

FACTSHEET: CPF LIFE

Background

1. In February 2008, the Government accepted the recommendations of the National Longevity Insurance Committee (NLIC) for the National Lifelong Income Scheme, which was subsequently named “CPF LIFE”. CPF LIFE will provide CPF members with a monthly income for as long as they live. As announced by the Acting Minister for Manpower, Mr Gan Kim Yong, in February 2009, CPF LIFE will be launched in September this year for older CPF members to opt in.

How does CPF LIFE Work?

2. Upon a member’s enrolment into CPF LIFE, a portion of the cash savings in his Retirement Account (RA) will be set aside as the premium for an annuity. Combined with the remaining cash savings, the member will get a lifelong monthly income from his Draw Down Age (DDA).¹ For refundable plans, depending on the member’s age when he passes away, his beneficiaries would be able to receive a bequest amount, i.e. the remainder of his CPF savings and unused LIFE premium, minus payouts already made.

Launch of CPF LIFE

3. Opt-in for older members. CPF members turning age 55 from 2013², with at least \$40,000 savings in their RA, will be automatically enrolled in CPF LIFE. Older members who wish to join CPF LIFE will be allowed to opt in. The same choices of plans, to be offered to the auto-enrolled cohorts, will be made available for the older members. Members who are 55 years or older in 2009³ can opt in from September 2009, with some members receiving their first LIFE payout as early as in January 2010.⁴ Others who turn 55 from 2010 to 2012⁵ may opt in when they turn 55.

4. Choice of LIFE plans. The NLIC suggested giving members 12 options. However, the Government has received feedback that the large range of choices was confusing to members. As such, four LIFE plans will be offered to members (as shown in Table 1 and Table 2). These four plans offer a range of trade-offs between the level of LIFE monthly income and the bequest amount. There will still be a default plan (**LIFE Balanced Plan**) which is designed with the majority of included members in mind. This plan balances the amount available for a member’s beneficiaries upon the member’s death, while still giving the member a moderate level of income during retirement.

¹ Age at which members are allowed to withdraw their CPF savings in the form of monthly payouts. The DDA for members who turned 55 from 1999 to 2004 is 62. This has been gradually increased to 65 for those who will turn 55 in 2009.

² Members born in 1958 or later.

³ Members born in 1954 or earlier.

⁴ For members who have reached their DDA.

⁵ Members born in 1955, 1956 and 1957.

5. Members who prefer higher monthly income, and wish to leave behind less for their beneficiaries, may choose the **LIFE Plus Plan**. For those who are willing to accept a lower monthly income in exchange for a higher bequest amount, they can choose the **LIFE Basic Plan**. The fourth and final plan is the **LIFE Income Plan** which offers the highest monthly income. However, members who choose this plan would leave behind nothing when they pass away. Names for each of the plans are available in the four official languages (see [Table 3](#)).

6. L-Bonus. To encourage participation in CPF LIFE, a LIFE Bonus (L-Bonus) will be given to the first 5 cohorts of LIFE members, as well as older opt-in members. Members with at least \$20,000 cash in their RA will receive the full L-bonus, which ranges from \$2,200 to \$4,000 depending on annual assessable income and annual value of property (see [Table 4](#)). Members with lower balances will receive a pro-rated L-Bonus. All members eligible for the L-Bonus will be informed and given a one-year window to join CPF LIFE in order to enjoy the L-Bonus.

7. V-Bonus. Members aged 56 to 65 in 2009 who opt in will also receive the V-Bonus of up to \$1,800, which was intended to encourage people to voluntarily defer their draw downs as well as to purchase annuities when they reach their respective DDAs.

8. CPF LIFE Monthly Income. The monthly income from CPF LIFE will be adjusted from time to time depending on interest rates and changes in life expectancy. Higher interest rates earned by the CPF LIFE fund will increase the LIFE monthly income while an improvement in life expectancy will lower the LIFE monthly income.

Further Information

9. Further details on eligibility, final pricing and the L-Bonus will be announced in September 2009.

10. For more information, you can visit CPF Board's website: www.cpf.gov.sg. You can also contact CPF Board through:

Hotline number: 1800-LIFE-CPF (1800-5433-273); or
Email: CPF-LIFE@cpf.gov.sg

**Table 1: Attributes of CPF LIFE Plans and Indicative Monthly Income
(Mainstream Member, Aged 55 in 2013, Entering with \$67,000 in RA)**

LIFE Plan (Refundable)	Monthly Income	Attributes
LIFE Balanced Plan	\$570 - \$620	Moderate income and bequest amount (Default option)
LIFE Plus Plan	\$600 - \$660	Higher income; Lower bequest amount
LIFE Basic Plan	\$530 - \$580	Lower income; Higher bequest amount

LIFE Plan (Non-Refundable)	Monthly Income	Attributes
LIFE Income Plan	\$640 - \$700	Highest income; No bequest amount

Assumptions: Male member entering CPF LIFE at age 55 in 2013 with half the 2013 MS, estimated to be \$67,000. LIFE monies will earn an SMRA-linked interest rate with an additional 1% on the first \$60,000 of all CPF monies. Interest rate varies between 3.75% and 4.25%.

Monthly income figures are rounded off to nearest \$10.

**Table 2: Attributes of CPF LIFE Plans and Indicative Monthly Income
(Older Opt-in Member, Aged 61 in 2009, Entering with \$67,000 in RA)**

LIFE Plan (Refundable)	Monthly Income	Attributes
LIFE Balanced Plan	\$380 - \$400	Moderate income and bequest amount (Default option)
LIFE Plus Plan	\$390 - \$410	Higher income; Lower bequest amount
LIFE Basic Plan	\$360 - \$380	Lower income; Higher bequest amount

LIFE Plan (Non-refundable)	Monthly Income	Attributes
LIFE Income Plan	\$420 - \$440	Highest income; No bequest amount

Assumptions: Male member entering CPF LIFE at age 61 in 2009 with half the 2013 MS, estimated to be \$67,000, L-Bonus of \$4,000 and no property pledges. LIFE monies will earn an SMRA-linked interest rate with an additional 1% on the first \$60,000 of all CPF monies. Interest rate varies between 3.75% and 4.25%.

Monthly income figures are rounded off to nearest \$10.

Table 3: Names of CPF LIFE Plans in 4 Official Languages

CPF LIFE Plan	Chinese translation	Malay translation	Tamil translation
LIFE Balanced Plan	终身入息平衡计划	Pelan Seimbang LIFE	லைப்ஃ சமநிலை திட்டம்
LIFE Plus Plan	终身入息增值计划	Pelan Tambahan LIFE	லைப்ஃ கூடுதல் அளவு திட்டம்
LIFE Basic Plan	终身入息基本计划	Pelan Asas LIFE	லைப்ஃ அடிப்படைத் திட்டம்
LIFE Income Plan	终身纯入息计划	Pelan Pendapatan LIFE	லைப்ஃ வருமானத் திட்டம்

Table 4: L-Bonus for those 55 and older in 2013

Annual Assessable Income (AI)	Annual Value (AV)	
	\$6,000 or less	More than \$6,000 and up to \$11,000
\$24,000 or less	\$4,000	\$3,200
More than \$24,000 and up to \$54,000	\$3,200	\$2,200

Based on AV and AI cut-offs in 2008. Actual AV and AI cut-offs for the year of enrolment may vary.