PETALING JAYA: Employers and manufacturers are not in favour of raising the retirement age to 65 as it will limit the recruitment of younger workers into the workforce.

Federation of Malaysian Manufacturers president Datuk Soh Thian Lai said the government had raised the mandatory retirement age to 60 in 2013.

“So another change in retirement age is too fast. We are a nation with a high proportion of young people,” he said.

“Currently, there are still a lot of young graduates waiting to be employed, and by extending the age, it will deprive them of opportunities in the employment market.”

“Besides, it may result in a severe impact to about one million jobs over the next five years,” he added.

Soh said the proposal could also increase the cost of doing business and reduce business competitiveness.

On Tuesday, Tun Dr Mahathir Mohamad said there was no need to increase the retirement age from 60 to 65, as proposed by Malaysian Trades Union Congress (MTUC).

The Prime Minister said he agreed with Youth and Sports Minister Syed Saddiq Syed Abdul Rahman’s view on retaining the current retirement age so as not to block employment opportunities for the younger generation.

Soh said it was best to let the market forces decide if employers would want to retain capable workers on a contract basis if their expertise were still required.

“We should also focus on creating new employments rather than stifle the dynamic human resources ecosystem,” he added.

Malaysian Employers Federation executive director Datuk Shamsuddin Bardan welcomed Dr Mahathir and Syed Saddiq’s response to not increase the retirement age.

However, he suggested the government could consider re-employment policy for those aged above 60 to encourage retirees to continue being in the workforce.

“If we increase the retirement age to 65, then we are creating problems because new graduates can’t
get the placement in the job market.

"However, we are not saying that those beyond 60 should not work," he said.

“We do encourage bosses to employ them but on a voluntary basis, in line with the company’s requirements and their contributions.”

Shamsuddin said if a re-employment policy were to be introduced, it should come with tax incentives for both bosses and workers.

For employers, he said there should be double tax reduction and for employees working beyond the age of 60, they should be given full tax relief.

He also said Bank Negara Malaysia should consider looking into policies related to insurance as loadings imposed on premiums were high.

Separately, MTUC said it regretted the “blanket rejection” of its proposal.

Its secretary-general J. Solomon said Dr Mahathir should have come up with alternative plans to overcome the serious problems faced by retirees.

“We regret that Dr Mahathir chose to reject it outright without offering any counter suggestions to tackle the related problems such as low and insufficient minimum wage, the rising cost of living and low EPF savings,” he said.

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