

CPF Regrossed Balances

Introduction

This paper analyses the CPF regrossed balances^[1] of Singaporeans and Permanent Residents (PRs). It also examines the CPF regrossed balances over a 10-year period from 1997 to 2007. Over the past 10 years, the total CPF regrossed CPF balances of Singaporeans and PRs have increased from \$140.79 billion (as at end 1997) to \$296.64 billion (as at end Dec 2007).

Useful Glossary/Abbreviation for ease of understanding of article

Glossary:

- "CPF members" and "Active CPF members" in this article refers to Singaporeans & PRs only.
- A CPF member is defined as a person with positive balance in any of his/her CPF accounts.
- An Active member is defined as a person with at least one employment contribution made for any of the current and the preceding 3 months.

Abbreviations:

- *10-Year All* – Refers to persons who are CPF members as at end of the respective years from 1997 to 2007.
- *10-Year Active* – Refers to active CPF members as at end of the year from 1997 to 2007.

CPF Members as at Year-end from 1997 to 2007

Table 1 below shows the number of CPF members (Singaporeans & PRs) as at end 1997 and 2007 respectively.

Table 1: Number of CPF Members (Singaporeans & PRs)	Number
CPF members as at end 1997	2,267,015
CPF members as at end 2007	2,805,870
The 10-Year All (1997 - 2007)	2,102,173
Active members as at end 1997	1,168,031
Active members as at end 2007	1,543,091
The 10-Year Active (1997 - 2007)	580,151

[1] Regrossed Balances refer to Net Balances plus amounts withdrawn under Investment, Education, Residential Properties, Non-Residential Properties and Public Housing Schemes as at end of period.

The number of CPF members increased by 24% in 2007 compared to 1997. Of the 1997 cohort, 93% remained as CPF members in 2007. Active members increased by 32% in 2007 over 10 years from 1997. Among the active CPF members in 1997, 50% remained active for the next 10 years.

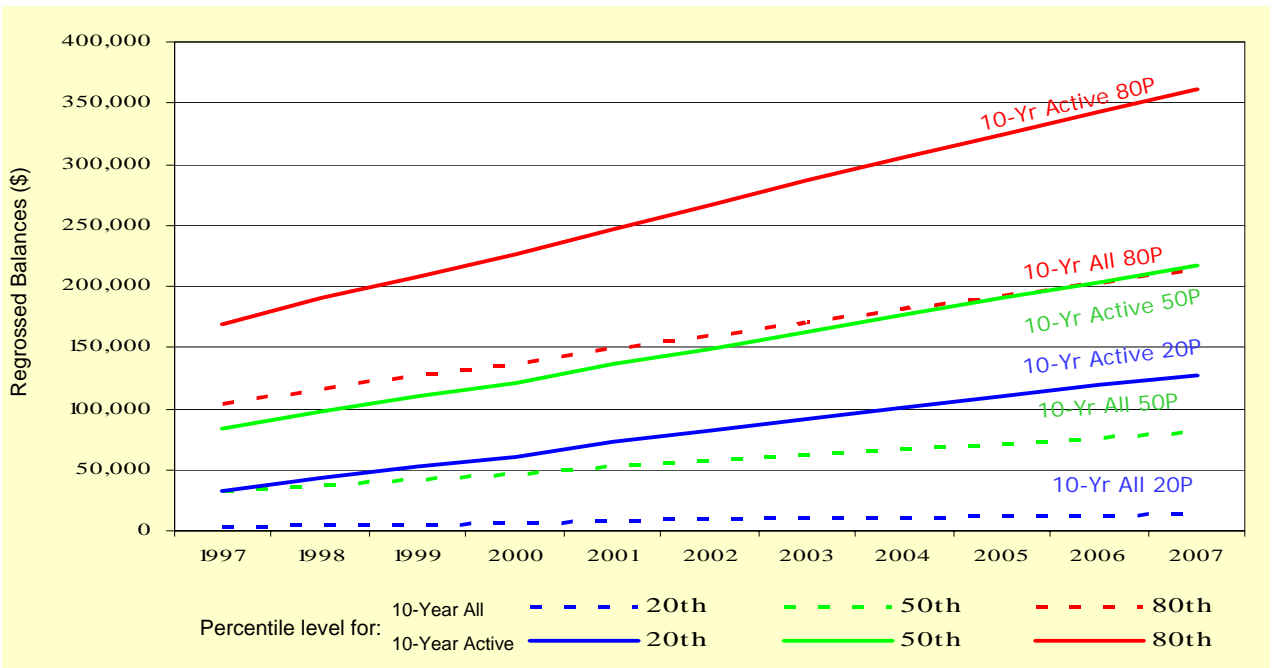
Over the years, the number of CPF members and their CPF balances fluctuated due to the changes in economic conditions, government policies as well as the entry and exit of active members. In order to isolate the effects of members' new entrant or exit, the following analysis will be based on the two cohorts, 10-Year All and 10-Year Active.

Regrossed Balance Percentile of 10-Year All and 10-Year Active

Chart 1 shows the comparisons of the regrossed balance at various percentiles of the 10-Year All and 10-Year Active. Expectedly, the 10-Year Active had shown a higher and steeper trend than the 10-Year All. It was observed that the 20th percentile of the 10-Year Active was above the 50th percentile of the 10-Year All since 1997, and the gap between the two percentiles was getting wider. The 50th percentile of 10-Year Active had gone above the 80th percentile of the 10-Year All since 2006.

For both the 10-Year All and 10-Year Active, the gap between the 80th and 50th percentiles was wider than that between the 50th and 20th percentiles.

Chart 1: Regrossed Balance Percentile, 1997 - 2007



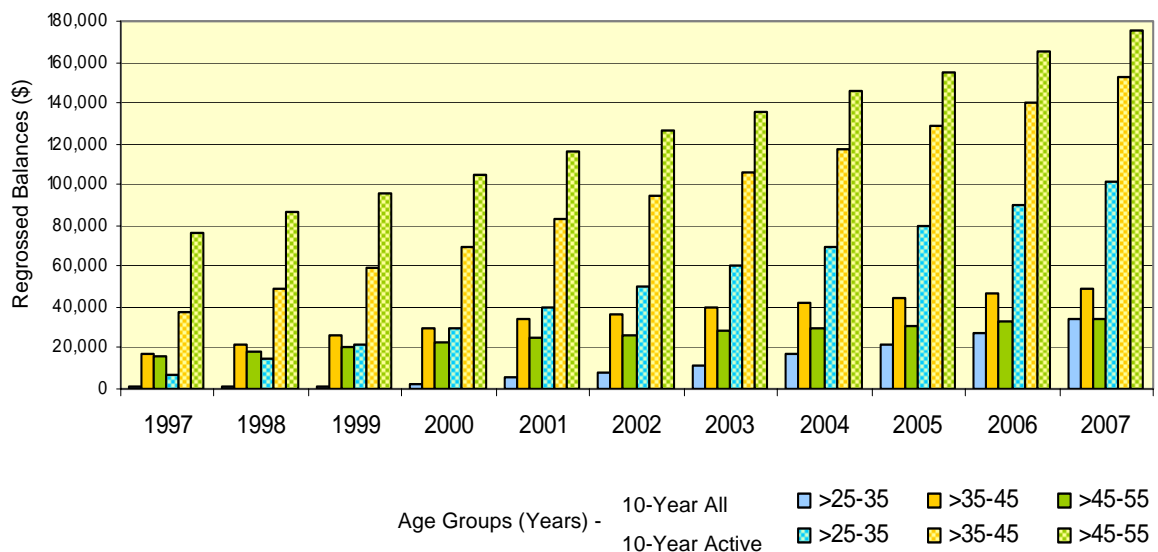
Regressed Balances by Age Groups

We now look at the regressed balance percentile by age groups. The age groupings were based on members' age as at end 2007. For the analysis to be meaningful, we will only look at members aged above 15 to 45 years in 1997, i.e. they will be aged above 25 to 55 years in 2007.

The 20th Percentile Regressed Balances by Age Groups

Looking at Chart 2, the regressed balances of the 10-Year Active were much higher than that of the 10-Year All. The regressed balances of the 10-Year Active in the younger age group, >25 – 35, had grown from below \$10,000 in 1997 to \$101,000 in 2007. The regressed balances of members in the age groups >35 – 45 and >45 – 55 were up 4 and 2.3 folds respectively. It was also observed that the gap between these two age groups was getting smaller. For the 10-Year All, the balances of the younger members was growing rapidly from 2004. The regressed balances of members in the age groups, >35 – 45 and >45 – 55, were up 3 and 2 folds respectively from 1997 to 2007.

Chart 2 : 20th Percentile Regressed Balances by Age Groups



The 50th Percentile Regressed Balances by Age Groups

Chart 3 : 50th Percentile Regressed Balances by Age Groups

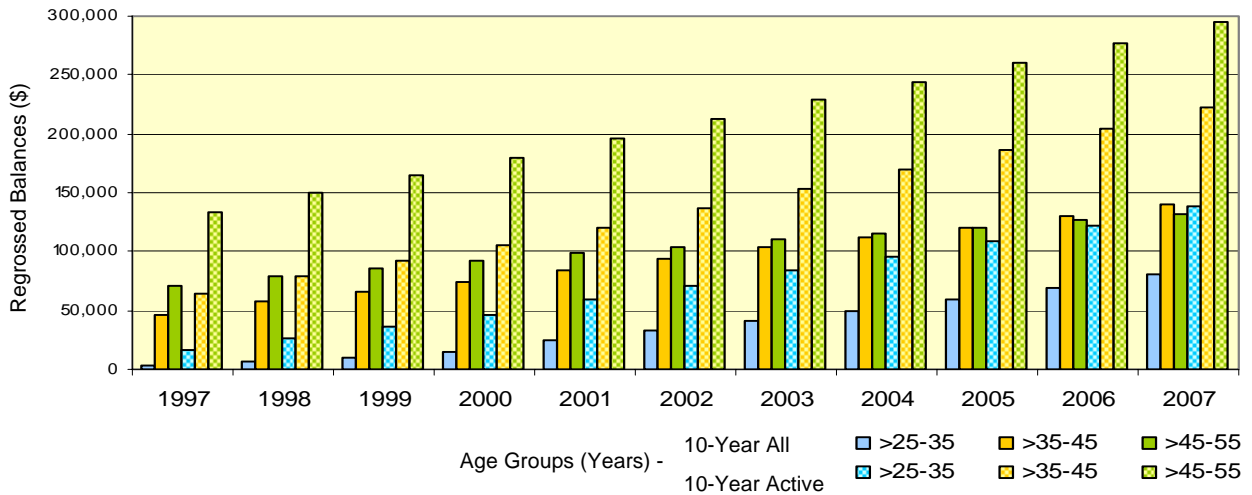
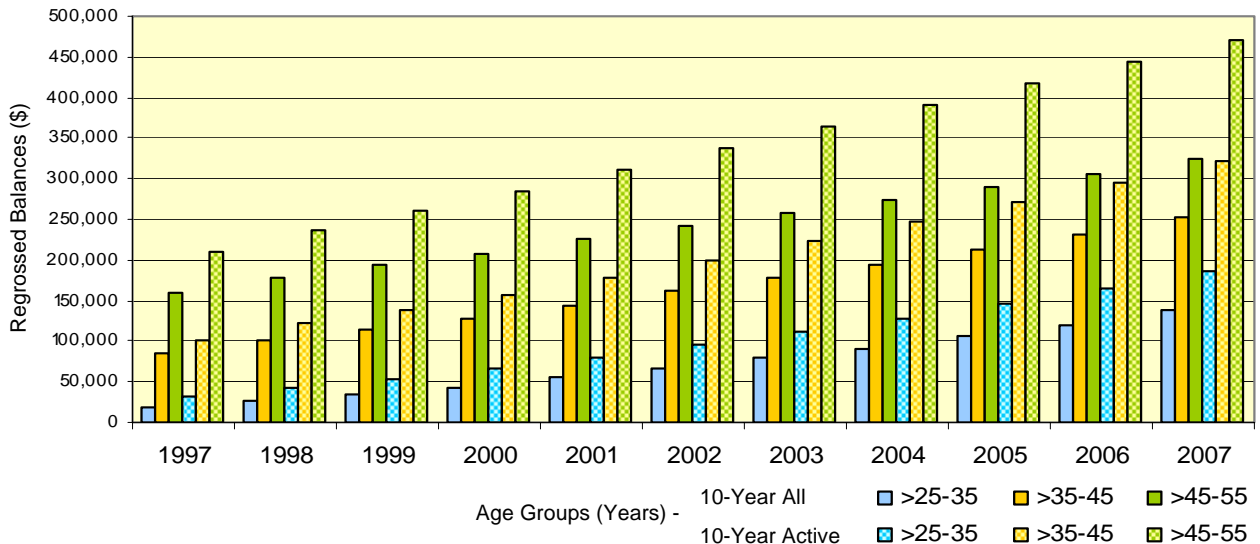


Chart 3 shows the 50th percentile regressed balances by age groups. The regressed balances of those in the younger age group, >25 – 35, had grown at a smaller rate than those at the 20th percentile level. For the 10-Year Active, it was up from \$17,300 in 1997 to \$138,100 in 2007 and for the 10-Year All, it was up from \$3,200 to \$80,300. The rate of increase for the other two age groups was about the same as that of the 20th percentile level. The regressed balances of 10-Year All, age >35 – 45 had overtaken that of the older age >45 – 55 since year 2006.

The 80th Percentile Regressed Balances by Age Groups

The regressed balances at the 80th percentile by age groups showed similar growth rates as that of the 20th and 50th percentile, except the age group >25 – 35. This younger age group showed a slower increase for both 10-Year All and 10-Year Active.

Chart 4 : 80th Percentile Regressed Balances by Age Groups



Conclusion

From the above comparison of regrossed balances for both 10-Year Active and 10-Year All from 1997 to 2007, we can conclude that there was a larger difference at the 20th & 50th percentiles. It was also observed that the differences were smaller across the 80th percentiles. This could be attributed to the lowering of the wage ceiling from year 2004 and the introduction of a limit on mandatory as well as voluntary contribution since January 2003, resulting in a smaller increase in balances for the higher balance group.

The younger members of age >25 – 35 in 1997 (i.e. they will be in the age group >35 – 45 in 2007), will accumulate a higher balance earlier than other age groups. This can be shown in the 20th and 50th percentiles of regrossed balances as reflected in Charts 2 & 3.