which include, demographic, awareness on importance of retirement savings, platform system to access the scheme, incentives or additional benefit for the micro-pension scheme and payment amount or contribution for the scheme. All in all, the development of the micro-pension model helps to provide a proper channel for the informal sector people, especially low-income earners B40 to save for their retirement. It is believed that the implementation of such a model will directly increase the level of financial literacy among them. Thus, reducing the old-aged poverty and the number of elderly people who depend on the provisions of the Department of Social Welfare (JKM) programs.

## **Keywords**

Employees Provident Fund, Programs, Self-employed and Government.