

FACTSHEET: MEASURES TO ENHANCE THE CPF INVESTMENT SCHEME (CPFIS)

As part of CPF Board's continuing efforts to improve the quality of investment products offered under the CPF Investment Scheme (CPFIS) and lower the costs of investment, the Board will implement the following changes:

1. Harmonise the Criteria for New and Existing Funds

From 1 January 2011, all funds¹ in the CPFIS that wish to continue to take in new CPF monies must meet the admission criteria² applicable since 1 February 2006 (which is more stringent than the admission criteria prior to 1 February 2006).

This new measure is part of CPF Board's ongoing efforts to lower the cost and improve the quality of funds under CPFIS. However, CPF members should be aware that they ultimately bear the risks of their investment choices.

2. Raise the Threshold for CPFIS-SA Investment

Given the higher risk-free interest rate on the Special Account which is subject to a floor rate guarantee, it is better to be more conservative than to risk the uncertainty of CPFIS returns. Hence, we will tighten the amounts that members are allowed to invest. Effective 1 May 2009, the first \$30,000 of members' Special Account balances will no longer be allowed to be used for investments.

There is no change to the requirement for members to set aside \$20,000 in the Ordinary Account before they can invest Ordinary Account monies.

For More Information

More details are available on CPF Board's website: www.cpf.gov.sg. You can also contact CPF Board through:

Hotline number: 1800-227-1188; or
Email: cpfboard@cpf.gov.sg

¹ Funds refer to unit trusts and investment-linked insurance products under CPFIS.

² (i) Evaluated to be in the top quartile of global peer group (ii) Total Expense Ratio lower than the median of CPFIS funds in respective risk class (iii) Sales charge not exceeding 3% and (iv) preferably track record of 3 years. For the first criterion, the evaluation of funds will be conducted by Morningstar Research, the CPF Board's investment consultant for CPFIS. Evaluation is based on qualitative factors (e.g. the fund manager's skills and experience, organisational strength, investment process consistency, portfolio construction and implementation) as well as quantitative factors (i.e. past performance).