



FAMILY FRONTIERS

Persatuan Kebajikan Sokongan Keluarga Selangor & KL (PPM-011-10-24072020)

Association of Family Support & Welfare Selangor & KL (Family Frontiers)

D-3-33, 8 Avenue Business Centre, Jln Sungai Jernih 8/1, Sek 8, 46050, Petaling Jaya, Selangor
admin@familyfrontiers.org

Press Release

3 March 2025

Family Frontiers Urges Government to Reconsider 2% EPF Contribution Cap for Non-Citizen Employees, Including Non-Citizen Spouses

Family Frontiers refers to the recent government decision to mandate a 2% Employees Provident Fund (EPF) contribution by employers for non-citizen employees. It is commendable that Malaysia is finally recognising the rights of non-citizen employees in the country and the importance of social protection for all groups of people.

However, capping the mandatory employer contribution at just 2%, significantly lower than the 12-13% required for Malaysian employees, raises serious concerns about the financial security, retirement adequacy, and long-term welfare of non-citizen workers. This includes non-citizen spouses of Malaysians, whose families—Malaysian spouses and children—depend on for their financial stability.

Social protection is fundamental in ensuring equitable retirement security for all workers, regardless of nationality, and is essential to fostering a fair and just society. We urge the government to adopt a more inclusive approach that upholds the principles of equality, dignity, and economic justice for all workers in Malaysia.

In the context of employees who are non-citizen spouses

Non-citizen spouses already face significant challenges in accessing employment in Malaysia due to the employment prohibition statement on spouses' Long Term Social Visit Passes which deter potential employers from hiring these candidates. This is despite their professional qualifications and authorities saying they will be allowed to work as long as there is an offer of employment by employers. In a 2021 survey conducted by Family Frontiers that had more than **70% of respondents holding bachelor's degrees or higher qualifications**, it was revealed that **77.2% of respondents acknowledged having difficulty finding employment** and **34.2% of respondents indicated that companies were very unwilling to hire them after seeing the statement of prohibition from employment**. Additionally, they are not allowed to work in licensed professions such as engineering, law and medicine unless they obtain Permanent Residence.

Basset, a pharmacy graduate, has been unable to obtain Permanent Residence (PR) status despite being married for ten years and fathering three Malaysian children. This has prevented him from pursuing a career as a pharmacist in Malaysia, forcing him to change career fields. His struggle is compounded by the lack of clarity in the immigration process, delays in obtaining work endorsements, and frequent rejection by companies due to visa-related restrictions, despite his qualifications and strong candidacy. During the COVID-19 pandemic, delays in renewing his work permission by immigration department left

him without work or pay for four months. Although his employer chose not to fire him, if he had a PR, he would not have had to go through four months without a salary.

Before the government's decision on the EPF contribution cap, non-citizen spouses of Malaysians—many of whom have built their lives and families in Malaysia—already faced systemic barriers due to their limited access to social security and labor protections. These spouses play a vital role in the well-being and stability of their Malaysian households, contributing financially to their families and communities. While the cap eases some financial strain, the persistently low contribution rate leaves them economically vulnerable and fails to provide adequate safeguards for the financial security and future well-being of their Malaysian spouses and children. A more inclusive approach to social protection would ensure that Malaysian binational families and all other families—regardless of nationality—can build a secure and dignified future together.

Beyond this, non-citizen employees face a serious rights-based concern: they are prohibited from nominating their Malaysian spouses or family members as beneficiaries of their EPF savings unless they became members before 1 August 1988. This policy denies Malaysian families—particularly children—the right to financial security and social protection, exposing them to economic hardship should their non-citizen spouse or parent pass away without a Will. The inability to designate immediate family members as beneficiaries reinforces structural inequalities, effectively depriving binational families of the financial safeguards that Malaysian citizens are entitled to.

The exclusionary nature of this policy disproportionately impacts Malaysian binational families simply based on the nationality of one parent. Recognizing the rights of all employees to social protection, regardless of citizenship status, is essential to ensuring the dignity, security, and well-being of all families in Malaysia.

Furthermore, policies that disproportionately impact non-citizen spouses who are divorced or widowed further restrict their ability to earn a living, as their visas do not grant them work rights. This denial of employment not only undermines their **right to livelihood** but also deprives their Malaysian children of financial stability and parental care, which is not in the **best interests of the child**.

By preventing these parents from supporting themselves and their children, Malaysia loses out on the **skills, talents, and contributions** of individuals who have long called the country home. More critically, this policy places families in distressing situations—forcing parents to choose between **separation from their Malaysian children or leaving the country entirely**. There is a dire need to prioritize the **family unit and the well-being of Malaysian children** and all children who have the right to grow up with the care and support of their parents in a stable environment.

Given Malaysia's upcoming chairmanship of ASEAN, all eyes will be on its leadership in advancing best practices, particularly in social protection and labor rights. It is imperative that the government reconsiders the **2% EPF contribution rate cap for non-citizen employees** and removes restrictions that prevent equal access to employment for non-citizen spouses of Malaysians. Aligning Malaysia's policies with **global best practices**

will not only uphold fundamental principles of **equality and social protection** but also strengthen the nation's reputation as a **progressive, binational family-friendly country**.

By ensuring a **level playing field** for non-citizen spouses, Malaysia has an opportunity to set a regional benchmark in **inclusive labor policies** while enhancing **global competitiveness, attracting foreign investment, and driving sustainable economic growth**. More importantly, fair and inclusive policies will **uphold family unity and well-being**, reinforcing Malaysia's commitment to human rights, social justice, and economic resilience. As ASEAN Chair, Malaysia has the platform—and the responsibility—to lead by example.

**

For Office Use:

Submitted by - Association of Family Support & Welfare Selangor & KL (Family Frontiers)