



Policy & Profit

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WHERE our great-grandfathers once saw their lives conclude in their late 50s, many of us now anticipate thriving into our 70s and beyond. This profound shift fuels a critical public policy discussion: the proposal to raise Malaysia's minimum retirement age from 60 to 65.

While it is intended to secure our older generation's financial future, is this singular adjustment really sufficient, or does it inadvertently burden younger and middle generations, creating new challenges?

The drivers are undeniable. Malaysia became an "ageing nation" in 2020, with over 7% aged over 65. We are projected to reach 20% by 2056, becoming a "super-aged" nation (World Bank, 2020).

This demographic reality, coupled with alarming Employees Provident Fund (EPF) statistics showing most Malaysians lack sufficient retirement savings, has now led to considering extended working years to boost personal savings and ease dependency of our senior population.

However, the increased life expectancy driving this need compels a deeper look at policy-making, and specifically, inter-generational equity.

Today, multiple generations often co-exist simultaneously in families. While Malaysia sees three to four living generations, America, for example, is witnessing as many as seven in one family (2024). Our policies must now adopt an inter-generational lens, carefully balancing opportunities across all age groups.

Impact on youth and middle management

While retirement savings often dominate the conversation, the broader impact of raising the retirement age on younger and mid-career generations deserves equal attention.

For those in their prime working years – already juggling rising living costs, childcare and mortgages – career progression is not just aspirational but essential for survival.

If senior roles remain occupied longer, opportunities for advancement shrink, leading to income stagnation and growing frustration, particularly among middle managers balancing work and family. This bottleneck can drive top talent abroad in search of better prospects, contributing to a "brain drain."

Upward mobility is a key driv-

Rethink retirement reset



This visual is human-created AI-aided

■ **The retirement age debate is less about age and more about competing for opportunities in our increasingly longer-living society**

■ **Policymakers must strike a balance that serves all generations**

er of motivation and retention across both corporate and public sectors.

Today's fast-paced, tech-driven workplace also presents challenges. While older workers offer valuable experience, the physical, cognitive and digital demands of many roles can be difficult to sustain.

As a result, younger employees often shoulder more responsibility to compensate, straining morale and efficiency. This pressure is further compounded by the stark difference in "work-life balance" of the previous generations compared with today's "always-on" expectation.

I hypothesise that this sustained pressure on younger generations also contributes to Malaysia's low fertility rate – the other key aspect of our demographic challenge. Fewer births mean fewer future workers, threatening long-term economic growth and national productivity. Career stagnation, therefore, has broader societal consequences beyond the workplace.

Now, this isn't about pitting one generation against another; rather, it's recognising that career dynamics have fundamentally shifted with far-reaching impacts across our society. What once took 15 years to reach seniority may now take 25. These realities shape life decisions and, ultimately, our nation's future. Our policies must therefore adapt accordingly.

Multi-generational solutions

Age isn't just the issue here. It's a deeper competition for resources like opportunity, wealth and influence in an ageing, longer-living society. Policymakers must strike a balance that serves all generations. This requires more than surface fixes; it demands systemic, forward-thinking solutions.

To tackle this inter-generational challenge, we need a mix of bold and complementary policies:

1. Transitional retirement models: Instead of a hard stop or a simple extension, organisations should implement policies for phased transitions from senior leadership.

This could involve reduced hours, advisory or mentorship roles with adjusted compensation.

My late granduncle, a retired army colonel, once shared how the British army system sometimes "demoted" older generals to captain roles before full retirement.

This retains invaluable insight while allowing younger leaders to step up. Such models foster smooth succession planning and prevent tacit knowledge loss.

2. Mandatory corporate succession planning: To complement transitional retirement,

public-listed companies should be mandated to identify and train successors for critical roles.

While names need not be disclosed, the existence and progress of these succession plans should be reported in their annual reports. This encourages deliberate talent development and ensures leadership pipelines are robust.

3. CEO pay gap ratio declaration: To address wealth distribution concerns, requiring public-listed companies to transparently declare the ratio of their CEO's pay to their lowest-paid employee's wage, along with a plan to reduce excessive disparities, can foster more equitable corporate environments.

4. Reduced limits on board positions: Introducing limits such as a maximum five-year term for board members (without special AGM extensions) and a cap of five concurrent board positions can open up opportunities for a more diverse pool of leaders.

5. Bolstering financial literacy and planning: Consider mandatory retirement planning courses, driven by EPF, at mid-career and upon retirement. These courses, potentially financed by Human Resources Development funds, would equip individuals with essential knowledge for long-term financial well-being.

6. Salary transparency laws: Employers should be required to disclose compensation, bringing clarity to a traditionally opaque area. Transparency empowers younger professionals to negotiate fairly, supports inter-generational equity, and helps counter income stagnation.

7. Easing wealth transfer: Expanding age-friendly financial instruments like reverse mortgages can help seniors unlock wealth from their paid-up homes without relocating.

Simultaneously, improving administrative processes to resolve family inheritance disputes, especially given the RM90bil in unclaimed properties (2022), can ease heirs' financial burdens and foster stronger inter-generational family relations.

The future of Malaysia's workforce and its social fabric hinges on our ability to craft policies that serve all generations.

We need to ensure that our elders age with dignity and security, our middle-aged professionals have clear pathways to leadership, and our youth are empowered with opportunities. This isn't about choosing between the young and the old; it's about recognising that our prosperity is interconnected.