

FACTSHEET: CPF MINIMUM SUM TOPPING-UP SCHEME

Background

1. The CPF Minimum Sum (MS) Topping-Up Scheme allows members to voluntarily top up their own and family members' CPF accounts to build up the MS, using either cash or CPF savings.
2. The rules for MS top-ups have been progressively liberalised in recent years, as part of the Government's ongoing efforts to facilitate family support through the CPF and to encourage members to participate in CPF LIFE.

2009 Changes to Minimum Sum Topping-Up Scheme

3. The Acting Minister for Manpower, Mr Gan Kim Yong, announced further changes to the rules of the MS Topping-Up Scheme in his speech at the Committee of Supply debate in February 2009, namely:
 - a. From 1 April 2009, a CPF member below age 55 can make top-ups using his CPF savings as long as he has net balances¹ in excess of the prevailing MS.² Under current rules, the requirement to top up using CPF savings is set at 1.5 times the prevailing MS. See [Example 1](#).
 - b. From 1 August 2009, CPF members can use their CPF savings to top up for their parents and grandparents, regardless of age. Currently, for parents and grandparents, only those aged 55 and above can receive top-ups using CPF savings. This age restriction will be removed.

Effect of Changes

4. These latest changes, as well as those made over the past few years, have made MS top-ups simpler and more attractive. Members can now make top-ups using CPF savings to their parents, grandparents, spouses and siblings regardless of age. They can also give cash top-ups to their immediate and extended family members. The tax relief for cash top-ups has also been enhanced.³

¹ Net balances refer to the sum of his Ordinary Account (OA) and Special Account (SA), plus any amount withdrawn for investments under the CPF Investment Scheme.

² The prevailing MS is the MS applicable to the cohort turning age 55 in the current year (currently \$106,000).

³ Prior to Nov 08, the total tax relief for cash top-ups was capped at \$7,000 per Year of Assessment (YA). From YA2009, a member can receive 2 separate tax reliefs - up to \$7,000 for MS cash top-ups by the member or his employer to his own MS, and up to \$7,000 for cash top-ups to the MS of family members. (For tax relief on cash top-ups for spouses or siblings, the recipient must have earned \$2,000 or less in the preceding year). Both reliefs will apply regardless of the age of the recipient when the top-ups are made. Employers who make the top-ups will receive tax deduction for the top-ups made.

5. With these changes, more CPF members who have higher balances will be able to share their savings with their family members who have less, so that the latter can benefit from the extra 1% interest.⁴ Top-ups, whether by cash or CPF, can also help CPF members to participate in CPF LIFE, enjoy the L-Bonus and possibly higher D- and V-Bonuses as well.

For More Information

6. 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

Example 1:

Before 1 April 2009:

	<u>Member A</u>	<u>Member B</u>
(a) Net Ordinary Account (OA) balance	\$120,000	\$100,000
(b) Net Special Account (SA) balance	\$50,000	\$20,000
(c) Amount Withdrawn Under CPF Investment Scheme	\$10,000	\$10,000
<i>(d) Total: (a)+ (b)+ (c)</i>	<i>\$180,000</i>	<i>\$130,000</i>
(e) 1.5x Prevailing MS (Prevailing MS currently \$106,000)	\$159,000	\$159,000
(f) OA Balance available for CPF Top-ups: (d) – (e)	\$21,000	\$0

From 1 April 2009:

	<u>Member A</u>	<u>Member B</u>
(a) Net Ordinary Account (OA) balance	\$120,000	\$100,000
(b) Net Special Account (SA) balance	\$50,000	\$20,000
(c) Amount Withdrawn Under CPF Investment Scheme	\$10,000	\$10,000
<i>(d) Total: (a)+ (b)+ (c)</i>	<i>\$180,000</i>	<i>\$130,000</i>
(e) 1x Prevailing MS (Prevailing MS currently \$106,000)	\$106,000	\$106,000
(f) OA Balance available for CPF Top-ups: (d) – (e)	\$74,000	\$24,000

⁴ The CPF extra interest is paid on the first \$60,000 of a member's CPF balances, of which up to the first \$20,000 in the OA will earn the extra 1% interest.