


CEO'S STATEMENT



When the CPF Board was established 55 years ago, it operated only one single retirement scheme for 180,000 members. Today, it administers 15 schemes and manages \$166.8 billion worth of savings for 3.29 million members. CPF assets total \$339.6 billion (as at December 2009) with the inclusion of withdrawals for housing (\$139.3 billion), investments under the CPF Investment Scheme (CPFIS) (\$33.5 billion), and other schemes.

The CPF Board's key challenge will be to address the demands on retirement and healthcare adequacy arising from an ageing population. In this respect, the CPF system has been continually enhanced over the years to better meet the retirement needs of Singaporeans, the latest being the introduction of CPF LIFE.

LIFELONG INCOME FOR PEACE OF MIND

Last September, we rolled out CPF LIFE, a national annuity scheme. For a start, it was targeted at older members aged 55 and above, but come 2013, all CPF members turning age 55 will be automatically included in CPF LIFE if they have at least \$40,000 cash in their Retirement Accounts. The objective of CPF LIFE is to allow our members to enjoy a monthly income from age 65 for as long as they live. CPF LIFE is a significant improvement from our current Minimum Sum Scheme where payouts last for only about 20 years.

As at 31 December 2009, more than 30,000 members have signed up for CPF LIFE and committed about \$1.5 billion to the scheme. Of this, about \$120 million were from top-ups made into members' Retirement Accounts. This is an encouraging number given only about 70,000 in-force annuity policies in the entire insurance industry in Singapore. The LIFE Plus Plan, which provides a higher monthly payout and leaves less bequest for beneficiaries, has been the most popular option.

EXTRA INTEREST AND CPF FLOOR RATE

Despite the downturn, members have been earning an extra 1% interest on the first \$60,000 of their combined balances in the Ordinary Account (OA) and Special Account (SA), with up to \$20,000 from the OA, since 2008. This means CPF members can earn up to 3.5% on their OA savings and up to 5% on their Special, Medisave and Retirement Accounts (SMRA) savings. This extra interest is to help members enhance returns on their CPF savings without exposing them to the volatility and risks of the financial markets. In 2009, the extra interest earned by members was \$877.3 million. In addition, the 4% floor rate for interest earned on SMRA savings was maintained for another year until 31 December 2010 to help CPF members cope with the current economic climate.

LIBERALISATION OF MINIMUM SUM TOPPING-UP SCHEME

To encourage members to save more for their loved ones, the Minimum Sum Topping-Up Scheme policies were liberalised twice in 2009. The first, in April 2009, allows members aged below 55 to make CPF top-ups for their loved ones once they have more than the prevailing Minimum Sum in their Ordinary and Special Accounts. Previously, members must have 1.5 times the prevailing Minimum Sum in order to make such CPF top-ups. The second enhancement in August 2009 allows CPF top-ups to parents and grandparents aged below 55.

CPFIS – MORE STRINGENT FUND ADMISSION CRITERIA

The CPFIS was introduced to allow members the flexibility to choose how they would like to invest a portion of their CPF savings. However, while providing this flexibility, we must also help ensure that these invested savings are not eroded unnecessarily. We have since 2006 introduced more stringent admission criteria, for new funds applying for inclusion under the CPFIS, that take into account aspects such as the funds' relative rating, track record and expense ratio. To further improve the quality of funds in the CPFIS, these criteria will be extended to all existing funds under CPFIS before they are allowed to accept new investments from 1 January 2011.

To exercise further prudence, the minimum amount in the SA over which a member can use for investment under the CPFIS was raised from \$20,000 to \$30,000 from 1 May 2009. This threshold will be further raised to \$40,000 from 1 July 2010.

PARTNERSHIP WITH GOVERNMENT AGENCIES AND OTHER ORGANISATIONS

The CPF Board has been providing agency services to Government Agencies and other organisations since the 1970s. From being a collecting agent for the Ministry of Manpower and Singapore Workforce Development Agency for Foreign Worker Levy and Skills Development Levy respectively, and various self-help groups such as the Mosque Building and MENDAKI Fund, Singapore Indian Development Association Fund, Chinese Development Assistance Council Fund, Eurasian Community Fund, and Community Chest, we are also a channel for the Government to distribute its surpluses and resilience package to Singaporeans when necessary. In recognition of our efforts in the administration of the Progress Package, the CPF Board with other partner agencies, won the United Nations Public Service Award in 2007 for "Improving transparency, accountability and responsiveness in the Public Service".

In 2009, we administered the GST Credits/Senior Citizen Bonus and the Small and Medium Enterprise Rebate on behalf of the Ministry of Finance. In addition, together with the Inland Revenue Authority of Singapore (IRAS), we co-administered the Jobs Credit Scheme to help Singaporeans weather the severe economic downturn. The Scheme provided cash grants to employers to help them preserve jobs.

We have also been administering the Workfare Income Supplement Scheme since 2007. Workfare, the fourth pillar of our social security system, is paid to older low-wage workers twice a year to encourage them to work and to improve their retirement adequacy. At the Budget in January 2009, the Government announced a one-off Workfare Special Payment (WSP) to be given out in cash to provide temporary assistance to older low-wage workers during the economic downturn. This was paid in 2009, together with the bi-annual workfare payments.

INFORMATION TECHNOLOGY (IT) REVAMP

We are currently in the process of revamping our IT systems. In September 2009, we successfully completed Stage 1 of our IT Revamp project. This involved the migration of our member database from the Integrated Database Management System (IDMS) database, which was at risk of obsolescence, to the new DB2 database. Over the next five years, we will gradually move our existing systems towards an open standards-based environment. This will avail greater flexibility

and higher responsiveness to business changes. We will also be replacing and upgrading our IT infrastructure in phases to set up a standard environment that will meet business and operational requirements. When the IT Revamp project is completed, it would be able to bring about operational efficiency through standardisation of business processes, IT systems as well as IT infrastructure.

ENHANCING OUR SERVICE TO MEMBERS

Standing by our ethos of service excellence, we endeavour to continually improve on our service delivery channels to cater to the varying needs of our members. In 2008, the CPF Board was conferred the Commonwealth Association for Public Administration & Management (CAPAM) International Innovations Commendation Award. This was for innovatively using infocomm technology to address the needs of our members on opposite extremes of the IT-savvy continuum. Our dedication to service excellence was further recognised when the CPF Board was conferred the Service Excellence Award in 2009, the highest accolade given to organisations for service excellence in Singapore. The CPF Board is the first regulatory public sector agency to receive this award. Our CPF Call Centre also won the top award – 'GOLD' for the "Best Contact Centre of the Year (less than 100 seats)" award.

The CPF Board also has a strong innovation culture. Our staff are always encouraged to look into ways to improve our services to members and to be more effective and efficient in their work processes. In recognition of this, two of our staff were conferred two ExCEL Awards - the PS21 Outstanding Activist (Gold Award) in recognition of promoting change and innovation, and the Best Ideator (Gold Award) for ideas contributing to work improvements. This is the second year that our staff have won these awards.

ACKNOWLEDGEMENT

On behalf of the Board and Core Management, I would like to thank all staff for their dedicated efforts and contributions towards the successful implementation of CPF LIFE, Stage 1 of the IT Revamp project and the attainment of the prestigious Service Excellence Award 2009.

LIEW HENG SAN
Chief Executive Officer