

## CPF Minimum Sum Topping-Up Scheme

The CPF Minimum Sum Topping-Up Scheme started in 1987. Its objective is to encourage Singaporeans to help their loved ones build up their CPF balances for retirement.

CPF members can use their CPF savings or cash to top up their parents' and spouses' retirement accounts. They can also top up their grandparents' accounts with cash.

Cash top-ups under this scheme will enjoy a tax relief of up to \$7,000 per calendar year. For cash top-ups to the spouse's account, the spouse must not earn more than \$2,000 in the preceding year.

In July 2005, the scheme was revised to encourage more members to make top-ups.

Members are able to use their CPF savings for top-ups if their net CPF balances exceed 1.5 times the present Minimum Sum<sup>[1]</sup>. For the recipients, the top up amount they could receive is their cohort's

Minimum Sum (i.e. the Minimum Sum when they turned age 55) less their net CPF balances<sup>[2]</sup>.

With the revision, the total amount received for the Minimum Sum top-ups increased from about \$21 million in 2004 to \$43 million in 2006.

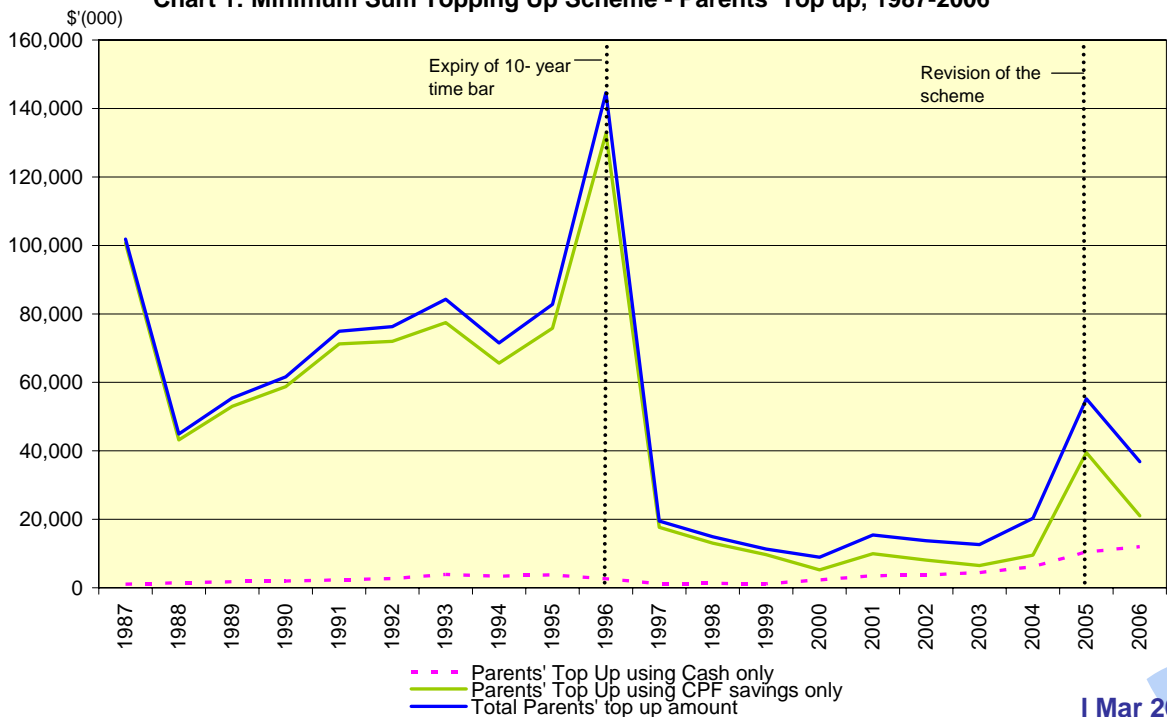
Since its inception to end 2006, top-ups of almost one billion dollars have been made.

### Top-ups for Parents

Top-ups for parents started with a bang, amassing \$102 million in the first year. It tapered off to about \$69 million per year from 1988 to 1995, before peaking at \$145 million in 1996. This was due to the expiry of the 10-year time bar members were given to do the top-ups<sup>[3]</sup>.

Thereafter, top-ups stagnated at about \$15 million per year from 1997 to 2004, before spiking to \$55 million in 2005. In 2006, the top-up amount was \$37 million. The average top-up for parents in 2006 was \$6,000.

Chart 1: Minimum Sum Topping Up Scheme - Parents' Top up, 1987-2006

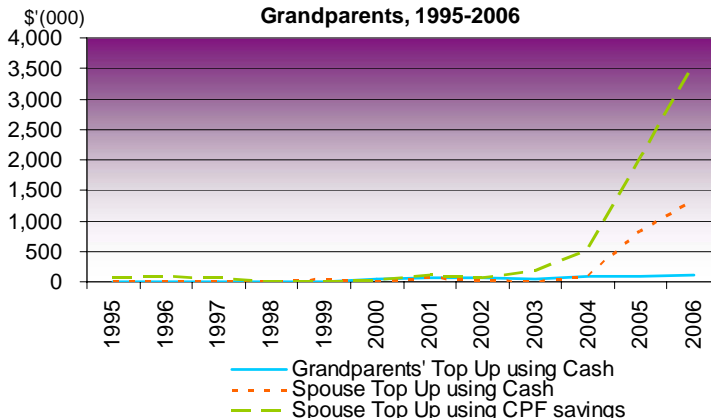


## Top-ups for Spouses and Grandparents

The scheme was extended to spouses and grandparents in 1995 and 2000 respectively. These top-ups are not as popular as parents' top-ups. As at end-2006, \$10 million and \$0.5 million top-ups were made for spouses and grandparents respectively.

The average top-up for spouses and grandparents in 2006 was \$24,000 and \$4,500 respectively.

Chart 2: Minimum Sum Topping Up Scheme for Spouse and Grandparents, 1995-2006



## Liberalisation of Scheme in 2007

In March 2007, the Minister for Manpower announced a liberalisation of the scheme. The present Minimum Sum level will be used to determine the top-up limits for the various age groups among the elderly, instead of the Minimum Sum level of the recipients. This is a significant increase as the Minimum Sum level of the recipient could be as low as \$30,000 for the first Minimum Sum Scheme cohort from 1987.

CPF savings can be used to top up the:-

- i. Retirement Account
  - of grandparents, parents, spouse and siblings age 55 and above from 1 October '07,
- ii. Special Account
  - of spouse and siblings age below 55 from 1 January '08

This is an expansion to the current list of recipients which comprises only parents and spouse. As per current rules, members who wish to make top-ups using their CPF must first have net CPF balances exceeding 1.5 times the present Minimum Sum

Table 1: MS Topping-Up Scheme after announced changes<sup>[4]</sup>

Recipient	Top up with CPF savings	Top up with Cash	Tax Relief for cash top-up
<b>Parents</b>	Yes	Yes	Yes
<b>Grandparents</b>	Yes*	Yes	Yes
<b>Spouse</b>			
•55 and above	Yes	Yes	Yes <sup>[5]</sup>
•Below 55	Yes**	Yes**	No
<b>Siblings</b>			
•55 and above	Yes*	Yes*	Yes <sup>[5]</sup>
•Below 55	Yes**	Yes**	No

\*With effect from 1 Oct 2007

\*\*With effect from 1 Jan 2008

In addition, cash can also be used for the top ups and members are given a tax relief of up to \$7,000. The tax relief is extended to siblings age 55 and above from 1 October 2007. Table 1 summarises the changes.

[1] Net CPF balances refer to the sum of the balances in the Ordinary and Special Accounts and amounts used for investment. Previously, only members with 2 times the present Minimum Sum were allowed.

[2] Net balances in their Ordinary and Special Accounts (including amounts used for investment) and Retirement Account.

[3] At that time, members were given 10 years, from the time of the first top-up, to complete the top-ups. This was then imposed to encourage members to top up as soon as possible to help their parents meet their retirement needs. Subsequently, the 10-year time bar was removed for cash and CPF top-ups in 2000 and 2001 respectively to allow continued participation.

[4] Changes are indicated in red.

[5] Recipient must earn \$2,000 or less in the preceding year.