

## **FACTSHEET ON MEASURES TO IMPROVE THE CPF SYSTEM**

1. As part of the government's continuing efforts to improve the CPF system, the Minister for Manpower, Mr Gan Kim Yong, announced measures to improve the CPF system.

### **CPF LIFE**

2. To help CPF LIFE participants receive a higher monthly income, additional cash inflows into members' Retirement Account (RA) between age 55 and Draw-down Age (DDA) will be used to top up their CPF LIFE plans.

3. Members who had not been automatically included in CPF LIFE at age 55 due to insufficient RA balances might also have significant RA inflows between 55 and DDA. To help these members' participate in CPF LIFE and enjoy an income for as long as they live, members with \$60,000<sup>1</sup> in their RA at DDA will be automatically included. This will apply to members who turn 55 in 2013 and later.

### **CPF Investment Scheme – Special Account**

4. Today, monies in excess of \$30,000 in the Special Account can be invested under CPFIS. Given the higher interest rate on the Special Account (SA), which is also subject to a floor rate guarantee<sup>2</sup>, and the volatility of CPFIS returns, it is better to be more conservative. Hence, we will raise the investment threshold. Effective from 1 July 2010, the first \$40,000 of members' SA balances will no longer be allowed to be used for investments.

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

### **Minimum Sum Scheme**

6. In response to public feedback, from July this year, Minimum Sum (MS) Scheme members can apply for payout adjustment to receive higher monthly payouts. This is provided that their payouts can last at least 20 years from their draw-down age, or at least another 5 years from the time of application, whichever ends later (See example at [Annex 1](#)).

7. Members will be able to make or receive regular MS top-ups via GIRO from April this year.

### **Nomination by Transferring into Nominees' CPF Accounts**

8. In response to public feedback, members may from 2011 choose to transfer their CPF monies directly to their nominees' CPF accounts, rather

---

<sup>1</sup> The auto-inclusion point at DDA is an extension of the auto-inclusion point at age 55. \$60,000 is equivalent in value to \$40,000, compounded by 4% over ten years.

<sup>2</sup> All CPF monies enjoy a 2.5% interest rate guarantee. The floor interest rate of 4% for SA, RA and Medisave Account (MA) has been extended until end 2010 in view of the exceptionally low interest rate environment arising from the economic downturn.

than to pay their nominees in cash, following their demise. This is to help members better provide for the retirement and healthcare adequacies of their nominees. Details are:

- Members can choose what percentage of their savings should go to each nominee's SA/RA and MA.
- Existing limits on top-ups to SA/RA and voluntary contribution to MA will apply. Nominees can receive bequest monies up to the prevailing MS (currently \$117,000) in their SA/RA, and up to the Medisave Contribution Ceiling (currently \$37,000), subject to the CPF Annual Limit (currently \$26,393) in their MA.

### **Special Needs Savings Scheme**

9. Parents can nominate their disabled children to receive monthly disbursements from the parents' CPF savings after the parents have passed on. Eligibility criteria are:

- Disabled persons who require assistance in at least 1 Activity of Daily Living (ADL)<sup>3</sup>; or
- Children currently in Special Education schools
- Both parents and child have to be either Singapore citizen or permanent resident at the time of nomination.

10. Parents can nominate any number of eligible children and determine the level of monthly payouts to be paid, subject to the floor payout of \$250, to each child upon the parents' demise.

11. More details can be found in MCYS' media release on "New Initiatives To Better Support Persons With Disabilities" issued on 10 March. MOM will release further information at a later date when implementation details have been finalised.

### **For More Information**

12. More details are available on CPF Board's website: [www.cpf.gov.sg](http://www.cpf.gov.sg). You can also contact CPF Board through:

Hotline number: 1800-227-1188; or  
Email: [cpfboard@cpf.gov.sg](mailto:cpfboard@cpf.gov.sg)

---

<sup>3</sup> There are 6 ADLs: i) washing; ii) dressing; iii) feeding; iv) toileting; v) mobility; and vi) transferring.

**Example 1:****Member aged 64 in July 2010**

|   |           |
|---|-----------|
| Cohort DDA  | 62        |
| RA cash balance   | \$95,000  |
| Top-up amount in July 2010                                | \$22,000  |
| RA cash balance after top-up                              | \$117,000 |
| <b><i>Under Current Top-Up Rules</i></b>                  |           |
| Payout  | \$537*    |
| Estimated end age   | 96        |
| <b><i>If Member Opts for Upward Payout Adjustment</i></b> |           |
| Re-computed payout  | \$754     |
| Increment in payout                                       | \$217     |
| Estimated end age   | 82        |

\* This is the maximum payout for this member's cohort under current top-up rules.