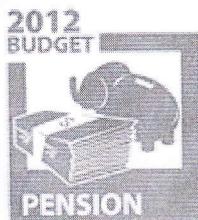


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KUALA LUMPUR: The Life Insurance Association of Malaysia (LIAM) believes that the new tax relief of up to RM3,000 on contribution to a Private Retirement Scheme and insurance annuity for 10 years augur well for the industry.

While lauding the prime minister's "budget for the rakyat", LIAM said such an incentive was a good start by the government in recognising the need for retirement planning.

"The Private Retirement Scheme will ensure that retirees will be able to live without over-relying on their EPF savings," it said.

LIAM lauded the move to ensure that private sector employees and the self-employed have sufficient savings upon retirement but said the tax relief of RM6,000 on life insurance premiums paid by individuals is still combined with the statutory EPF contribution.

It hoped that a separate RM6,000 tax relief for insurance premium would be realised "in the near future".

While there is tax exemption on investment income of the Private Retirement Fund, LIAM said it was unfortunate that the same was not accorded to insurance annuity.

"The current eight per cent tax on investment income of annuity fund would result in lower annuity amount and LIAM hopes that the government would consider the removal of such a taxation."

The life insurance industry also welcomed the increase in retirement age from 58 years to 60 years for the public sector and hoped that the private sector would follow suit to enable employees to accumulate more savings.

Mayban Investment Management viewed positively the tax relief for private retirement scheme contribution.

"The retirement savings solution offers another growth engine for fund management and insurance companies. This will provide local fund managers the opportunity to provide retirement savings solution that suits the employees better."

Also, Employees' Provident Fund members who earn RM5,000 and below can look forward to a higher contribution of 13 per cent from their employers.