

FACT SHEET: CHANGES TO RETIREMENT SUM SCHEME PAYOUTS

1. The Ministry of Manpower and Central Provident Fund (CPF) Board have completed a review of payout rules for the Retirement Sum Scheme (RSS).

How are RSS payouts computed today?

2. RSS payouts have two components:
 - (a) A **base payout** computed using the member's Retirement Account (RA) savings, taking into account the RA base interest of 4% per year earned on these savings. The base payout generally lasts up to 20 years from the payout eligibility age.
 - (b) A **payout duration extension** beyond 20 years, provided through Extra Interest (1%) and Additional Extra Interest (another 1%) earned on the member's RA savings from age 55. RSS payouts are extended **up to age 95 at most** today.

Why was there a need for a review?

3. We received feedback from CPF members who felt that a payout duration up to age 95 was too long.

What has changed following the review?

4. In response to feedback from CPF members, we have reviewed the RSS payout duration such that RSS payouts will last up to age 90¹ at most, instead of up to age 95 today.
5. Extra Interest and Additional Extra Interest earned from age 55 until the member starts RSS payouts will now be used to increase payout amount. Extra Interest and Additional Extra Interest earned after the member starts payouts will continue to extend payout duration.
6. Particularly for RSS members whose payouts were originally projected to end past age 90, these changes will increase their payout amounts.

¹ Or another 5 years, whichever ends later. The 5-year duration applies more to members aged 85 and above.

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7. The computation of RSS payouts will also be adjusted so that when members defer their payouts, or make a top-up, they will generally see an increase in their payout amount.
8. Even with these changes to RSS payouts, there will be **no change to the payout eligibility age**, i.e. *when* members can start their payouts. The payout eligibility age remains at 65 for members born in 1954 and after.

When will the changes take effect? Who is affected?

9. The changes will take effect in 2020. All RSS members who turn 65 from 1 July 2020 will be on the new payout rules. For older members who have already chosen to start their RSS payouts under the current rules, we will apply the new payout rules to them from 1 January 2020 if the resulting payout amount is higher than their current payout.
10. RSS members who are receiving their payouts as of 1 January 2020 will receive a one-time letter from CPF Board informing them whether and how they are affected by the changes, i.e. whether their payout amount is higher or remains the same, and how their payout duration has changed.
11. Members who prefer to receive monthly payouts for life may choose to join CPF LIFE anytime before age 80.