

Retirement

WITHDRAWAL AT AGE 55

When members reach 55, they may withdraw their CPF in the Ordinary and Special Accounts after setting aside the CPF Minimum Sum. In addition, members who are able to meet the CPF Minimum Sum would also have to set aside the Medisave Required Amount (MRA) in their Medisave Account (MA) when they make CPF withdrawals. Those without the MRA will have to use part of the CPF savings that can be withdrawn to set aside this amount. Members with more than the Medisave Minimum Sum can withdraw the excess amount in their MA.

Members may withdraw their CPF annually on their birthday or after they have stopped working for six months. In 2009, \$1,800.3 million was withdrawn. This is 13% less than the \$2,061.3 million withdrawn in 2008.

MINIMUM SUM SCHEME

The Minimum Sum for members who turn 55 between 1 July 2009 and 30 June 2010 is \$117,000. Of this, at least \$58,500 must be in cash while the remaining \$58,500 can be pledged with a property.

In 2009, 80,969 members were brought into the Minimum Sum Scheme. Of these, 34,387 pledged their properties and 26,007 left their Minimum Sum either with insurance companies or CPF Board. The remaining 20,575 comprised members who had no Minimum Sum to set aside as they had small balances and those who were exempted from the scheme because they were terminally ill, had withdrawn their CPF under medical grounds, had passed away, had their own annuities, had left the country permanently or were pensioners in receipt of a monthly pension.

TRANSFER OF ORDINARY ACCOUNT (OA) SAVINGS TO SPECIAL ACCOUNT (SA)

CPF members below age 55 who want to put aside more cash for old age can transfer their CPF savings from the OA to the SA. However, the total savings in their SA (inclusive of the amount withdrawn under the CPF Investment Scheme-Special Account) should not exceed the prevailing CPF Minimum Sum after the transfer is made. In 2009, 20,785 CPF members transferred and/or topped up \$147.5 million to their SA. The transfer from OA to SA is irreversible.

TOPPING-UP OF THE MINIMUM SUM

To encourage members to save more for their loved ones, the Minimum Sum Topping-Up Scheme was liberalised from 1 April 2009 to allow members below 55 to make CPF top-ups for their loved ones as long as they have more than the prevailing Minimum Sum in their Ordinary and Special Accounts (including amounts withdrawn for investments). Previously, members had to have 1.5 times the prevailing Minimum Sum in order to make CPF top-ups for their loved ones. From 20 August 2009, the scheme was further liberalized to allow CPF top-ups for parents and grandparents below 55.

In 2009, there were 24,143 cash and CPF top-ups amounting to \$228.6 million to the Retirement Account (RA) and Special Account (SA), compared to 16,811 cash and CPF top-ups amounting to \$157.2 million to the RA and SA in 2008.

DEFERMENT BONUS

In light of increasing life expectancy, the Minimum Sum Draw-down Age (DDA) will be raised progressively from age 62 to 63 years in 2012, 64 in 2015 and 65 in 2018. To help members aged between 52 and 59 (in 2009) who are affected by the change in DDA, a one-off Deferment Bonus (D-Bonus) is given. As at 31 December 2009, a total of \$204.0 million of D-Bonus had been credited to the RA of 215,558 members.



In addition, members who voluntarily defer their monthly payments from their draw down age till 65 will also receive a Voluntary Deferment Bonus (V-Bonus) for each year of deferment. The first V-Bonus crediting started in January 2009. As at 31 December 2009, a total of \$16.6 million worth of V-Bonus had been credited into the RAs of 54,734 members (aged 64 and 65) who had deferred their monthly payments.

CPF INVESTMENT SCHEME (CPFIS)

Under the CPFIS, members can invest their OA and SA savings. From 1 May 2009, the SA investment threshold was raised from \$20,000 to \$30,000 because of the higher interest paid on SA and the uncertainty of CPFIS returns. The threshold will be further raised to \$40,000 from 1 July 2010.

After setting aside the first \$20,000 in their OA and the first \$30,000 in their SA, members may invest the remaining savings in their OA and SA in fixed deposits, Singapore Government bonds and treasury bills, Statutory Board bonds, annuities, endowment insurance policies, investment-linked insurance policies, unit trusts and Exchange Traded Funds.

Under the CPFIS-Ordinary Account (CPFIS-OA), members can also invest up to 35% of investible savings in shares, corporate bonds and property funds, while 10% can be invested in gold and Gold Exchange Traded Funds, or the balance in excess of the first \$20,000 in their OA in fund management accounts. Investible savings is defined as the OA balance plus net amounts withdrawn for education and investments.

As at 31 December 2009, 893,803 members had invested a total amount of \$26,150.1 million of their OA savings under the CPFIS-OA. In comparison, in 2008, 892,679 members invested a total of \$27,004.8 million under CPFIS-OA.

As at 31 December 2009, 518,962 members had invested \$7,495.1 million of their SA savings under the CPFIS-Special Account (CPFIS-SA). In 2008, 532,640 members did so with \$7,661.7 million.

OTHERS

WITHDRAWALS UPON DEATH, PERMANENT DISABILITY AND OTHER GROUNDS

Upon a member's death, his savings will be paid to his nominated beneficiaries. If no nomination was made, the savings will be handed to the Public Trustee for distribution according to the law. Members who become permanently disabled can apply to withdraw their CPF savings. During the year, \$379.7 million was withdrawn on these grounds. Members who left Singapore and West Malaysia permanently withdrew \$442.9 million.

EDUCATION SCHEME

The CPF Education Scheme was introduced in 1989 as a special concession to help lower-income families support themselves or their children through approved full-time local tertiary education.

With effect from November 2008 degree courses under the Polytechnic-Foreign Specialised Institution (Poly-FSI) framework and ITE's Technical Engineer Diploma (TED) course were included under the CPF Education Scheme. These are Government-subsidised degree and diploma courses offered by approved educational institutions, where the qualification is conferred by a reputable foreign specialised institution.

During the year 2009, 14,029 applications were processed under the scheme, an increase of 1.7% from 2008. The gross amount withdrawn (for tuition and administrative fees) decreased from \$108.1 million to \$99.8 million in 2009. The total amount repaid increased from \$70.6 million to \$74.0 million in 2009.