

## A Look at the Private Retirement Schemes (PRS) of Malaysia

Just like everywhere else in the world, Private Retirement Schemes (PRS) have gained ground in Malaysia. To empower the general public to better understand what PRS is, we've drawn up a series of articles detailing the benefits, risks and processes of PRS. In this article, we'll start off with a look at the basics.

### What Is PRS

PRS are essentially funds for individuals to invest in, with the objective of saving for retirement. But unlike other retirement schemes, PRS allows for employer contributions, very much like the Employee Provident Fund (EPF). However, PRS participation is **voluntary** and offers greater flexibility and investing options.

### How it works

In contribution, PRS works a lot like EPF. First of all, it involves the deduction of a fixed amount of money from one's salary. This amount is then used by authorized PRS service providers for investment purposes (eg. stocks, bonds). Parts of the profits made from such investments are eventually distributed back to the contributors' accounts.



Upon retirement, the contributors simply withdraw the money from their accounts much like EPF. Alternatively, contributors are also allowed to withdraw part of the money once a year before retirement (albeit with a tax penalty).

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