

ADDITIONAL WAGE (AW) CEILING

The AW Ceiling sets the maximum amount of AW on which CPF contributions are payable. An employee's AW Ceiling is computed on a per employer per year basis.

The AW Ceiling for 2010 is \$76,500 minus the total OW subject to CPF contributions for the year. With the increase in the CPF Ordinary Wage Ceiling from \$4,500 to \$5,000 from 1 September 2011, the AW Ceiling for 2011 and 2012 is as follows:

No.	Scenarios	Additional Wage Ceiling
1.	Employee whose last day of employment is before 1 Sep 2011	\$76,500¹ – Total Ordinary Wages subject to CPF for 2011
2.	a) Employee whose last day of employment falls within the period 1 Sep to 31 Dec 2011; or b) Employee who is still in employment on 31 Dec 2011	\$79,333² – Total Ordinary Wages subject to CPF for 2011
3.	Employee who is in employment from 1 Jan 2012	\$85,000³ – Total Ordinary Wages subject to CPF for 2012

¹ Equivalent to 17 months x \$4,500

² Equivalent to (8/12 x 17 months x \$4,500) + (4/12 x 17 months x \$5,000)

³ Equivalent to 17 months x \$5,000

If the employee leaves his employment before 1 September 2011 and he is eligible for some bonus paid to him before 31 December 2011, the revised AW Ceiling of \$79,333 should be used to calculate the amount of bonus that attracts CPF in 2011. Thereafter, the appropriate CPF contribution rate for the month in which the bonus is due and payable should be applied.

Note: If the bonus for 2011 is due and payable to the employee in 2012, the 2012 AW Ceiling formula should be used.

The following scenarios show how the AW Ceiling is calculated based on the revised formulas:

Scenario 1 - Employee whose Last Day of Employment is before 1 September 2011

Example 1 (Existing employee):

Employee A below age of 50 received Additional Wages of \$39,000 in February 2011. He resigned in July 2011 and his last day of employment was also in July 2011.

For Additional Wages (AW) that are paid before the end of the year and when Total Ordinary Wages (TOW) subject to CPF for the year is not known, employers should estimate the AW Ceiling based on the previous year's wage records. This can be done by applying the prevailing salary ceiling to the Ordinary Wages paid each month in the previous year to estimate the Total Ordinary Wages subject to CPF contributions.

Month	Ordinary Wages (OW) paid in 2010	Ordinary Wages subject to CPF using 2010's OW Ceiling	Ordinary Wages paid in 2011	Ordinary Wages subject to CPF in 2011	Contribution Payable on Ordinary Wages for 2011		Additional Wages paid in 2011	Additional Wages subject to CPF	Contribution Payable on Additional Wages for 2011	
					Employer	Employee			Employer	Employee
Jan	\$9,000	\$4,500	\$10,000	\$4,500	\$675	\$900				
Feb	\$9,000	\$4,500	\$10,000	\$4,500	\$675	\$900	\$39,000	\$22,500 ¹	\$3,375	\$4,500
Mar	\$9,000	\$4,500	\$10,000	\$4,500	\$698	\$900				
Apr	\$9,000	\$4,500	\$10,000	\$4,500	\$698	\$900				
May	\$9,000	\$4,500	\$10,000	\$4,500	\$698	\$900				
Jun	\$9,000	\$4,500	\$10,000	\$4,500	\$698	\$900				
Jul	\$9,000	\$4,500	\$10,000	\$4,500	\$698	\$900		\$16,500 ²	\$2,475	\$3,300
Aug	\$9,000	\$4,500								
Sep	\$9,000	\$4,500								
Oct	\$9,000	\$4,500								
Nov	\$9,000	\$4,500								
Dec	\$9,000	\$4,500								
Total	\$108,000	\$54,000	\$70,000	\$31,500	\$4,840	\$6,300	\$39,000	\$39,000	\$5,850	\$7,800

1. See (1) below for the computation

2. See (2) below for the computation

(1) In February 2011, the estimated AW Ceiling for Employee A is calculated as follows:

a.	TOW subject to CPF (using 2010's OW)	=	\$54,000
b.	Estimated AW Ceiling (\$76,500 - \$54,000)	=	\$22,500
c.	Total AW paid	=	\$39,000
d.	AW subject to CPF in February 2011	=	\$22,500

(2) The actual AW Ceiling for Employee A is recalculated in his last month of employment (i.e. July 2011):

e.	Actual TOW subject to CPF for 2011	=	\$31,500
f.	Actual AW Ceiling (\$76,500 - \$31,500)	=	\$45,000
g.	AW subject to CPF in July 2011 (\$39,000 - \$22,500)	=	\$16,500

As Employee A's last day of employment is in July 2011, the AW Ceiling applicable to him is \$45,000. The employer has contributed CPF on AW of \$22,500 in February 2011 using an estimated AW Ceiling of \$22,500. Hence, the AW subject to CPF in July 2011 is \$16,500 (i.e. \$39,000 - \$22,500).

The employer needs to make a further CPF contribution of \$5,775 (i.e. \$2,475 + \$3,300) in respect of the AW subject to CPF of \$16,500 using February 2011's contribution rate of 35%.

Scenario 1 - Employee whose Last Day of Employment is before 1 September 2011

Example 2 (Existing employee with age change):

Employee B turned 50 in July 2011 and received Additional Wages of \$35,000 & \$20,000 in February and August 2011 respectively. He resigned in August 2011 and his last day of employment was also in August 2011.

Month	Ordinary Wages (OW) paid in 2010	Ordinary Wages subject to CPF using 2010's OW Ceiling	Ordinary Wages paid in 2011	Ordinary Wages subject to CPF in 2011	Contribution Payable on Ordinary Wages for 2011		Additional Wages paid in 2011	Additional Wages subject to CPF	Contribution Payable on Additional Wages for 2011	
					Employer	Employee			Employer	Employee
Jan	\$3,000	\$3,000	\$4,000	\$4,000	\$600	\$800				
Feb	\$3,000	\$3,000	\$4,000	\$4,000	\$600	\$800	\$35,000	\$31,500 ¹	\$4,725	\$6,300
Mar	\$3,000	\$3,000	\$4,000	\$4,000	\$620	\$800				
Apr	\$4,000	\$4,000	\$5,000	\$4,500	\$698	\$900				
May	\$4,000	\$4,000	\$5,000	\$4,500	\$698	\$900				
Jun	\$4,000	\$4,000	\$5,000	\$4,500	\$698	\$900				
Jul	\$4,000	\$4,000	\$5,000	\$4,500	\$698	\$900				
Aug	\$4,000	\$4,000	\$5,000	\$4,500	\$518	\$810	\$20,000	\$10,500 ²	\$1,330	\$1,960
Sep	\$4,000	\$4,000								
Oct	\$4,000	\$4,000								
Nov	\$4,000	\$4,000								
Dec	\$4,000	\$4,000								
Total	\$45,000	\$45,000	\$37,000	\$34,500	\$5,130	\$6,810	\$55,000	\$42,000	\$6,055	\$8,260

1. See (1) below for the computation

2. See (2) below for the computation

(1) In February 2011, the estimated AW Ceiling for Employee B is calculated as follows:

a.	TOW subject to CPF (using 2010's OW)	=	\$45,000
b.	Estimated AW Ceiling (\$76,500 - \$45,000)	=	\$31,500
c.	Total AW paid	=	\$35,000
d.	AW subject to CPF in February 2011	=	\$31,500

In August 2011, Employee B resigned and received AW of \$20,000.

(2) The actual AW Ceiling for Employee B is recalculated in his last month of employment (i.e. August 2011):

e.	Actual TOW subject to CPF for 2011	=	\$34,500
f.	Actual AW Ceiling (\$76,500 - \$34,500)	=	\$42,000
g.	AW subject to CPF in August 2011 (\$42,000 - \$31,500)	=	\$10,500

As Employee B's last day of employment is in August 2011, the AW Ceiling applicable to him is \$42,000. The employer has contributed CPF on AW of \$31,500 in February 2011 using an estimated AW Ceiling of \$31,500. Hence, the AW subject to CPF in August 2011 is \$10,500 (i.e. \$42,000 - \$31,500).

The employer needs to make a further CPF contribution of \$3,290 (i.e. \$1,330 + \$1,960) in respect of the AW subject to CPF of \$10,500 using February 2011's contribution rate of 35% (before change of age group) on AW of \$3,500 (i.e. \$35,000 - \$31,500) and August 2011's contribution rate of 29.5% on the remaining AW of \$7,000 (i.e. \$10,500 - \$3,500).

Scenario 1 - Employee whose Last Day of Employment is before 1 September 2011

Example 3 (New employee joins in Jan 2011 and last day of employment is in Jun 2011):

Employee C below age of 50 joined the company in January 2011. He received Additional Wages of \$40,000 and \$30,000 in February and June 2011 respectively. He resigned in June 2011 and his last day of employment was also in June 2011.

For new employees who join in 2011, employers may take into consideration the employees' monthly Ordinary Wages (OW) that have already been paid when making CPF contribution on their first Additional Wages (AW) payout.

Month	Ordinary Wages (OW) paid in 2011	Ordinary Wages subject to CPF using OW Ceiling in 2011	Contribution Payable on Ordinary Wages for 2011		Additional Wages paid in 2011	Additional Wages subject to CPF	Contribution Payable on Additional Wages for 2011	
			Employer	Employee			Employer	Employee
Jan	\$30,000	\$4,500	\$675	\$900				
Feb	\$30,000	\$4,500	\$675	\$900	\$40,000	\$40,000 ¹	\$6,000	\$8,000
Mar	\$30,000	\$4,500	\$698	\$900				
Apr	\$30,000	\$4,500	\$698	\$900				
May	\$30,000	\$4,500	\$698	\$900				
Jun	\$30,000	\$4,500	\$698	\$900	\$30,000	\$9,500 ²	\$1,472	\$1,900
Jul								
Aug								
Sep								
Oct								
Nov								
Dec								
Total	\$180,000	\$27,000	\$4,142	\$5,400	\$70,000	\$49,500	\$7,472	\$9,900

1. See (1) below for the computation

2. See (2) below for the computation

(1) In February 2011, the estimated AW Ceiling for Employee C is calculated as follows:

a.	TOW subject to CPF (as at February 2011)	=	\$9,000
b.	Estimated AW Ceiling (\$76,500 - \$9,000)	=	\$67,500
c.	Total AW paid	=	\$40,000
d.	AW subject to CPF in February 2011	=	\$40,000

In June 2011, Employee C resigned and received AW of \$30,000.

(2) The actual AW Ceiling for Employee C is recalculated in his last month of employment (i.e. June 2011):

e.	Actual TOW subject to CPF for 2011	=	\$27,000
f.	Actual AW Ceiling (\$76,500 - \$27,000)	=	\$49,500
g.	AW subject to CPF in June 2011 (\$49,500 - \$40,000)	=	\$9,500

As Employee C's last day of employment is in June 2011, the AW Ceiling applicable to him is \$49,500. The employer has contributed CPF on AW of \$40,000 in February 2011 using an estimated AW Ceiling of \$67,500. Hence, the AW subject to CPF in June 2011 is \$9,500 (i.e. \$49,500 - \$40,000).

The employer needs to make CPF contribution of \$3,372 (i.e. \$1,472 + \$1,900) on the AW subject to CPF of \$9,500 using June 2011's contribution rate of 35.5%.

Scenario 2a – Employee whose Last Day of Employment falls within the Period 1 September to 31 December 2011

Example 4 (Existing employee):

Employee D below age of 50 received Additional Wages of \$39,000 in February 2011. He resigned in October 2011 and his last day of employment was also in October 2011.

For Additional Wages (AW) that are paid before the end of the year and when Total Ordinary Wages (TOW) subject to CPF for the year is not known, employers should estimate the AW Ceiling based on the previous year’s wage records. This can be done by applying the prevailing salary ceiling to the Ordinary Wages paid each month in the previous year to estimate the Total Ordinary Wages subject to CPF contributions.

Month	Ordinary Wages (OW) paid in 2010	Ordinary Wages subject to CPF using 2010’s OW Ceiling	Ordinary Wages paid in 2011	Ordinary Wages subject to CPF in 2011	Contribution Payable on Ordinary Wages for 2011		Additional Wages paid in 2011	Additional Wages subject to CPF	Contribution Payable on Additional Wages for 2011	
					Employer	Employee			Employer	Employee
Jan	\$9,000	\$4,500	\$10,000	\$4,500	\$675	\$900				
Feb	\$9,000	\$4,500	\$10,000	\$4,500	\$675	\$900	\$39,000	\$22,500 ¹	\$3,375	\$4,500
Mar	\$9,000	\$4,500	\$10,000	\$4,500	\$698	\$900				
Apr	\$9,000	\$4,500	\$10,000	\$4,500	\$698	\$900				
May	\$9,000	\$4,500	\$10,000	\$4,500	\$698	\$900				
Jun	\$9,000	\$4,500	\$10,000	\$4,500	\$698	\$900				
Jul	\$9,000	\$4,500	\$10,000	\$4,500	\$698	\$900				
Aug	\$9,000	\$4,500	\$10,000	\$4,500	\$698	\$900				
Sep	\$9,000	\$4,500	\$10,000	\$5,000	\$800	\$1000				
Oct	\$9,000	\$4,500	\$10,000	\$5,000	\$800	\$1000		\$10,833 ²	\$1,626	\$2,166
Nov	\$9,000	\$4,500								
Dec	\$9,000	\$4,500								
Total	\$108,000	\$54,000	\$100,000	\$46,000	\$7,138	\$9,200	\$39,000	\$33,333	\$5,001	\$6,666

1. See (1) below for the computation

2. See (2) below for the computation

(1) In February 2011, the estimated AW Ceiling for Employee D is calculated as follows:

a.	TOW subject to CPF (using 2010's OW)	=	\$54,000
b.	Estimated AW Ceiling (\$76,500 - \$54,000)	=	\$22,500
c.	Total AW paid	=	\$39,000
d.	AW subject to CPF in February 2011	=	\$22,500

(2) The actual AW Ceiling for Employee D is recalculated in his last month of employment (i.e. October 2011):

e.	Actual TOW subject to CPF for 2011	=	\$46,000
f.	Actual AW Ceiling (\$79,333 - \$46,000)	=	\$33,333
g.	AW subject to CPF in October 2011 (\$33,333 - \$22,500)	=	\$10,833

As Employee D's last day of employment is in October 2011, the AW Ceiling applicable to him is \$33,333. The employer has contributed CPF on AW of \$22,500 in February 2011 using an estimated AW Ceiling of \$22,500. Hence, the AW subject to CPF in October 2011 is \$10,833 (\$33,333 - \$22,500).

The employer needs to make a further CPF contribution of \$3,792 (i.e. \$1,626 + \$2,166) in respect of the AW subject to CPF of \$10,833 using February 2011's contribution rate of 35%.

Scenario 2a – Employee whose Last Day of Employment falls within the Period 1 September to 31 December 2011

Example 5 (Existing employee with age change):

Employee E turned 50 in July 2011 and received Additional Wages of \$34,000 & \$20,000 in February and September 2011 respectively. He resigned in September 2011 and his last day of employment was also in September 2011.

Month	Ordinary Wages (OW) paid in 2010	Ordinary Wages subject to CPF using 2010's OW Ceiling	Ordinary Wages paid in 2011	Ordinary Wages subject to CPF in 2011	Contribution Payable on Ordinary Wages for 2011		Additional Wages paid in 2011	Additional Wages subject to CPF	Contribution Payable on Additional Wages for 2011	
					Employer	Employee			Employer	Employee
Jan	\$5,000	\$4,500	\$5,000	\$4,500	\$675	\$900				
Feb	\$5,000	\$4,500	\$5,000	\$4,500	\$675	\$900	\$34,000	\$22,500 ¹	\$3,375	\$4,500
Mar	\$5,000	\$4,500	\$5,000	\$4,500	\$698	\$900				
Apr	\$5,000	\$4,500	\$5,000	\$4,500	\$698	\$900				
May	\$5,000	\$4,500	\$5,000	\$4,500	\$698	\$900				
Jun	\$5,000	\$4,500	\$5,000	\$4,500	\$698	\$900				
Jul	\$5,000	\$4,500	\$5,000	\$4,500	\$698	\$900				
Aug	\$5,000	\$4,500	\$5,000	\$4,500	\$518	\$810				
Sep	\$5,000	\$4,500	\$5,000	\$5,000	\$600	\$900	\$20,000	\$15,833 ²	\$2,246	\$3,079
Oct	\$5,000	\$4,500								
Nov	\$5,000	\$4,500								
Dec	\$5,000	\$4,500								
Total	\$60,000	\$54,000	\$45,000	\$41,000	\$5,958	\$8,010	\$54,000	\$38,333	\$5,621	\$7,579

1. See (1) below for the computation

2. See (2) below for the computation

(1) In February 2011, the estimated AW Ceiling for Employee E is calculated as follows:

a.	TOW subject to CPF (using 2010's OW)	=	\$54,000
b.	Estimated AW Ceiling (\$76,500 - \$54,000)	=	\$22,500
c.	Total AW paid	=	\$34,000
d.	AW subject to CPF in February 2011	=	\$22,500

In September 2011, Employee E resigned and received AW of \$20,000.

(2) The actual AW Ceiling for Employee E is recalculated in his last month of employment (i.e. September 2011):

e.	Actual TOW subject to CPF for 2011	=	\$41,000
f.	Actual AW Ceiling (\$79,333 - \$41,000)	=	\$38,333
g.	AW subject to CPF in September 2011 (\$38,333 - \$22,500)	=	\$15,833

As Employee E's last day of employment is in September 2011, the AW Ceiling applicable to him is \$38,333. The employer has contributed CPF on AW of \$22,500 in February 2011 using an estimated AW Ceiling of \$22,500. The employer needs to recalculate the AW subject to CPF in September 2011 using the revised AW Ceiling formula. Hence, the AW subject to CPF in September 2011 is \$15,833 (i.e. \$38,333 - \$22,500).

The employer needs to make a further CPF contribution of \$5,325 (i.e. \$2,246 + \$3,079) in respect of the AW subject to CPF of \$15,833 using February 2011's contribution rate of 35% on AW of \$11,500 (i.e. \$34,000 - \$22,500) and September 2011's contribution rate of 30% on the remaining AW of \$4,333.

Scenario 2a – Employee whose Last Day of Employment falls within the Period 1 September to 31 December 2011

Example 6 (New employee joins in Jan 2011 and his last day of employment is in Nov 2011):

Employee F below age of 50 joined the company in January 2011. He received Additional Wages of \$8,000, \$6,000 and \$20,000 in February, September and November 2011 respectively. He resigned in November 2011 and his last day of employment was also in November 2011.

For new employees who join in 2011, employers may take into consideration the employees' monthly Ordinary Wages (OW) that have already been paid when making CPF contribution on their first Additional Wages (AW) payout.

Month	Ordinary Wages (OW) paid in 2011	Ordinary Wages subject to CPF using OW Ceiling in 2011	Contribution Payable on Ordinary Wages for 2011		Additional Wages paid in 2011	Additional Wages subject to CPF	Contribution Payable on Additional Wages for 2011	
			Employer	Employee			Employer	Employee
Jan	\$20,000	\$4,500	\$675	\$900				
Feb	\$20,000	\$4,500	\$675	\$900	\$8,000	\$8,000 ¹	\$1,200	\$1,600
Mar	\$20,000	\$4,500	\$698	\$900				
Apr	\$20,000	\$4,500	\$698	\$900				
May	\$20,000	\$4,500	\$698	\$900				
Jun	\$20,000	\$4,500	\$698	\$900				
Jul	\$20,000	\$4,500	\$698	\$900				
Aug	\$20,000	\$4,500	\$698	\$900				
Sep	\$20,000	\$5,000	\$800	\$1,000	\$6,000	\$6,000 ²	\$960	\$1,200
Oct	\$20,000	\$5,000	\$800	\$1,000				
Nov	\$20,000	\$5,000	\$800	\$1,000	\$20,000	\$14,333 ³	\$2,294	\$2,866
Dec								
Total	\$220,000	\$51,000	\$7,938	\$10,200	\$34,000	\$28,333	\$4,454	\$5,666

1. See (1) below for the computation

2. See (2) below for the computation

3. See (3) below for the computation

(1) In February 2011, the estimated AW Ceiling for Employee F is calculated as follows:

a.	TOW subject to CPF (as at February 2011)	=	\$9,000
b.	Estimated AW Ceiling (\$76,500 - \$9,000)	=	\$67,500
c.	Total AW paid	=	\$8,000
d.	AW subject to CPF in February 2011	=	\$8,000

(2) In September 2011, the estimated AW Ceiling for Employee F is calculated as follows:

e.	Total OW subject to CPF [(8 months x \$4,500) + (1 month x \$5,000)]	=	\$41,000
f.	Estimated AW Ceiling (\$79,333 - \$41,000)	=	\$38,333
g.	Total AW paid (\$8,000 + \$6,000)	=	\$14,000
h.	AW subject to CPF in September 2011	=	\$6,000

In November 2011, Employee F resigned and received AW of \$20,000.

(3) The actual AW Ceiling for Employee F is recalculated in his last month of employment (i.e. November 2011):

i.	Actual TOW subject to CPF for 2011	=	\$51,000
j.	Actual AW Ceiling (\$79,333 - \$51,000)	=	\$28,333
k.	Total AW paid (\$8,000 + \$6,000 + \$20,000)	=	\$34,000
l.	AW subject to CPF in November 2011 (\$28,333 - \$8,000 - \$6,000)	=	\$14,333

As Employee F's last day of employment is in November 2011, the AW Ceiling applicable to him is \$28,333. The employer has contributed CPF on AW of \$8,000 and \$6,000 in February and September 2011 respectively. The employer is required to recalculate the AW subject to CPF in November 2011 using the revised AW Ceiling formula. Hence, the AW subject to CPF in November 2011 is \$14,333 (i.e. \$28,333 - \$8,000 - \$6,000).

The employer needs to make CPF contribution of \$5,160 (i.e. \$2,294 + \$2,866) on the AW subject to CPF of \$14,333 using November 2011's contribution rate of 36%.

Scenario 2b - Employee who is still in Employment on 31 December 2011

Example 7 (Existing employee):

Employee G below age of 50 received Additional Wages of \$23,000, \$30,000 and \$20,000 in February, July and December 2011 respectively:

Month	Ordinary Wages (OW) paid in 2010	Ordinary Wages subject to CPF using 2010's OW Ceiling	Ordinary Wages paid in 2011	Ordinary Wages subject to CPF in 2011	Contribution Payable on Ordinary Wages for 2011		Additional Wages paid in 2011	Additional Wages subject to CPF	Contribution Payable on Additional Wages for 2011	
					Employer	Employee			Employer	Employee
Jan	\$6,000	\$4,500	\$7,000	\$4,500	\$675	\$900				
Feb	\$6,000	\$4,500	\$7,000	\$4,500	\$675	\$900	\$23,000	\$22,500 ¹	\$3,375	\$4,500
Mar	\$6,000	\$4,500	\$7,000	\$4,500	\$698	\$900				
Apr	\$6,000	\$4,500	\$7,000	\$4,500	\$698	\$900				
May	\$6,000	\$4,500	\$7,000	\$4,500	\$698	\$900				
Jun	\$6,000	\$4,500	\$7,000	\$4,500	\$698	\$900				
Jul	\$6,000	\$4,500	\$7,000	\$4,500	\$698	\$900	\$30,000	-	-	-
Aug	\$6,000	\$4,500	\$7,000	\$4,500	\$698	\$900				
Sep	\$6,000	\$4,500	\$7,000	\$5,000	\$800	\$1000				
Oct	\$6,000	\$4,500	\$7,000	\$5,000	\$800	\$1000				
Nov	\$6,000	\$4,500	\$7,000	\$5,000	\$800	\$1000				
Dec	\$6,000	\$4,500	\$7,000	\$5,000	\$800	\$1000	\$20,000	\$833 ²	\$127	\$166
Total	\$72,000	\$54,000	\$84,000	\$56,000	\$8,738	\$11,200	\$73,000	\$23,333	\$3,502	\$4,666

1. See (1) below for the computation

2. See (2) below for the computation

(1) In February 2011, the estimated AW Ceiling for Employee G is calculated as follows:

a.	TOW subject to CPF (using 2010's OW)	=	\$54,000
b.	Estimated AW Ceiling (\$76,500 - \$54,000)	=	\$22,500
c.	Total AW paid	=	\$23,000
d.	AW subject to CPF in February 2011	=	\$22,500

(2) The actual AW Ceiling for Employee G is recalculated at the end of 2011:

e.	Actual TOW subject to CPF for 2011	=	\$56,000
f.	Actual AW Ceiling (\$79,333 - \$56,000)	=	\$23,333
g.	AW subject to CPF in December 2011 (\$23,333 - \$22,500)	=	\$833

The AW Ceiling applicable to Employee G who worked throughout 2011 is \$23,333. The employer has contributed CPF on AW of \$22,500 in February 2011 using an estimated AW Ceiling of \$22,500. Hence, the AW subject to CPF in December 2011 is \$833 (i.e. \$23,333 - \$22,500).

The employer needs to make a further CPF contribution of \$293 (i.e. \$127 + \$166) in respect of the AW subject to CPF of \$833 using February 2011's contribution rate of 35% on AW of \$500 (i.e. \$23,000 - \$22,500) and July 2011's contribution rate of 35.5% on the remaining AW of \$333.

Scenario 2b - Employee who is still in Employment on 31 December 2011

Example 8 (Existing employee with age change):

Employee H turned 50 in April 2011. He received Additional Wages of \$10,000, \$11,000 and \$27,000 in February, May and December 2011 respectively.

Month	Ordinary Wages (OW) paid in 2010	Ordinary Wages subject to CPF using 2010's OW Ceiling	Ordinary Wages paid in 2011	Ordinary Wages subject to CPF in 2011	Contribution Payable on Ordinary Wages for 2011		Additional Wages paid in 2011	Additional Wages subject to CPF	Contribution Payable on Additional Wages for 2011	
					Employer	Employee			Employer	Employee
Jan	\$9,000	\$4,500	\$10,000	\$4,500	\$675	\$900				
Feb	\$9,000	\$4,500	\$10,000	\$4,500	\$675	\$900	\$10,000	\$10,000 ¹	\$1,500	\$2,000
Mar	\$9,000	\$4,500	\$10,000	\$4,500	\$698	\$900				
Apr	\$9,000	\$4,500	\$10,000	\$4,500	\$698	\$900				
May	\$9,000	\$4,500	\$10,000	\$4,500	\$518	\$810	\$11,000	\$11,000 ²	\$1,265	\$1,980
Jun	\$9,000	\$4,500	\$10,000	\$4,500	\$518	\$810				
Jul	\$9,000	\$4,500	\$10,000	\$4,500	\$518	\$810				
Aug	\$9,000	\$4,500	\$10,000	\$4,500	\$518	\$810				
Sep	\$9,000	\$4,500	\$10,000	\$5,000	\$600	\$900				
Oct	\$9,000	\$4,500	\$10,000	\$5,000	\$600	\$900				
Nov	\$9,000	\$4,500	\$10,000	\$5,000	\$600	\$900				
Dec	\$9,000	\$4,500	\$10,000	\$5,000	\$600	\$900	\$27,000	\$2,333 ³	\$281	\$419
Total	\$108,000	\$54,000	\$120,000	\$56,000	\$7,218	\$10,440	\$48,000	\$23,333	\$3,046	\$4,399

1. See (1) below for the computation

2. See (2) below for the computation

3. See (3) below for the computation

(1) In February 2011, the estimated Additional Wage Ceiling for Employee H is calculated as follows:

a.	TOW subject to CPF (using 2010's OW)	=	\$54,000
b.	Estimated AW Ceiling (\$76,500 - \$54,000)	=	\$22,500
c.	Total AW paid	=	\$10,000
d.	AW subject to CPF in February 2011	=	\$10,000

(2) In May 2011, Employee H received an AW of \$11,000:

e.	Total AW (\$10,000 + \$11,000)	=	\$21,000
f.	AW subject to CPF in May 2011	=	\$11,000

(3) The actual Additional Wage Ceiling for Employee H is recalculated at the end of 2011:

g.	Actual TOW subject to CPF for 2011	=	\$56,000
h.	Actual AW Ceiling (\$79,333 - \$56,000)	=	\$23,333
i.	AW subject to CPF in December 2011 (\$23,333 - \$10,000 - \$11,000)	=	\$2,333

The AW Ceiling applicable to Employee H who worked throughout 2011 is \$23,333. The employer has contributed CPF on AW of \$10,000 and \$11,000 in February and May 2011 respectively using an estimated AW Ceiling of \$22,500. The employer is required to recalculate the AW subject to CPF in December 2011 using the revised AW Ceiling formula. Hence, the AW subject to CPF in December 2011 is \$2,333 (i.e. \$23,333 - \$10,000 - \$11,000).

The employer needs to make CPF contribution of \$700 (i.e. \$281 + \$419) on the AW subject to CPF of \$2,333 using December 2011's contribution rate of 30%.

Scenario 2b - Employee who is still in Employment on 31 December 2011

Example 9 (Existing employee's first AW payout is less than his estimated AW Ceiling):

Employee I below age of 50 received AW of \$10,000, \$20,000 and \$20,000 in February, September and December 2011 respectively.

Month	Ordinary Wages (OW) paid in 2010	Ordinary Wages subject to CPF using 2010's OW Ceiling	Ordinary Wages paid in 2011	Ordinary Wages subject to CPF in 2011	Contribution Payable on Ordinary Wages for 2011		Additional Wages paid in 2011	Additional Wages subject to CPF	Contribution Payable on Additional Wages for 2011	
					Employer	Employee			Employer	Employee
Jan	\$6,000	\$4,500	\$7,000	\$4,500	\$675	\$900				
Feb	\$6,000	\$4,500	\$7,000	\$4,500	\$675	\$900	\$10,000	\$10,000 ¹	\$1,500	\$2,000
Mar	\$6,000	\$4,500	\$7,000	\$4,500	\$698	\$900				
Apr	\$6,000	\$4,500	\$7,000	\$4,500	\$698	\$900				
May	\$6,000	\$4,500	\$7,000	\$4,500	\$698	\$900				
Jun	\$6,000	\$4,500	\$7,000	\$4,500	\$698	\$900				
Jul	\$6,000	\$4,500	\$7,000	\$4,500	\$698	\$900				
Aug	\$6,000	\$4,500	\$7,000	\$4,500	\$698	\$900				
Sep	\$6,000	\$4,500	\$7,000	\$5,000	\$800	\$1,000	\$20,000	\$13,333 ²	\$2,134	\$2,666
Oct	\$6,000	\$4,500	\$7,000	\$5,000	\$800	\$1,000				
Nov	\$6,000	\$4,500	\$7,000	\$5,000	\$800	\$1,000				
Dec	\$6,000	\$4,500	\$7,000	\$5,000	\$800	\$1,000	\$20,000	-	-	-
Total	\$72,000	\$54,000	\$84,000	\$56,000	\$8,738	\$11,200	\$50,000	\$23,333	\$3,634	\$4,666

1. See (1) below for the computation

2. See (2) below for the computation

(1) In February 2011, the estimated AW Ceiling for Employee I is calculated as follows:

a.	TOW subject to CPF (using 2010's OW)	=	\$54,000
b.	Estimated AW Ceiling (\$76,500 - \$54,000)	=	\$22,500
c.	Total AW paid	=	\$10,000
d.	AW subject to CPF in February 2011	=	\$10,000

(2) In September 2011, the estimated AW Ceiling for Employee I is calculated as follows:

e.	Total OW subject to CPF (using 2010's OW) [(8 months x \$4,500) + (4 months x \$5,000)]	=	\$56,000
f.	Estimated AW Ceiling (\$79,333 - \$56,000)	=	\$23,333
g.	Total AW paid (\$10,000 + \$20,000)	=	\$30,000
h.	AW subject to CPF in September 2011 (\$23,333 - \$10,000)	=	\$13,333

The AW Ceiling applicable to Employee I who worked throughout 2011 is \$23,333. The employer has contributed CPF on AW of \$10,000 in February 2011. The employer needs to recalculate the AW subject to CPF in September 2011 using the revised AW Ceiling formula. Hence, the AW subject to CPF in September 2011 is \$13,333 (i.e. \$23,333 - \$10,000).

The employer needs to make CPF contribution of \$4,800 (i.e. \$2,134 + \$2,666) on the AW subject to CPF of \$13,333 using September 2011's contribution rate of 36%.

The employer is still required to recalculate the AW Ceiling at the end of the year. Any shortfall in the CPF contributions should be paid together with the employee's contribution for the month of December 2011.

Scenario 2b - Employee who is still in Employment on 31 December 2011

Example 10 (New employee joins in Sep 2011 and stays throughout 2011):

Employee J below age of 50 joined the company in September 2011. He received Additional Wages of \$40,000 and \$30,000 in September and December 2011 respectively.

Month	Ordinary Wages (OW) paid in 2011	Ordinary Wages subject to CPF using OW Ceiling in 2011	Contribution Payable on Ordinary Wages for 2011		Additional Wages paid in 2011	Additional Wages subject to CPF	Contribution Payable on Additional Wages for 2011	
			Employer	Employee			Employer	Employee
Jan								
Feb								
Mar								
Apr								
May								
Jun								
Jul								
Aug								
Sep	\$30,000	\$5,000	\$800	\$1000	\$40,000	\$40,000 ¹	\$6,400	\$8,000
Oct	\$30,000	\$5,000	\$800	\$1000				
Nov	\$30,000	\$5,000	\$800	\$1000				
Dec	\$30,000	\$5,000	\$800	\$1000	\$30,000	\$19,333 ²	\$3,094	\$3,866
Total	\$120,000	\$20,000	\$3,200	\$4,000	\$70,000	\$59,333	\$9,494	\$11,866

1. See (1) below for the computation

2. See (2) below for the computation

(1) In September 2011, the estimated AW Ceiling for Employee J is calculated as follows:

a.	TOW subject to CPF (as at September 2011)	=	\$5,000
b.	Estimated AW Ceiling (\$79,333 - \$5,000)	=	\$74,333
c.	Total AW paid	=	\$40,000
d.	AW subject to CPF in September 2011	=	\$40,000

(2) The actual AW Ceiling for Employee J is recalculated at the end of 2011:

e.	Actual TOW subject to CPF for 2011	=	\$20,000
f.	Actual AW Ceiling (\$79,333 - \$20,000)	=	\$59,333
g.	AW subject to CPF in December 2011 (\$59,333 - \$40,000)	=	\$19,333

The AW Ceiling applicable to Employee J who worked from September to December 2011 is \$59,333. The employer has contributed CPF on AW of \$40,000 in September 2011 using an estimated AW Ceiling of \$74,333. Hence, the AW subject to CPF in December 2011 is \$19,333 (i.e. \$59,333 - \$40,000).

The employer needs to make CPF contribution of \$6,960 (i.e. \$3,094 + \$3,866) on the AW subject to CPF of \$19,333 using December 2011's contribution rate of 36%.

Scenario 2b - Employee who is still in Employment on 31 December 2011

Example 11 (New employee with age change and who is employed throughout 2011):

Employee K joined the company in February 2011 and turned 50 in September 2011. He received Additional Wages of \$10,000, \$12,000 and \$40,000 in February, August and December 2011 respectively:

Month	Ordinary Wages (OW) paid in 2011	Ordinary Wages subject to CPF using OW Ceiling in 2011	Contribution Payable on Ordinary Wages for 2011		Additional Wages paid in 2011	Additional Wages subject to CPF	Contribution Payable on Additional Wages for 2011	
			Employer	Employee			Employer	Employee
Jan								
Feb	\$9,000	\$4,500	\$675	\$900	\$10,000	\$10,000 ¹	\$1,500	\$2,000
Mar	\$9,000	\$4,500	\$698	\$900				
Apr	\$9,000	\$4,500	\$698	\$900				
May	\$9,000	\$4,500	\$698	\$900				
Jun	\$9,000	\$4,500	\$698	\$900				
Jul	\$9,000	\$4,500	\$698	\$900				
Aug	\$9,000	\$4,500	\$698	\$900	\$12,000	\$12,000 ²	\$1,860	\$2,400
Sep	\$9,000	\$5,000	\$800	\$1,000				
Oct	\$9,000	\$5,000	\$600	\$900				
Nov	\$9,000	\$5,000	\$600	\$900				
Dec	\$9,000	\$5,000	\$600	\$900	\$40,000	\$5,833 ³	\$701	\$1,049
Total	\$99,000	\$51,500	\$7,463	\$10,000	\$62,000	\$27,833	\$4,061	\$5,449

1. See (1) below for the computation

2. See (2) below for the computation

3. See (3) below for the computation

(1) In February 2011, the estimated AW Ceiling for Employee K is calculated as follows:

a.	TOW subject to CPF (as at February 2011)	=	\$4,500
b.	Estimated AW Ceiling (\$76,500 - \$4,500)	=	\$72,000
c.	Total AW paid	=	\$10,000
d.	AW subject to CPF in February 2011	=	\$10,000

(2) In August 2011, Employee K received an AW of \$12,000:

e.	Total AW paid (\$10,000 + \$12,000)	=	\$22,000
f.	AW subject to CPF in August 2011	=	\$12,000

(3) The actual AW Ceiling for Employee K is recalculated at the end of 2011:

g.	Actual TOW subject to CPF for 2011	=	\$51,500
h.	Actual AW Ceiling (\$79,333 - \$51,500)	=	\$27,833
i.	AW subject to CPF in December 2011 (\$27,833 - \$10,000 - \$12,000)	=	\$5,833

The AW Ceiling applicable to Employee K who worked from February to December 2011 is \$27,833. The employer has contributed CPF on AW of \$10,000 and \$12,000 respectively in February and August 2011. Hence, the AW subject to CPF in December 2011 is \$5,833 (i.e. \$27,833 - \$10,000 - \$12,000).

The employer needs to make CPF contribution of \$1,750 (i.e. \$701 + \$1,049) on the AW subject to CPF of \$5,833 using December 2011's contribution rate of 30%.

Scenario 3 - Employee who is in Employment from 1 January 2012

Example 12 (Existing employee prior Jan 2012):

Employee L below age of 50 receives Additional Wages of \$10,000 and \$25,000 in February and December 2012 respectively.

For Additional Wages (AW) that are paid before the end of the year and when Total Ordinary Wages (TOW) subject to CPF for the year is not known, employers should estimate the AW Ceiling based on the previous year's wage records. For this scenario, we will apply the salary ceiling of \$5,000 to the OW paid each month in 2011. This is to minimise excess CPF payment on AW in 2012.

Month	Ordinary Wages (OW) paid in 2011	Ordinary Wages subject to CPF using salary ceiling of \$5,000	Ordinary Wages paid in 2012	Ordinary Wages subject to CPF in 2012	Contribution Payable on Ordinary Wages for 2012		Additional Wages paid in 2012	Additional Wages subject to CPF	Contribution Payable on Additional Wages for 2012	
					Employer	Employee			Employer	Employee
Jan	\$9,000	\$5,000	\$10,000	\$5,000	\$800	\$1000				
Feb	\$9,000	\$5,000	\$10,000	\$5,000	\$800	\$1000	\$10,000	\$10,000 ¹	\$1,600	\$2,000
Mar	\$9,000	\$5,000	\$10,000	\$5,000	\$800	\$1000				
Apr	\$9,000	\$5,000	\$10,000	\$5,000	\$800	\$1000				
May	\$9,000	\$5,000	\$10,000	\$5,000	\$800	\$1000				
Jun	\$9,000	\$5,000	\$10,000	\$5,000	\$800	\$1000				
Jul	\$9,000	\$5,000	\$10,000	\$5,000	\$800	\$1000				
Aug	\$9,000	\$5,000	\$10,000	\$5,000	\$800	\$1000				
Sep	\$9,000	\$5,000	\$10,000	\$5,000	\$800	\$1000				
Oct	\$9,000	\$5,000	\$10,000	\$5,000	\$800	\$1000				
Nov	\$9,000	\$5,000	\$10,000	\$5,000	\$800	\$1000				
Dec	\$9,000	\$5,000	\$10,000	\$5,000	\$800	\$1000	\$25,000	\$15,000 ²	\$2,400	\$3,000
Total	\$108,000	\$60,000	\$120,000	\$60,000	\$9,600	\$12,000	\$35,000	\$25,000	\$4,000	\$5,000

1. See (1) below for the computation

2. See (2) below for the computation

(1) In February 2012, the estimated AW Ceiling for Employee L would be calculated as follows:

a.	TOW subject to CPF (using 2011's OW)	=	\$60,000
b.	Estimated AW Ceiling (\$85,000 - \$60,000)	=	\$25,000
c.	Total AW to be paid	=	\$10,000
d.	AW subject to CPF in February 2012	=	\$10,000

(2) The actual AW Ceiling for Employee L needs to be recalculated at the end of 2012:

e.	Actual TOW subject to CPF for 2012	=	\$60,000
f.	Actual AW Ceiling (\$85,000 - \$60,000)	=	\$25,000
g.	AW subject to CPF in December 2012 (\$25,000 - \$10,000)	=	\$15,000

The AW Ceiling applicable to Employee L who worked throughout 2012 is \$25,000. The employer has contributed CPF on AW of \$10,000 in February 2012 using an estimated AW Ceiling of \$25,000. The employer needs to recalculate the AW subject to CPF in December 2012. Hence, the AW subject to CPF in December 2012 is \$15,000 (i.e. \$25,000 - \$10,000).

The employer needs to make CPF contribution of \$5,400 (i.e. \$2,400 + \$3,000) on the AW subject to CPF of \$15,000 using December 2012's contribution rate of 36%.

Scenario 3 - Employee who is in Employment from 1 January 2012

Example 13 (New employee who joins in 2012):

Employee M below age of 50 joins the company in January 2012. He receives Additional Wages of \$40,000 and \$30,000 in January and June 2012 respectively. He resigns in June 2012 and his last day of employment is also in June 2012.

For new employees who join in 2012, employers may take into consideration the employees' monthly Ordinary Wages (OW) that have already been paid when making CPF contribution on their first Additional Wages (AW) payout.

Month	Ordinary Wages (OW) paid in 2012	Ordinary Wages subject to CPF using OW Ceiling in 2012	Contribution Payable on Ordinary Wages for 2012		Additional Wages paid in 2012	Additional Wages subject to CPF	Contribution Payable on Additional Wages for 2012	
			Employer	Employee			Employer	Employee
Jan	\$30,000	\$5,000	\$800	\$1000	\$40,000	\$40,000 ¹	\$6,400	\$8,000
Feb	\$30,000	\$5,000	\$800	\$1000				
Mar	\$30,000	\$5,000	\$800	\$1000				
Apr	\$30,000	\$5,000	\$800	\$1000				
May	\$30,000	\$5,000	\$800	\$1000				
Jun	\$30,000	\$5,000	\$800	\$1000	\$30,000	\$15,000 ²	\$2,400	\$3,000
Jul								
Aug								
Sep								
Oct								
Nov								
Dec								
Total	\$180,000	\$30,000	\$4,800	\$6,000	\$70,000	\$55,000	\$8,800	\$11,000

1. See (1) below for the computation

2. See (2) below for the computation

(1) In January 2012, the estimated AW Ceiling for Employee M would be calculated as follows:

a.	TOW subject to CPF (as at January 2012)	=	\$5,000
b.	Estimated AW Ceiling (\$85,000 - \$5,000)	=	\$80,000
c.	Total AW to be paid	=	\$40,000
d.	AW subject to CPF in January 2012	=	\$40,000

In June 2012, Employee M resigns and receives AW of \$30,000.

(2) The actual AW Ceiling for Employee M needs to be recalculated in his last month of employment (i.e. June 2012):

e.	Actual TOW subject to CPF for 2012	=	\$30,000
f.	Actual AW Ceiling (\$85,000 - \$30,000)	=	\$55,000
g.	AW subject to CPF in June 2012 (\$55,000 - \$40,000)	=	\$15,000

The AW Ceiling applicable to Employee M who worked from January to June 2012 is \$55,000. The employer has contributed CPF on AW of \$40,000 in January 2012 using an estimated AW Ceiling of \$80,000. Hence, the AW subject to CPF in June 2012 is \$15,000 (i.e. \$55,000 - \$40,000).

The employer needs to make CPF contribution of \$5,400 (i.e. \$2,400 + \$3,000) on the AW subject to CPF of \$15,000 using June 2012's contribution rate of 36%.

[END]