

MEDIA FACTSHEET

DATE: 10 September 2012

SIMPLIFYING CPF TOP-UPS

- ***Merger of Top-up schemes under Minimum Sum Topping Up Scheme***
- ***Aligning Top-Up Limit and Terms and Conditions***

1. As part of an ongoing review to simplify processes and make it easier for members to boost their CPF savings through top-ups, two CPF top-up channels will be merged into the existing Minimum Sum Topping Up (MSTU) Scheme. The two channels are:

- a) Voluntary Contributions (VC) to a member's Retirement Account (RA); and
- b) Top-ups made under the Ordinary Account-to-Special Account (OA-to-SA) Transfer scheme.

2. This simplification will align the top-up limit and terms and conditions of the various top-up channels. The changes will take effect by the end of the year.

The New Aligned Top-Up Limits

3. For top-ups into the SA, members will be able to receive top-ups up to the prevailing Minimum Sum, minus the sum of their SA cash balance and SA savings which they have used for investment.

4. For top-ups into the RA, members will receive top-ups up to the prevailing Minimum Sum, minus their RA cash balance. The RA cash balance excludes amounts such as interest earned, government grants received and amounts that members have withdrawn.

Recipient's age	Existing MSTU top-up limit	New MSTU top-up limit
Below 55 years old (top up to SA)	Prevailing Minimum Sum less: <ul style="list-style-type: none"> • Ordinary Account (OA) savings • Special Account (SA) savings • OA savings withdrawn for CPFIS (OA for CPFIS) • SA savings withdrawn for CPFIS (SA for CPFIS) 	Prevailing Minimum Sum less: <ul style="list-style-type: none"> • SA savings • SA for CPFIS
55 years old and above (top up to RA)	Prevailing Minimum Sum less: <ul style="list-style-type: none"> • OA savings • SA savings • Retirement Account (RA)* balances • OA for CPFIS • SA for CPFIS 	Prevailing Minimum Sum less: <ul style="list-style-type: none"> • RA* balances

*Refers to the cash set aside in the RA, excluding amounts such as interest earned since 55, any government grants received, and amounts withdrawn.

Example:

Recipient	Existing top-up limit	New top-up limit
Mr Tan, 50 years old	Prevailing Minimum Sum: \$139,000 OA = \$60,000 SA = \$40,000 OA invested under CPFIS = \$20,000 SA invested under CPFIS = \$10,000 Amount he can receive as top-ups in SA = \$9,000	Prevailing Minimum Sum: \$139,000 SA = \$40,000 SA invested under CPFIS = \$10,000 Amount he can receive as top-ups in SA = \$89,000
Mdm Lim, 60 years old	Prevailing Minimum Sum: \$139,000 OA = \$20,000 SA = \$5,000 SA invested = \$10,000 OA invested = \$20,000 RA Balance* = \$80,000 Amount she can receive as top-ups in RA = \$4,000	Prevailing Minimum Sum: \$139,000 RA* = \$80,000 Amount she can receive as top-ups in RA = \$59,000

* Refers to the cash set aside in the RA, excluding amounts such as interest earned since 55 and any government grants received, and excluding amounts withdrawn.

5. These changes simplify the topping-up process for members. The increase in top-up limits also means that members can receive more top-ups under the MSTU scheme to enhance their retirement income.

About the Minimum Sum Topping Up (MSTU) Scheme

6. The MSTU scheme was introduced in 1987 to encourage members to make cash top-ups or transfers from their CPF accounts to SA and RA of their loved ones to help them set aside more for retirement. Members who wish to save more for their own retirement may also make cash top-ups to their accounts under the MSTU scheme. Top-ups made will be reserved for members' retirement. Members can draw down the top-up monies in the form of monthly payouts under the Minimum Sum Scheme or CPF LIFE, when they reach their draw down age.

7. Anyone who makes a cash top-up to his own CPF account and/or receives a cash top-up from his employer will receive up to \$7,000 of tax relief, and up to another \$7,000 for cash top-ups to eligible family members in a calendar year. Eligible family members currently refer to parents, grandparents, spouses and siblings. This will be extended to parents-in-law and grandparents-in-law from 1 January 2013. For members who make top-ups to their spouse or siblings, they are eligible for the tax relief if their spouse or siblings have an annual income below \$4,000 or are handicapped.

8. In 2011, there were about 38,200 MSTU transactions, with top-ups amounting to \$215.6 million.

About Voluntary Contributions (VC) to the RA

9. Since 1995, members were allowed to make a Voluntary Contribution (VC) to their own RA using their Ordinary and Special Account savings or cash. It was a complement to the MSTU scheme, as it allowed for higher top-up limits but without tax relief.

10. In 2011, 5,000 top-ups amounting to \$60.7million were made to the RA through the VC channel. This is in addition to the top-ups made to the RA under the MSTU scheme.

About OA-to-SA Transfer scheme

11. Members below 55 years old can transfer their OA savings to their SA to build up their retirement savings and enjoy the higher SA interest rate. In 2011, 16,800 transfers amounting to \$150.8 million were made.

Public Enquiries

For more information, please visit www.cpf.gov.sg or call the CPF Call Centre at 1800-227-1188.