

CPF LIFE - Monthly Payout for LIFE

**Understanding
Your
CPF LIFE Plan**



CPF LIFE INFORMATION BOOKLET

Joining CPF LIFE ensures you a monthly payout for as long as you live. Please read this booklet carefully as it explains how your CPF LIFE Plan works. The main points are listed below:

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INTRODUCTION

Making savings last for a lifetime was first brought up by Prime Minister Lee Hsien Loong in his National Day Rally Speech in 2007. This marks the beginning of CPF LIFE.

With rising life expectancy, 1 in 5 Singaporeans is expected to be aged 65 and above by 2030. Out of which half can expect to live beyond 85. Therefore, an income for life to help you meet your basic retirement needs is very important.

The current Minimum Sum Scheme (MSS) provides CPF members with a monthly income during retirement. However, it only lasts for about 20 years. On the other hand, CPF LIFE ensures that you receive a monthly payout for as long as you live.

1.1 What is CPF LIFE?

The CPF Lifelong Income Scheme For The Elderly (CPF LIFE) is a scheme that will provide you with a monthly payout starting from your Draw Down Age (DDA), for as long as you live.

1.2 Why should I join CPF LIFE?

CPF LIFE will give you a monthly payout starting from your DDA, for life. It improves upon the current MSS where payouts only last about 20 years.

1.3 THE 4 CPF LIFE PLANS

There are 4 plans under CPF LIFE, of which 3 are refundable plans. Each LIFE plan provides a different combination of trade-off between monthly payout and bequest.

See table below:

| Refundable Plans | Monthly Payout | Bequest¹ |
|-------------------------|-----------------------|----------------------------|
| LIFE Plus Plan | High | Low |
| LIFE Balanced Plan | Medium | Medium |
| LIFE Basic Plan | Low | High |

| Non-Refundable Plan | Monthly Payout | Bequest |
|----------------------------|-----------------------|-------------------------|
| LIFE Income Plan | Highest | No bequest ² |

¹ There may not be a bequest if one passes away after the savings used to join CPF LIFE have been fully paid out in monthly payouts.

² No bequest means that **no refund** will be made to the member's beneficiaries upon the member's death even if monthly payouts under the plan have not started.

JOINING CPF LIFE

A CPF LIFE Plan consists of two parts – your Retirement Account (RA) savings and an annuity. Payouts will start at your DDA³.

2.1 WHEN I JOIN CPF LIFE

2.1.1 What happens when I join?

Upon joining CPF LIFE, all your RA savings⁴ will be used for your LIFE plan. Part or all of the RA savings are deducted to pay a premium for an annuity (called annuity premium) while the rest of your savings will remain in your RA.

Regardless of your LIFE plan, the remaining amount in your RA and the annuity will provide you with monthly payouts for life from your DDA onwards.

See table below:

| | Refundable Plans | | | Non-Refundable Plan |
|--------------------------------------|-------------------|---|---|---------------------|
| When does monthly payout start from: | LIFE Plus Plan | LIFE Balanced Plan | LIFE Basic Plan | LIFE Income Plan |
| (1) Remaining RA savings | Not applicable | From DDA until one month before you turn 80 | From DDA until one month before you turn 90 | Not applicable |
| (2) Annuity | From DDA for life | From 80 for life | From 90 for life | From DDA for life |

³ If you join after your DDA, payouts will start the following month.

⁴ If you have pledged your property in lieu of the Minimum Sum to be set aside, the amount pledged cannot be used to join CPF LIFE.

Payouts will be made first from the amount remaining in your RA and then your annuity. The monthly payouts from your RA and from the annuity will be about the same⁵.

To ensure that the monthly payouts from your RA and the annuity will be about the same, the Board will calculate the annuity premium that needs to be deducted from your RA based on the LIFE plan you have chosen. Your gender and age at which you join the scheme will affect the annuity premium. You will be informed of the exact amount of annuity premium deducted from your RA when your LIFE plan is issued.

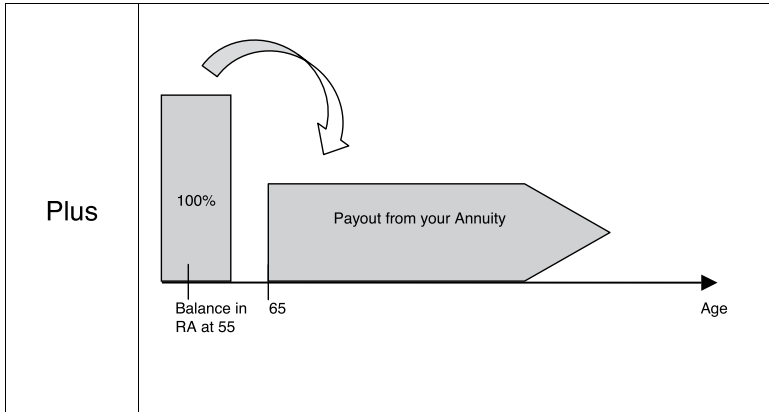
The CPF LIFE Payout Estimator at www.cpf.gov.sg can help you obtain an estimate of the annuity premium that you need to set aside for each of the LIFE plans.

⁵ There could be exceptions such as if you pledge your property and withdraw part of your RA savings. See question on "Can I still pledge my property?".

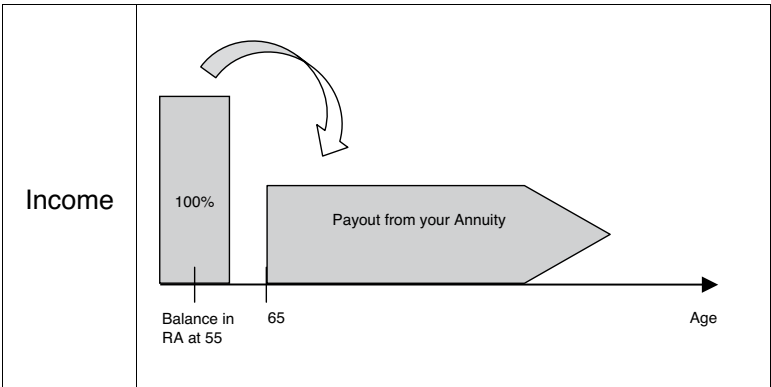
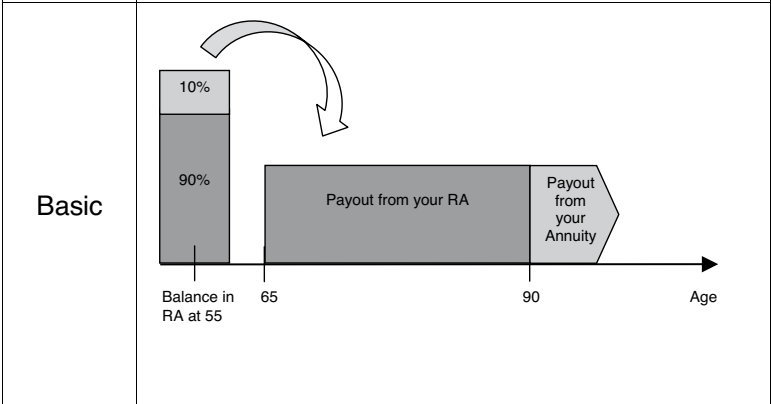
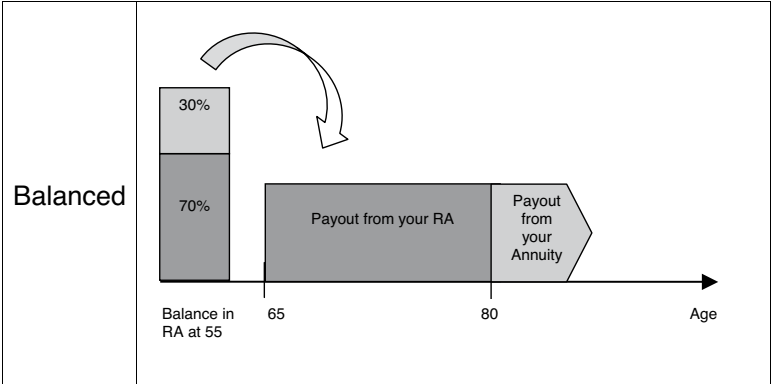
Example: If you are a 55 year old male who chooses the LIFE Plus Plan, 100% of your RA savings will be deducted to purchase the annuity. The approximate amounts⁶ for each of the LIFE plans are shown:

| | Refundable Plans | | | Non-Refundable Plan |
|-----------------------------|------------------|--------------------|-----------------|---------------------|
| | LIFE Plus Plan | LIFE Balanced Plan | LIFE Basic Plan | LIFE Income Plan |
| Remaining RA savings | 0% | 70% | 90% | 0% |
| Annuity Premium | 100% | 30% | 10% | 100% |

This is shown diagrammatically below:



⁶ CPF Board will inform you of the exact premium upon the issuance of your CPF LIFE policy.



2.1.2 Do my savings used for CPF LIFE continue to earn interest?

Yes. Interest earned on the RA savings will continue to be paid into the RA. Interest earned on the annuity premium will be paid into the Lifelong Income Fund and pooled with the interest earned from the annuity premiums paid by the rest of the CPF LIFE participants to provide the life long payout under the scheme.

In addition, you will earn the extra 1% interest on the first \$60,000 of your combined CPF balances⁷ (including the annuity premium less annuity payouts) that had been deducted from your RA. This extra interest will be paid into your RA⁸.

2.1.3 Can I change my plan after I join?

No, As a CPF LIFE participant, changing your plan will affect other members who are already in the scheme.

⁷ With up to \$20,000 from your Ordinary Account.

⁸ Except where it is earned from the Medisave balances, in which case it will be credited to the Medisave Account.

2.1.4 Can I still pledge my property?

The existing CPF rules allow you to pledge your property and withdraw part of your RA savings. If you chose the LIFE Balanced Plan or LIFE Basic Plan, you may have sufficient RA savings to make a property pledge and withdraw part of your RA savings. The monthly payout from your RA will be consequently reduced⁹ and your RA may be depleted before the annuity payout start age.

If you are on the LIFE Plus Plan or LIFE Income Plan, your entire RA savings will be used for the annuity premium. Thus, you will not be able to withdraw any RA savings, even if you make a property pledge.

⁹ However, the monthly payout from your annuity, which starts from the annuity payout start age, will not be affected.

2.2 WHEN I APPROACH MY DRAW DOWN AGE (DDA)¹⁰

2.2.1 What happens 1-2 months before my DDA?

From the time you join CPF LIFE till you reach your DDA, your RA will be credited with the extra 1% interest earned on the first \$60,000 of your combined CPF balances¹¹ (including the annuity premium less annuity payouts). Additional monies may also be credited to your RA arising from top-ups or refunds due to the sale of your property.

About 1-2 months before your DDA, CPF Board will deduct another annuity premium from these additional monies for your chosen LIFE Plan.¹²

This will be done automatically, and you will then be informed of the exact monthly payout that you will receive from your DDA.

¹⁰ This section is only applicable if you join the scheme before your DDA.

¹¹ Up to \$20,000 will be from your Ordinary Account (OA) savings.

¹² These additional monies will be divided in similar proportion as your original RA savings were divided. The amount will include any new inflows to your RA before DDA.

2.3 WHEN I AM PAST MY DDA

2.3.1 What happens if I receive additional monies in my Retirement Account (RA) after my DDA?

If you receive additional monies in your RA after your DDA (e.g. from top-ups or property refund), they will be paid as part of your RA monthly payouts. This could result in a difference between your RA monthly payouts and that from your annuity.

If you wish to purchase another annuity so that the RA monthly payouts and the annuity will be about the same, please inform the Board. You can do so by downloading Form LID-App (1A) – “Application for Additional Annuity under CPF LIFE” at www.cpf.gov.sg and send us the completed form.

Benefiting from CPF LIFE

3.1 CPF LIFE BONUS (L-BONUS)

3.1.1 How much L-Bonus can I receive?

You can receive a L-Bonus of between \$2,200 and \$4,000 when you join CPF LIFE with at least \$20,000 in your RA. The L-Bonus is determined based on the Annual Assessable Income (AI)¹³ and the Annual Value (AV)¹⁴ of your home preceding the year that your CPF LIFE plan is issued.

If you have at least \$20,000 in your RA, the amount of L-Bonus you can receive is shown in the table¹⁵ below:

| AI \ AV of Property | \$7,000 or less | More than \$7,000 and up to \$13,000 |
|---------------------------------------|-----------------|--------------------------------------|
| | | |
| \$27,000 or less | \$4,000 | \$3,200 |
| More than \$27,000 and up to \$60,000 | \$3,200 | \$2,200 |

If you have less than \$20,000 in your RA, you will receive a pro-rated L-bonus upon joining the scheme.

Example: If you join CPF LIFE in 2012 with RA balance of \$10,000, AV is \$7,000 or less and AI is \$27,000 or less, your L-Bonus will be \$2,000.

¹³ Your AI is based on the Year of Assessment (YA) preceding the year that your CPF LIFE plan is issued. (Example: If your CPF LIFE plan is issued in 2012, your AI for YA 2011 will be used, i.e. your income for 2010.)

¹⁴ The AV used to determine your eligibility for L-bonus is based on the AV of the property stated as your NRIC address as at 31 December preceding the year that your CPF LIFE plan is issued. (Example: If your CPF LIFE plan is issued in 2012, the 2011 AV of the property stated in your NRIC as of 31 December 2011 will be used.)

¹⁵ Assuming that your CPF LIFE Plan is issued in 2012. Please refer to www.cpf.gov.sg for the latest AV/AI criteria for subsequent years.

3.1.2 How can I receive the full L-Bonus?

To receive the full L-Bonus, you may top up your RA and commit the amount to CPF LIFE before turning age 56.

If you join CPF LIFE with less than \$20,000, the L-Bonus that you receive will be pro-rated.

The additional L-Bonus that you receive will be based on the Annual Value (AV) of your home and Annual Assessable Income (AI) when your CPF LIFE plan was first issued, subject to the full L-Bonus that you are eligible for determined based on the AV/AI criteria applicable then.

For more details on L-Bonus, please refer to www.cpf.gov.sg.

3.2 CPF LIFE PAYOUTS

3.2.1 When will I start to receive my monthly payouts?

Your monthly payouts will start at your DDA. You will receive the monthly payout from your RA and/or annuity depending on the LIFE plan you had chosen.

The extra 1% interest credited to your RA after your DDA will be paid to you as part of your CPF LIFE monthly payout for as long as it is being earned. The payout from the extra 1% interest earned will reduce over time as your combined CPF balances (including the annuity premium less annuity payout) fall below \$60,000.

3.2.2 How will I receive the monthly payouts?

The monthly payouts will be credited to your bank account via inter-bank GIRO (IBG) by the 7th working day of each month. If the IBG is unsuccessful or you did not provide a bank account details, the payouts will be credited to your CPF Ordinary Account. You may then withdraw under existing CPF withdrawal rules.

3.2.3 Is the monthly payout fixed?

No, the monthly payout may be adjusted yearly to take into account factors such as CPF interest rates and mortality experience. The adjustments will usually be small so that payouts are stable.

3.2.4 Are the monthly payouts protected from creditors?

Yes.

3.2.5 How can I get higher payouts?

If you wish to have a higher payout in your retirement, you may make cash and/or CPF top-ups into your RA¹⁶ and commit the additional amount to CPF LIFE.

Please refer to www.cpf.gov.sg for more information and how to top up your RA.

3.2.6 When will the monthly payout stop?

The monthly payout from CPF LIFE will be paid for as long as you live. It ceases at death.

Therefore, the Board may require you to provide satisfactory proof that you are still alive from time to time. If you do not do so within the time period provided, the monthly payout will be stopped. Payment will resume upon presentation of proof of your being alive.

¹⁶ Terms and conditions apply

EXITING CPF LIFE

4.1 WHEN I PASS AWAY

4.1.1 What happens upon death?

The CPF LIFE payout ceases upon death.

If you are on any of the 3 CPF LIFE plans with a refund feature, namely the LIFE Plus, LIFE Balanced and LIFE Basic Plans, your beneficiaries may receive a bequest.

However, if you are on the LIFE Income Plan, your beneficiaries would not receive any bequest.

4.1.2 What is a bequest?

A bequest is the money that a member leaves to his beneficiaries upon death. It consists of RA balance, if any and unused annuity premium¹⁷ on death.

The **LIFE Plus**, **LIFE Balanced** and **LIFE Basic** Plans provide a bequest. Under any of these plans, the savings used to join CPF LIFE (including the annuity premium) will be refunded if a member passes away before any payout has been made. If the member passes away after the monthly payout has started, his RA balance, if any and unused annuity premium on death will be refunded.

Any refund will be made to his CPF account and paid together with his remaining CPF savings to his nominees¹⁸. If there is no valid CPF nomination, the savings will be paid to the Public Trustee for distribution in accordance with the intestacy laws.

However, if a member had chose the CPF LIFE plan without a refund feature, i.e. the LIFE Income Plan, there will be no bequest upon death even if monthly payouts have not started.

¹⁷ The unused annuity premium is the annuity premium paid less the monthly payouts that you have received from the annuity.

¹⁸ Subject to existing CPF rules.

The LIFE Income Plan is the only plan that does not provide any refund of the annuity premium.

See table below:

| | Refundable Plans | | | Non-Refundable Plan |
|--|--|--------------------|-----------------|---------------------|
| | LIFE Plus Plan | LIFE Balanced Plan | LIFE Basic Plan | LIFE Income Plan |
| How do the bequest compare under the plans? | Low | Medium | High | No bequest |
| How much bequest will I leave for my beneficiaries when I pass away? | Bequest = Balance in your RA, if any + unused annuity premium. | | | |

The CPF LIFE Payout Estimator at www.cpf.gov.sg can help you estimate the bequest that will be left for your beneficiaries at selected ages.

4.2 WITHDRAWAL FROM CPF LIFE

4.2.1 Can I withdraw after I join?

No, except on the following grounds:

- a) Medical ground of shortened life expectancy;
- b) Leaving Singapore and West Malaysia permanently with no intention of returning to either country.

If you are on one of the 3 CPF LIFE plans with a refund feature¹⁹, you will receive a discounted refund²⁰ of the savings used to join CPF LIFE less any monthly payouts received prior to withdrawal. For information on the discounted refund, please email member@cpf.gov.sg.

However, if you are on the LIFE Income Plan which is a non-refund plan, you will not receive any refund if you withdraw from the scheme.

¹⁹ The 3 refund plans are the LIFE Plus Plan, LIFE Balanced Plan and the LIFE Basic Plan.

²⁰ There may not be a refund if the savings used to join CPF LIFE has been fully paid out in monthly payouts.

OTHER QUESTIONS YOU MAY HAVE

5.1 Can I help my family members join CPF LIFE?

Yes. You can top up the family members' RAs and vice versa. CPF members may enjoy tax relief if the top-ups are made in cash.

Please refer to www.cpf.gov.sg for more information on topping up a member's RA and eligibility for tax relief.

5.2 Is there a maximum amount that I can commit to CPF LIFE?

Yes. The maximum amount that you can commit to CPF LIFE is the prevailing Minimum Sum (MS). Please refer to the CPF website for more information on the prevailing MS.

More information on CPF LIFE can be found at www.cpf.gov.sg. If you need further clarifications on matters relating to CPF LIFE, please contact the Board via the contact channels listed at the end of this booklet.

ANNEX: THE MEANING OF TERMS USED IN CPF LIFE

| Bequest | The money left to beneficiaries upon death. It consists of savings used to join CPF LIFE less monthly payouts already received. | | | | | | | | | | | | |
|---------------------|--|-------------|-----------------|-------------|---------------|-------------|---------------|------------|----|----|----|----|----|
| Beneficiaries | Persons nominated to receive one's CPF savings upon death or next-of-kin in accordance with the intestacy laws if there is no CPF nomination. | | | | | | | | | | | | |
| Draw Down Age (DDA) | Age at which monthly payouts from Retirement Account starts. <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: center;">Born in</th> <th style="text-align: center;">1943 or earlier</th> <th style="text-align: center;">1944 – 1949</th> <th style="text-align: center;">1950 – 1951</th> <th style="text-align: center;">1952 – 1953</th> <th style="text-align: center;">1954 or later</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">DDA</td> <td style="text-align: center;">60</td> <td style="text-align: center;">62</td> <td style="text-align: center;">63</td> <td style="text-align: center;">64</td> <td style="text-align: center;">65</td> </tr> </tbody> </table> | Born in | 1943 or earlier | 1944 – 1949 | 1950 – 1951 | 1952 – 1953 | 1954 or later | DDA | 60 | 62 | 63 | 64 | 65 |
| Born in | 1943 or earlier | 1944 – 1949 | 1950 – 1951 | 1952 – 1953 | 1954 or later | | | | | | | | |
| DDA | 60 | 62 | 63 | 64 | 65 | | | | | | | | |
| Extra Interest (EI) | The first \$60,000 of one's combined CPF balances (including the annuity premium less annuity payouts), with up to \$20,000 from the Ordinary Account (OA), earns an extra 1% interest. The extra interest earned is credited to the Retirement Account (except for those earned on Medisave balance which is credited to the Medisave Account). | | | | | | | | | | | | |
| Minimum Sum (MS) | The amount to be set aside at age 55 for retirement needs in Retirement Account (RA). The MS can consist of cash, or part cash and part property pledge, with property pledge forming up to 50% of the MS. Only the cash portion of the MS can be used to join CPF LIFE. | | | | | | | | | | | | |

| | |
|-------------------------|--|
| Property Pledge | The amount that is held against one's property in lieu of Minimum Sum. Please refer to the Board's website for information on property pledge. |
| Retirement Account (RA) | An individual savings account set up when one reaches 55 to meet retirement income needs in old age. |
| Mortality Experience | The likelihood of death at various ages. If more persons live longer, the monthly payout might be lower, and vice versa. |

**For more information, please visit www.cpf.gov.sg
Email: member@cpf.gov.sg
Call CPF Call Centre: 1800-227-1188 (local)
65-6227-1188 (overseas)**

Note:

This booklet is for your reference and retention and the information is correct as at 1 January 2012. The CPF LIFE Scheme is subject to the provisions of the Central Provident Fund Act (Chapter 36) and the subsidiary legislation made thereunder and any amendments thereof, as well as such terms and conditions which may be imposed by the Board from time to time.