

The Valuation of Employees Provident Fund on Long Term Care Cost among Elderly in Malaysia

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Abstract : Nowadays, financing long-term care for elderly people is a crucial issue, either towards the family members or the care institution. Corresponding with the growing number of ageing population in Malaysia, there's a need of concern on the uncertainty of future family care and the need for long-term care services. Moreover, with the increasing cost of living, children feel the urge of needing to work and receive a fixed monthly income that results to sending their elderly parents to care institutions. Currently, in Malaysia, the rates for private nursing homes can amount up to RM 4,000 per month excluding medical treatments and other recurring expenses. These costs are expected to be paid using their Employees Provident Fund (EPF) savings that they accumulate during their working years, especially for those working under private sectors. Hence, this study identifies the adequacy of EPF in funding the cost of long-term care service during old age. This study used a hypothetical simulation model to simulate different scenarios. The findings of this study could be used for individuals to prepare on the importance of planning for retirement, especially with the increasing cost of long-term care services.

Keywords : long-term care cost, employees provident fund Malaysia, ageing population, Malaysian elderly

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