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# PRS Youth Incentive

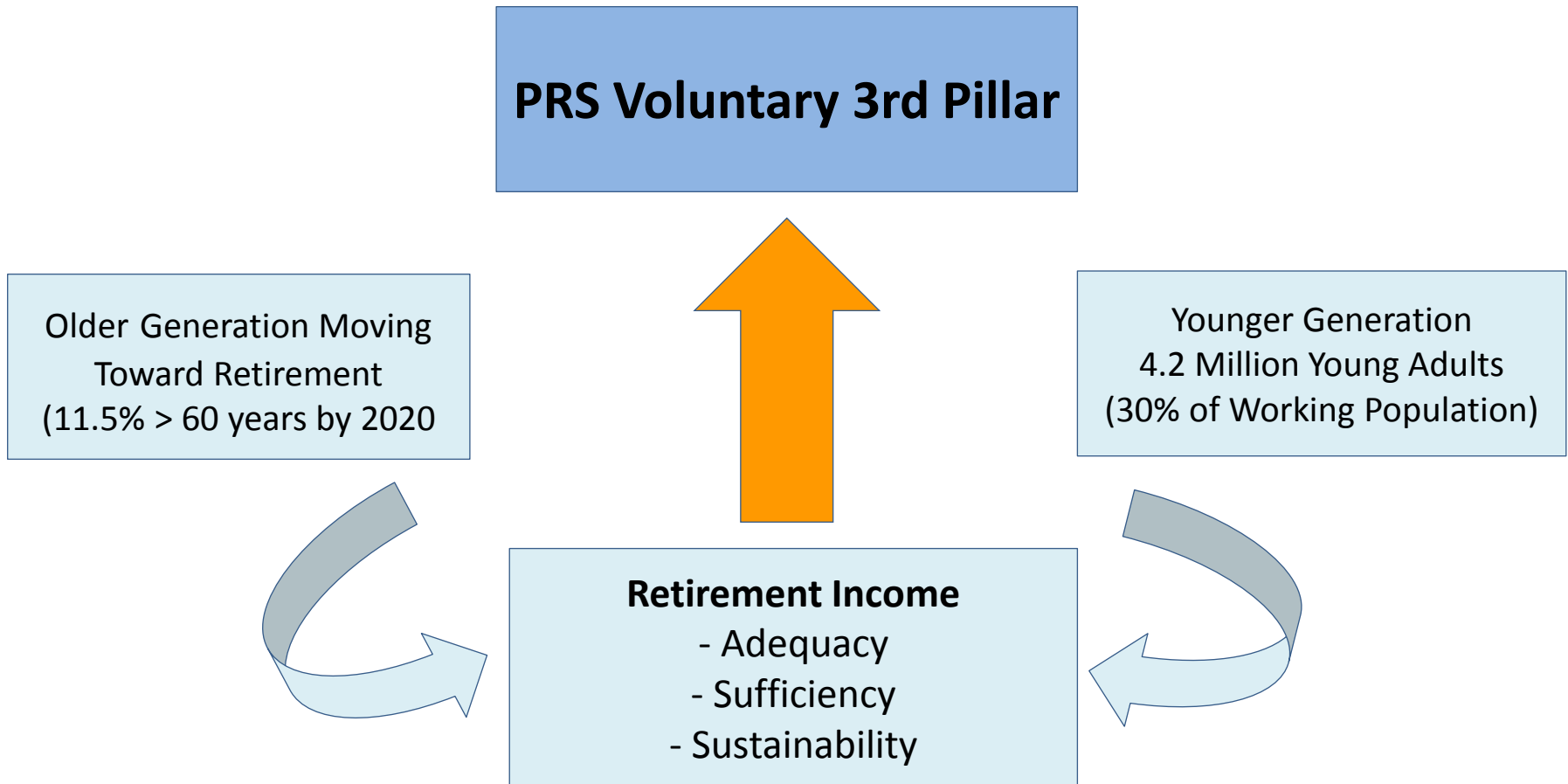
## INTRODUCTION:

- Recognising the need to cultivate a retirement savings culture amongst the younger demographics whilst appreciating the financial constraints faced by this group, the Government will make a one-off contribution to provide a head start for the 4.2 million youths between the ages of 20-30
- The Government will contribute RM500 per person into the PRS accounts of youths, who have accumulated RM1,000 within a year

## ELIGIBILITY:

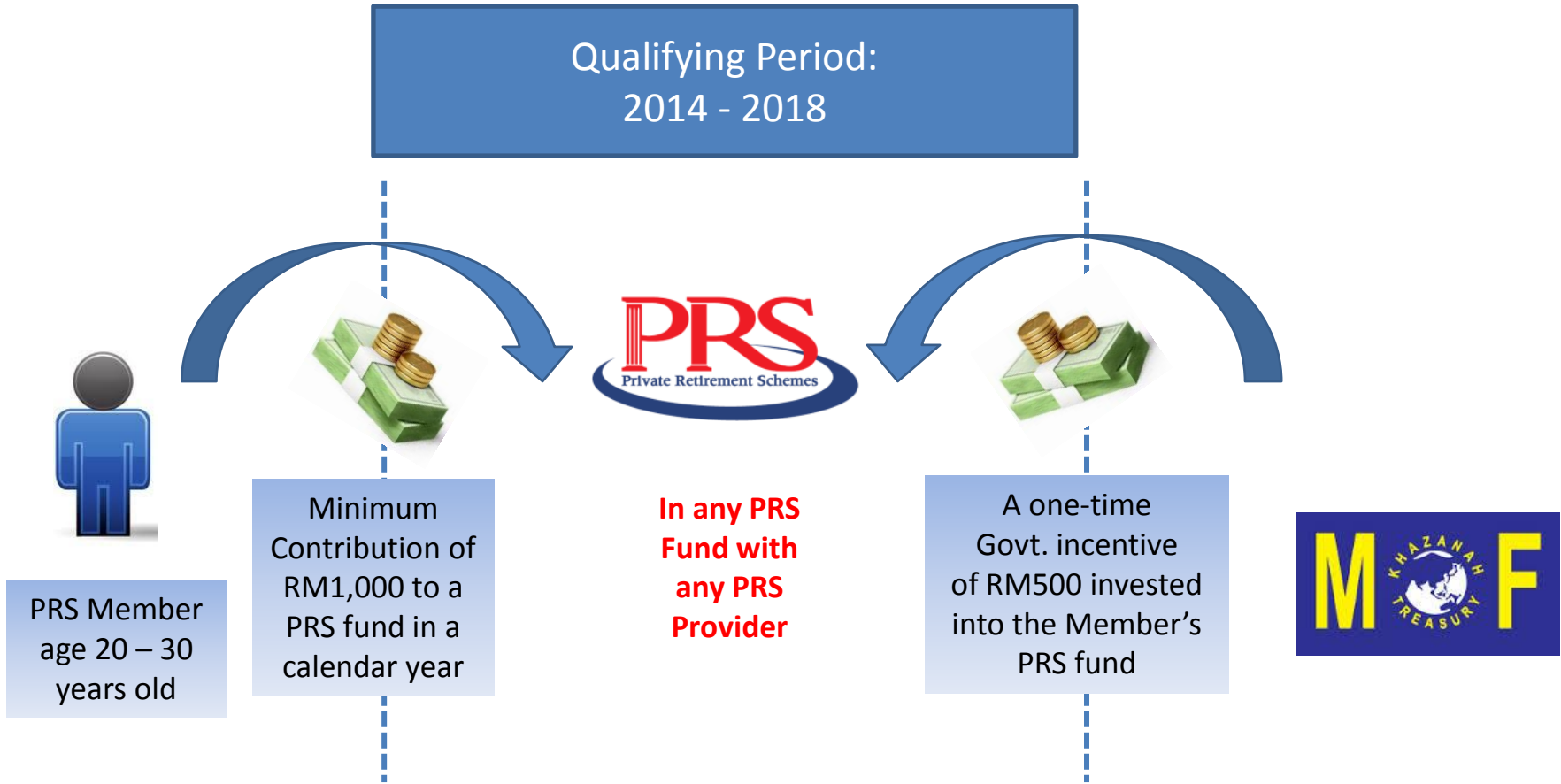
- Malaysian with existing PPA account or new member
- Individual between ages of 20 to 30 (based on birthdate)
- Minimum RM1,000 gross contribution in a single year within a calendar year
- Effective period – 2014 to 2018

# Establishing the 3rd Pillar



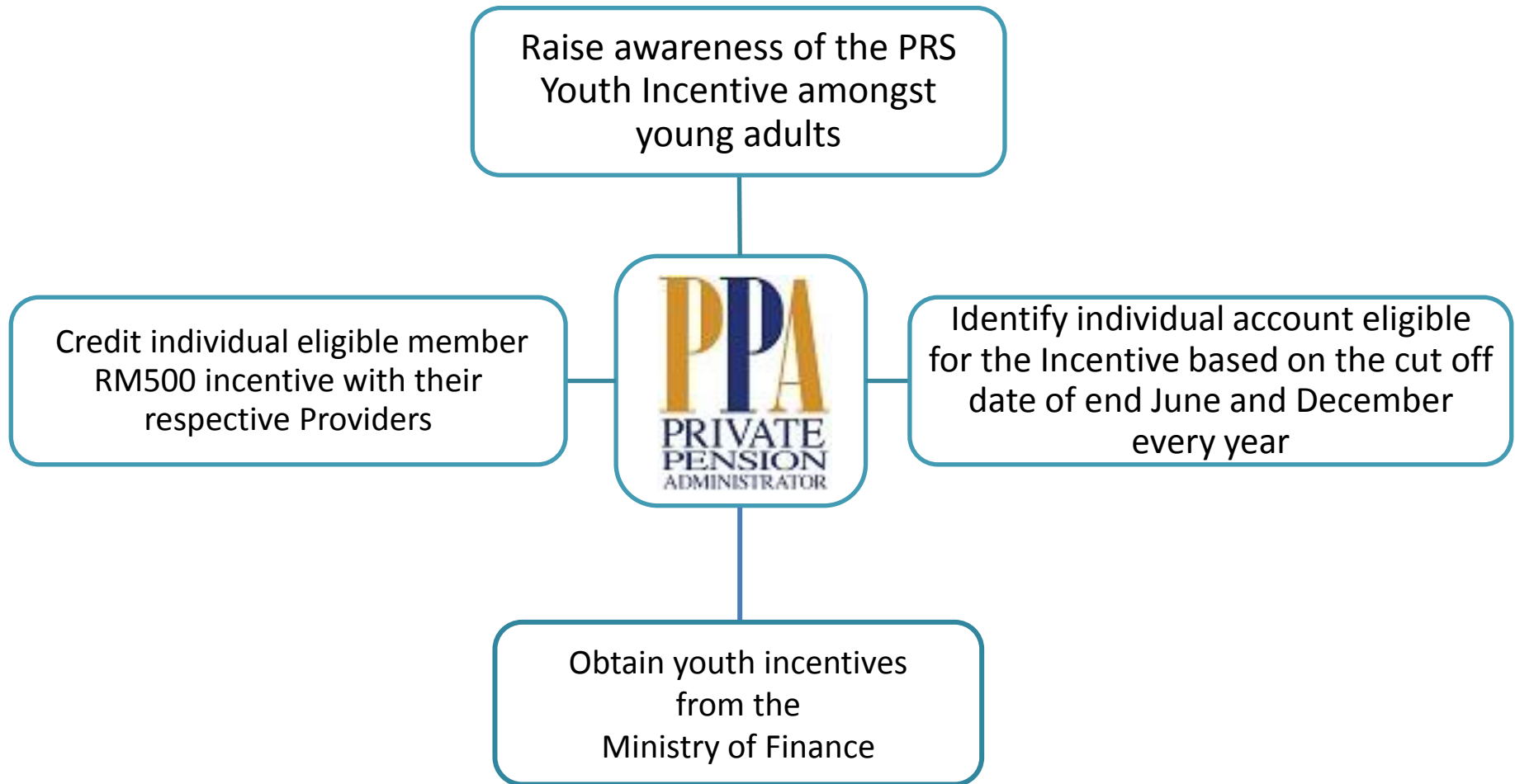
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# PRS Youth Incentive (PRS YI 500)



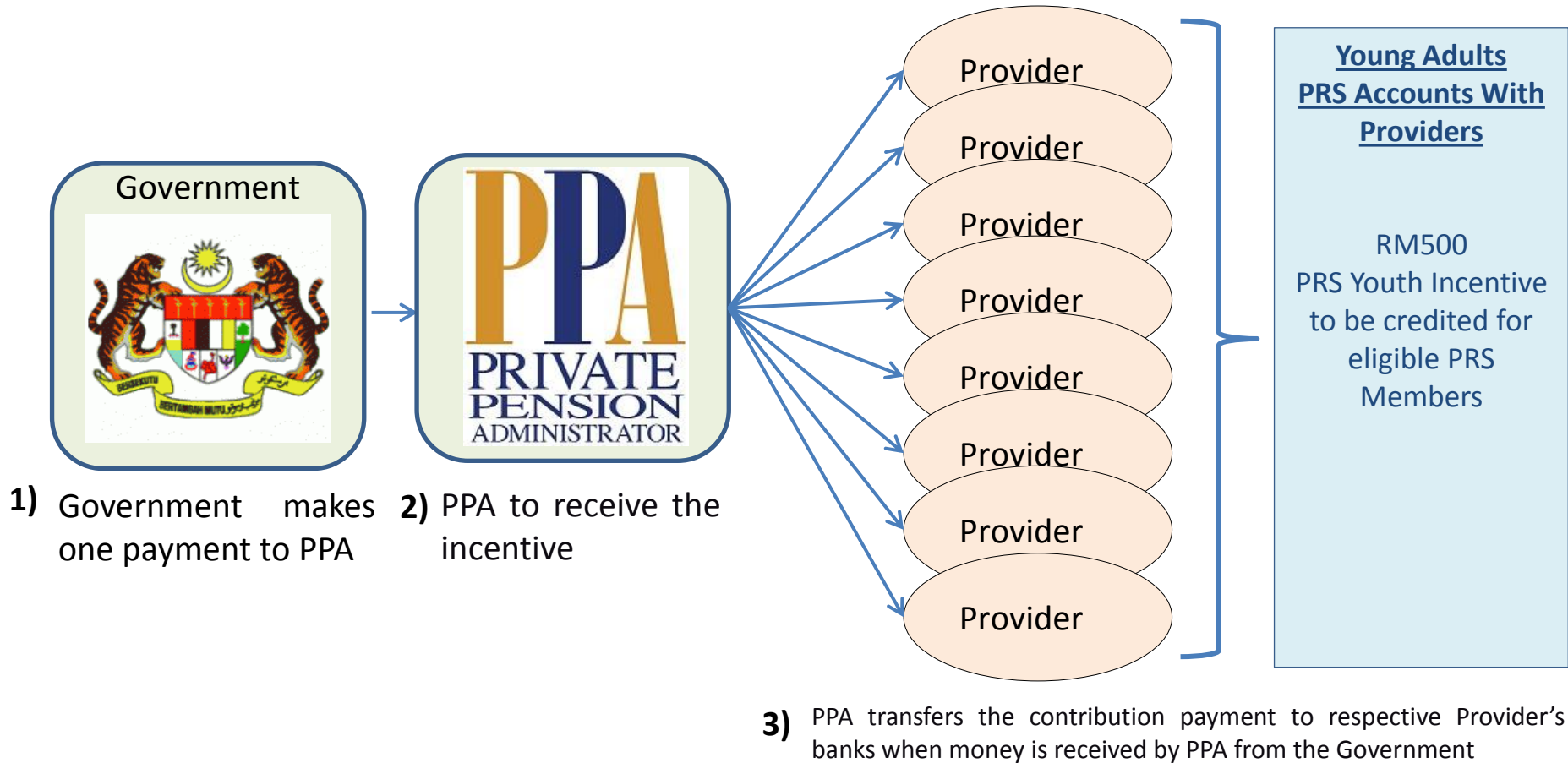
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# PPA's Appointed as Administrator for PRS Youth Incentive



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# PPA Administrating of PRS Youth Incentive



In giving instructions to Providers, PPA must inform Providers to create units in sub-accounts A of the respective funds

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# PPA's Market Research on PRS

97%

Of public says it is important to plan for retirement

61%

Of youth perceive they won't have sufficient money for retirement

55%

Of youth have a retirement plan aside from EPF

36%

Of respondents say "Affordability" is a top consideration among 7 factors when choosing a retirement plan

*"The journey to retirement starts with the first step into the working world." – DSO*

Definition of Youth = 20 to 30 age group

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# PRS Affordability

**RM 1,000 Minimum Contribution**

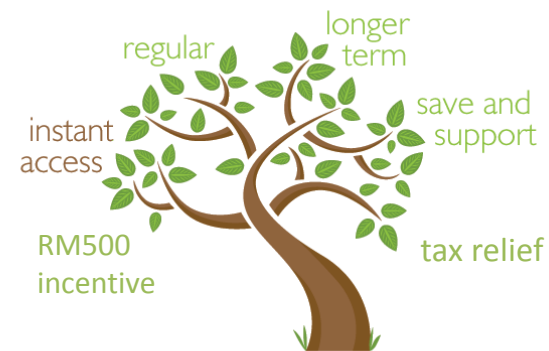
(Within a calendar year)



Approximately **RM85 / month**



Approximately **RM3 / day**

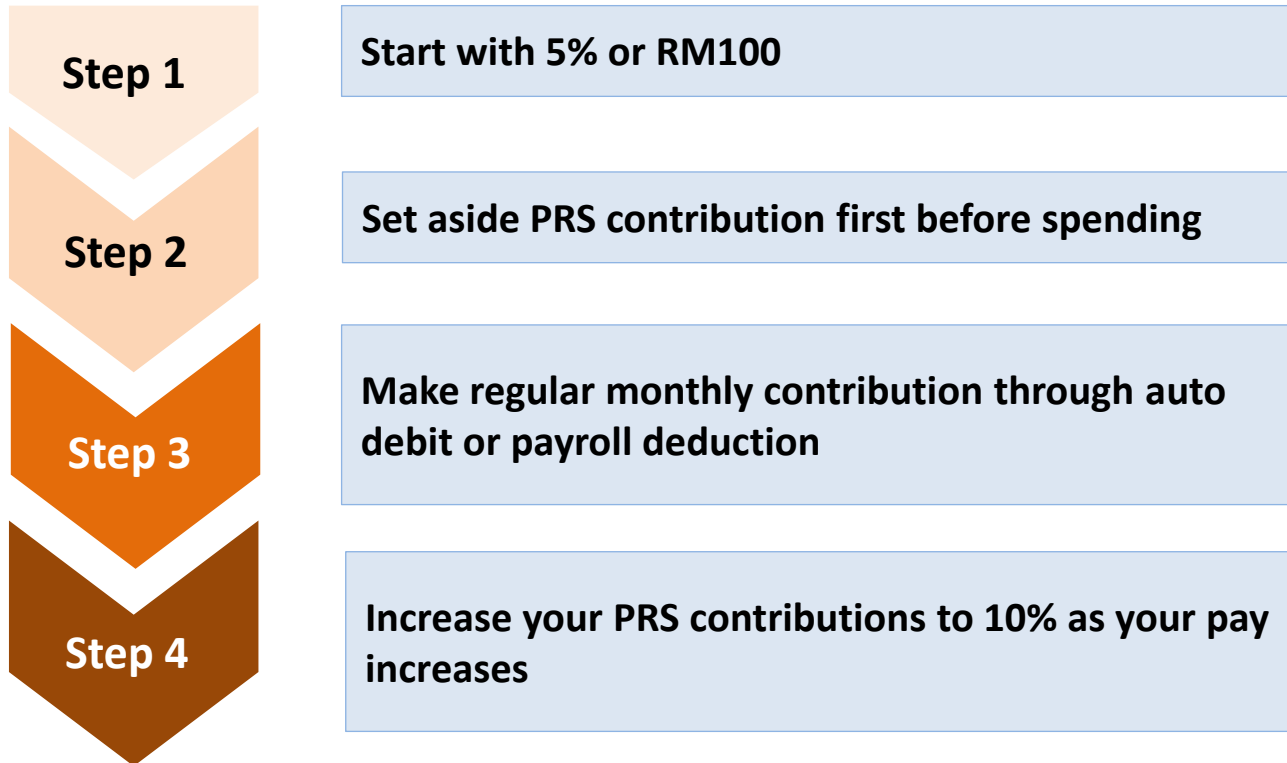


watch your savings grow

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# PRS Affordability

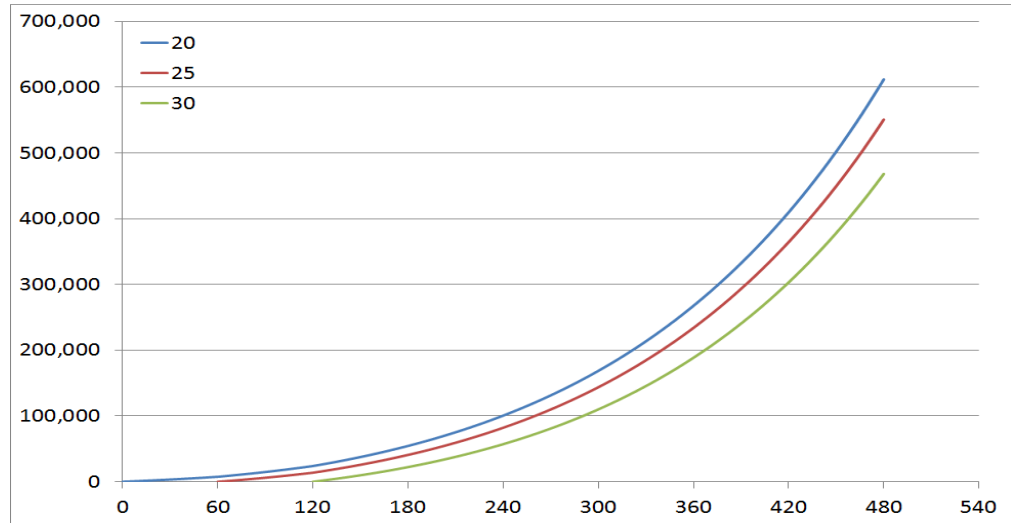


***“Affordability is a Priority issue.” - DSO***

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# Power of Compounding

If you invest in a PRS fund that provides you an average of 6.0% p.a. compounding growth, by 60, you will have accumulated .....



	Monthly Contributions		
Retirement Fund at age 60	Savings Accumulated at age 60	Regular Monthly Savings Contributed	Compound Growth
Starting Age			
20 (5.0%)	736,000	279,000 (38%)	457,000 (62%)
25 (7.5%)	674,000	272,000 (40%)	402,000 (60%)
30 (10.0%)	585,000	260,000 (44%)	325,000 (56%)

Computation assumes a starting salary of RM2000, with an salary increment of 5%.

The above computation is for illustration purpose only. Please seek advice for your retirement plan

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# Cost of Starting Late

Delaying saving for your retirement will end up forcing you to play catch-up later in life with higher contributions.

Retirement Fund at age 60	Savings Accumulated at age 60		Starting Age = 35	Starting Age = 40	Starting Age = 45
Starting Age					
20 (5.0%)	736,000	←	15.5%	20.0%	27.4%
25 (7.5%)	674,000	←	14.2%	18.3%	25.1%
30 (10.0%)	585,000	←	12.4%	15.9%	21.8%

*PPA recommends regular monthly contributions of 5% for members below 25 years old, 7.5% for 25-30 years old, 10% for members above 30 years old*

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# The End

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