

### Illustration of Impact of WIS and CPF Changes

**Example 6.1** – Mr Kumar, a 40-year old employee earning a gross income of \$1,000 per month

Mr Kumar is a 40 year old employee with a gross income of \$1,000 per month, who works at least 6 months in 2007 and fulfils the other WIS criteria.

With the CPF restructuring and WIS, Mr Kumar, who used to bring home \$800 per month, will now bring home \$41 more or 5.1%. His total CPF contributions, including the portion paid by his employer, will also increase from the current \$330, by \$21 or 6.4%. Mr Kumar will now receive a total income of \$1,192, which is a gain in total income of \$62 per month or 5.5%.

Table 6.1: Impact on Mr Kumar

	<b>Current (\$)</b>	<b>New (\$)</b>	<b>Difference (\$)</b>
Employee CPF	200	180	-20
Employer CPF	130	117	-13
WIS Cash (monthly)	-	21	21
WIS CPF (monthly)	-	54	54
Take home Pay	<b>800</b>	<b>841</b>	<b>41</b>
Total CPF Contributions	<b>330</b>	<b>351</b>	<b>21</b>
Total Income	<b>1,130</b>	<b>1,192</b>	<b>62</b>

**Example 6.2** – Mr Harun, a 40-year old Self-Employed with an average net trade income of \$1,000 per month (or \$12,000 per year).

Mr Harun is 40 years old, is self-employed for at least 6 months in 2007 and fulfils the other WIS criteria. His annual net trade income for 2007 is \$12,000 or \$1,000 monthly.

With the CPF restructuring and WIS, Mr Harun, who used to have an equivalent take-home pay of \$930 per month after deducting his Medisave contributions, will now bring home \$45 more monthly or 4.8%. His total Medisave contributions will also increase by \$5 or 7.1% from the current \$70. Mr Harun will now have a total income of \$1,050 (\$975 take-home pay and \$75 in his CPF), which is a gain in total income of \$50 per month or 5%.

Table 6.2: Impact on Mr Harun

	<b>Current (\$)</b>	<b>New (\$)</b>	<b>Difference (\$)</b>
CPF Contributions	70	25	-45
WIS CPF (monthly)	-	50	50
Take home Pay	<b>930</b>	<b>975</b>	<b>45</b>
Total CPF Contributions	<b>70</b>	<b>75</b>	<b>5</b>
Total Income	<b>1,000</b>	<b>1,050</b>	<b>50</b>

**Example 6.3:** Mdm Teo, a 50-year old informal worker earning \$500 per month, who decides to make Medisave contributions to get her WIS payout.

Mdm Teo is a 50-year old informal worker earning \$500, who is employed for at least 6 months in 2007 and fulfils the other WIS criteria. She also stands to receive WIS if she is willing to contribute to her Medisave. To receive WIS, Mdm Teo will need to contribute \$14 a month to her Medisave. In return, she will receive WIS payouts of \$67 per month into her Medisave account. Although her take home pay will decrease by \$14 monthly, her total CPF increases by \$81. With the CPF restructuring and WIS, Mdm Teo will now have a total income of \$567 (take-home pay of \$486 and \$81 in her CPF), which is a gain in total income of \$67 per month or 13.4%.

Table 6.3: Impact on Mdm Teo

	<b>Current (\$)</b>	<b>New (\$)</b>	<b>Difference (\$)</b>
CPF Contributions	-	14	14
WIS CPF (monthly)	-	67	67
Take home Pay	<b>500</b>	<b>486</b>	<b>-14</b>
Total CPF Contributions	-	<b>81</b>	<b>81</b>
Total Income	<b>500</b>	<b>567</b>	<b>67</b>

**Example 6.4: Mr and Mrs Tong,** a low-income family where both the 42 year old husband and 38 year old wife are working and earning \$1,300 and \$600 respectively.

Mr and Mrs Tong are 42 and 38 years old respectively and staying in a 3-room flat. They are both employed with CPF contributions. Mr Tong is a full-time employee earning \$1,300 monthly, while Mrs Tong is working part-time earning \$600 monthly. They are employed for at least 6 months in 2007 and fulfil the other WIS criteria.

With the CPF restructuring and WIS, the Tong family, who used to have a combined take-home income of \$1,580 per month, will now bring home \$50 more or 3.2%. Their combined CPF contributions, including the portion paid by their employers, will also increase from the current \$567, by \$38 or 6.7%. With the CPF restructuring and WIS, the Tong family will now receive a total combined income of \$2,235, which is a gain in total income of \$88 per month or 4.1%

Table 6.4: Impact on the Tong family.

	Current (\$)	New (\$)	Difference (\$)
<b>Mr Tong</b>			
Employee CPF	260	252	-8
Employer CPF	169	177	8
WIS Cash (monthly)	-	9	9
WIS CPF (monthly)	-	21	21
Take home Pay	<b>1,040</b>	<b>1,057</b>	<b>17</b>
Total CPF Contributions	<b>429</b>	<b>450</b>	<b>21</b>
Total Income	<b>1,469</b>	<b>1,507</b>	<b>38</b>
<b>Mrs Tong</b>			
Employee CPF	60	48	-12
Employer CPF	78	53	-25
WIS Cash (monthly)	-	21	21
WIS CPF (monthly)	-	54	54
Take home Pay	<b>540</b>	<b>573</b>	<b>33</b>
Total CPF Contributions	<b>138</b>	<b>155</b>	<b>17</b>
Total Income	<b>678</b>	<b>728</b>	<b>50</b>
<b>Tong Family</b>			
Take home Pay	<b>1,580</b>	<b>1,630</b>	<b>50</b>
Total CPF Contributions	<b>567</b>	<b>605</b>	<b>38</b>
Total Income	<b>2,147</b>	<b>2,235</b>	<b>88</b>