



Providing Updates on CPF statistics...

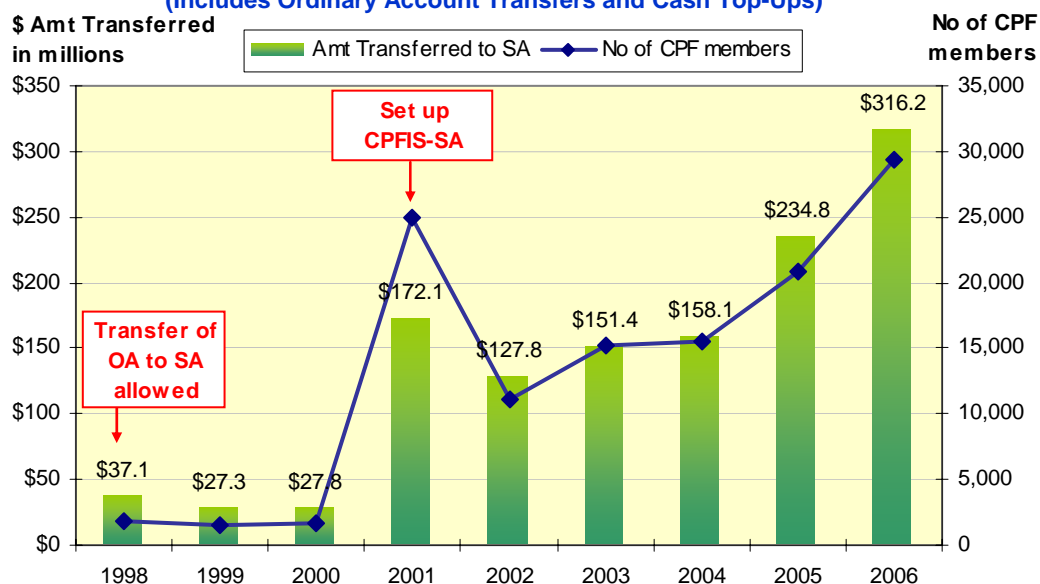
## Transfer of Ordinary Account Savings to Special Account

The CPF Special Account (SA) was set up for old age purpose, and savings in the SA can be used for investment in retirement-related financial products. Currently, CPF members below the age of 55 contribute between 5% and 7% of their monthly salary to their SA<sup>[1]</sup>.

Since July 1998, CPF members were allowed to transfer savings from the Ordinary Account (OA) and/or cash to the Special Account (SA), subject to a cap. In doing so, members could enjoy the higher interest rate in the SA. With effect from 2008, the balances in the SA will be pegged to the yield of the 10-year Singapore Government Security (10YSGS) plus 1%. To help members adjust to this floating rate, the SA interest rate will be maintained at a floor of 4% for 2008 and 2009.

Since the scheme's inception, the amount transferred to SA from OA and cash top-ups have grown from \$37.1 million in 1998 to \$316.2 million in 2006 (see Chart 1). The vast majority comprised transfers from the OA to SA in comparison to cash top-ups. Similarly, the number<sup>[2]</sup> of members making such transfers from OA and cash top-ups also jumped from 1,833 in 1998 to 29,429 in 2006. The surge in amount transferred and number of CPF members making the transfer experienced in 2001 could be due to the setup of the CPF Investment Scheme - Special Account (CPFIS-SA), which allows members to invest their SA savings in lower-risk financial instruments more suitable for retirement.

**Chart 1: Total Amount Transferred to Special Account Annually Since Inception 1998<sup>[3]</sup> to 2006 (Includes Ordinary Account Transfers and Cash Top-Ups)**



[1] Subject to a maximum monthly salary ceiling of \$4,500.

[2] Includes members who may have transferred more than once within the year.

[3] Scheme started only from Jul 1998, hence the total amount transferred in 1998 is only for Jul-Dec 1998.

Of CPF members who made transfers to the SA, most of them preferred to build up their savings by transferring from their OA to cash top-ups. We observe several interesting findings on the CPF members who made transfers from OA to SA in recent years.

## Members Are Transferring More!

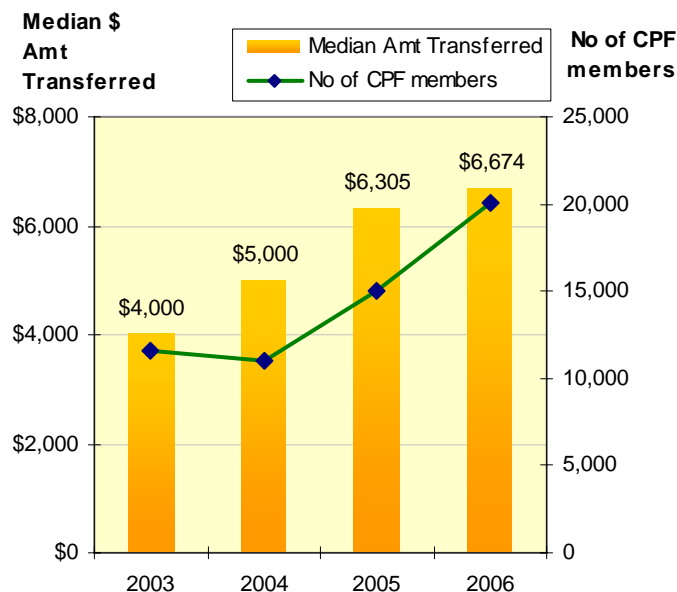
Over the last 4 years, the median total amount transferred from OA to SA rose steadily from \$4,000 in 2003 to almost \$6,700 in 2006 (see *Chart 2*). The number of CPF members who transferred from OA to SA also jumped from 11,600 in 2003 to 20,000 in 2006, with a slight dip in 2004.

## Women Are Transferring More

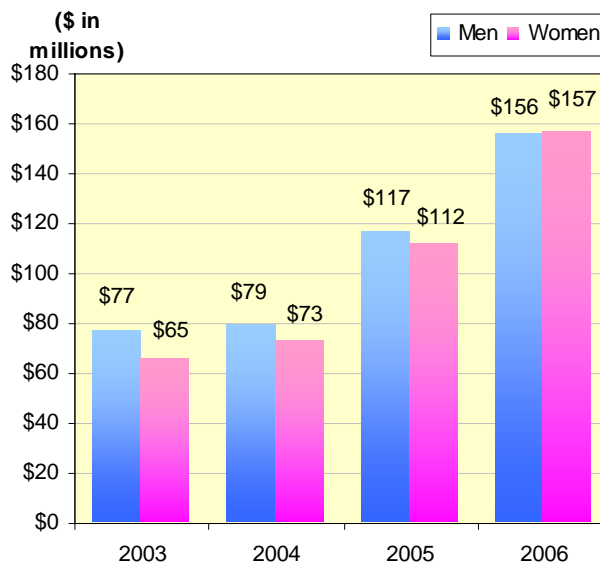
Among CPF members who made at least one transfer for the past 4 years from 2003 to 2006, there has been an increasing trend of women transferring more to their SA (see *Chart 3*).

From 2003 to 2005, although the total amount transferred by women have lagged behind that of men, the difference in total transferred between men and women narrowed from \$12 million in 2003 to \$5 million in 2005. In 2006, the total amount transferred by women even surpassed that of men at a high of \$157 million. The median amount transferred by women in 2006 was also higher at \$8,300 compared to \$5,800 by men.

**Chart 2: Median of Total Amount Transferred from OA to SA from 2003 to 2006**



**Chart 3: Total Amount Transferred to SA by CPF Members from 2003 to 2006 by Gender**

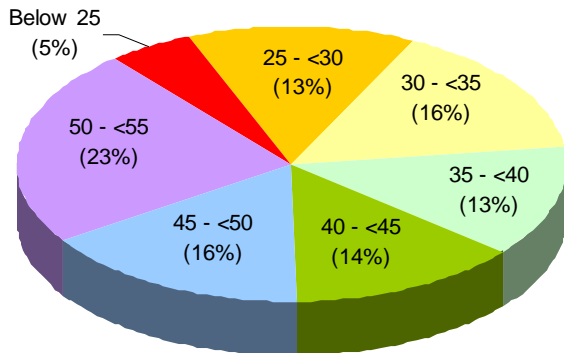


# Age Matters

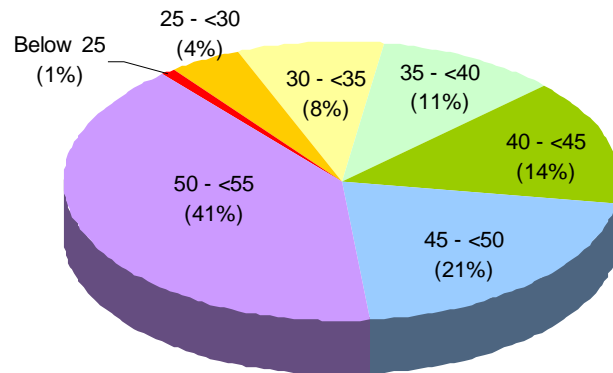
Out of the total number of CPF members who made at least one transfer in 2006, those aged 50 to less than 55 years<sup>[4]</sup> formed the largest segment (23%) in terms of participation (see *Chart 4a*).

Examining the total amount transferred in 2006, this same group made up 41% of the total amount transferred during this period (see *Chart 4b*). Reaching age 55 is likely to be a factor here, as members in this segment are likely to have larger OA balances which allow a larger quantum of monies to be transferred.

**Chart 4a: Number of CPF Members Who Made at Least One Transfer In 2006 by Age Group**



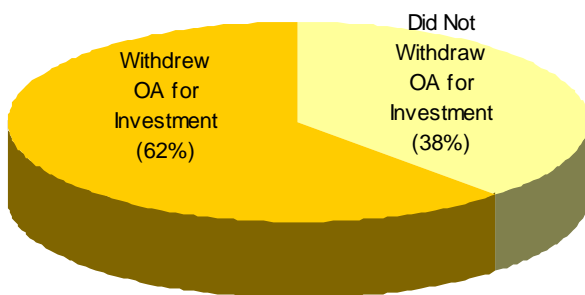
**Chart 4b: Total Amount Transferred by CPF Members Who Made at Least One Transfer In 2006 by Age Group**



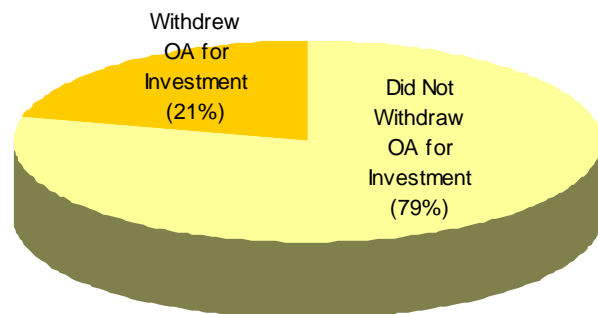
# Transfers And Investments

In addition, about 62% of CPF members who made at least one transfer in 2006 have also made investments under the CPF Investment Scheme – Ordinary Account (CPFIS-OA) scheme (see *Chart 5a*). In comparison, as at end December 2006, just 21% of all CPF members have withdrawn savings from their OA for investments (see *Chart 5b*).

**Chart 5a: CPF Members Who Have Made at Least One Transfer In 2006 by CPFIS-OA Status**



**Chart 5b: All CPF Members as at end-Dec 2006 by CPFIS-OA Status**



[4] Includes members who transferred savings from OA to SA just prior to turning 55 years old in 2006.

## What You Should Know

Currently, balances in the SA earn a higher interest rate than that of the OA. Since 1 Jan 2008, interest on balances in the SA has been changed to be pegged to the yield of the 10-year Singapore Government Security (10YSGS) plus 1%. To help members adjust to this floating rate, the SA interest rate will be maintained at a floor of 4% for 2008 and 2009.

By doing a transfer from OA to SA, you can speed up the process of building up your retirement savings. Currently, CPF members may transfer their savings from the OA to SA if: (a) they are below 55 years old; and (b) they have less than the prevailing Minimum Sum (*which currently stands at \$99,600*) in their SA inclusive of the amount withdrawn under the CPFIS-SA. Additionally, it will be more effective if monies from the OA are transferred to the SA earlier in your work life, as the compound interest effect will be greater. Transferring a regular amount to SA can be effective too.

## One Final Note

Before you transfer savings from OA to SA, make sure you have adequate savings in your OA for mortgage payments and other financial commitments serviced through your OA. Transfer of monies from the OA to the SA is **irreversible**, and you will not be able to use the transferred amount in SA for housing, education and other CPF deductible expenses. Hence, it is important to plan your needs carefully before transferring your savings from OA to SA.