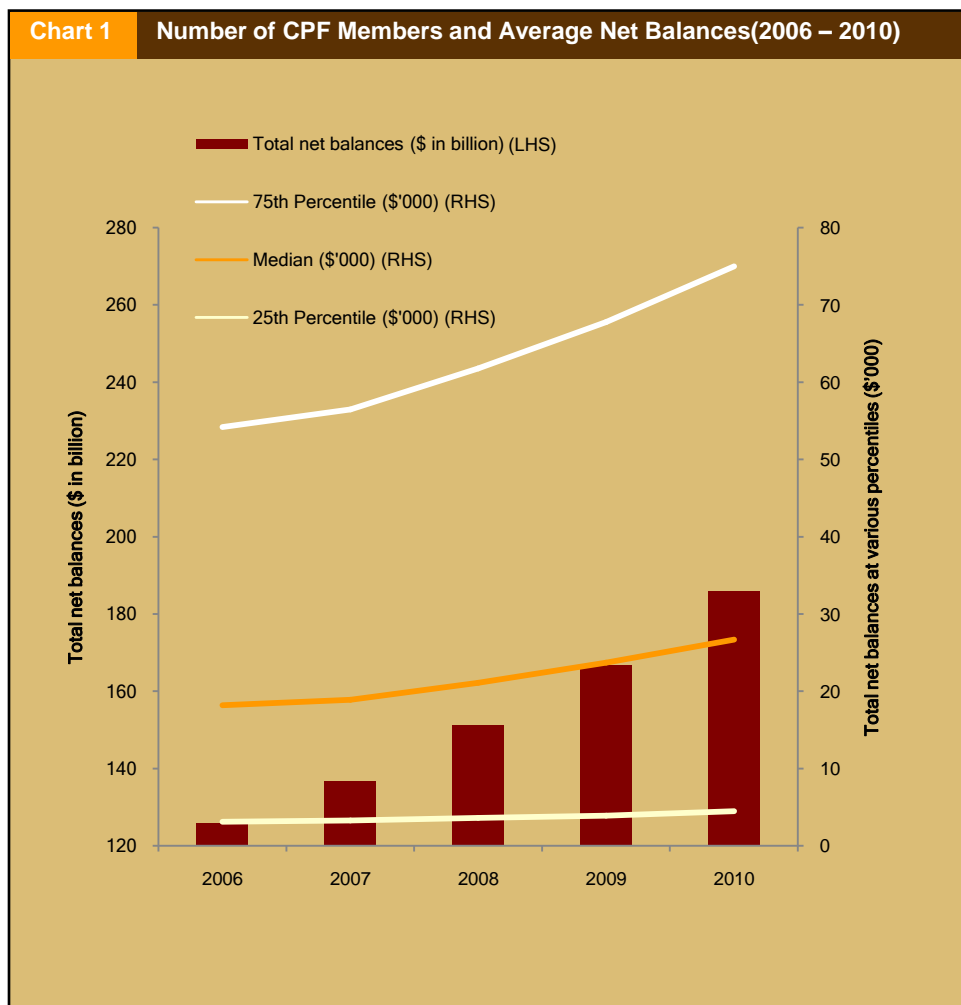


CPF savings are maintained in four accounts, namely the Ordinary Account (OA), Special Account (SA), Medisave Account (MA) and Retirement Account¹ (RA). The sum of the net OA, SA, MA and RA balances make up the total net CPF balances². This article analyses the growth of net CPF balances over a five-year period from 2006 to 2010³.

CPF balances on the rise

Net balances growing steadily

Total net CPF balances have grown steadily from \$125.8 billion in 2006 to \$185.9 billion in 2010 (Chart 1). The median net CPF balance has risen 47% from \$18,200 in 2006 to \$26,700 in 2010. This growth at the aggregate and median level has probably been driven by economic expansion as well as wage increases.



1. RA is created when a member reaches 55 years old.
2. Includes monies in the Living Expense Account.
3. Net balances as at end Dec of each year.

Distribution of CPF members and net balances by age groups

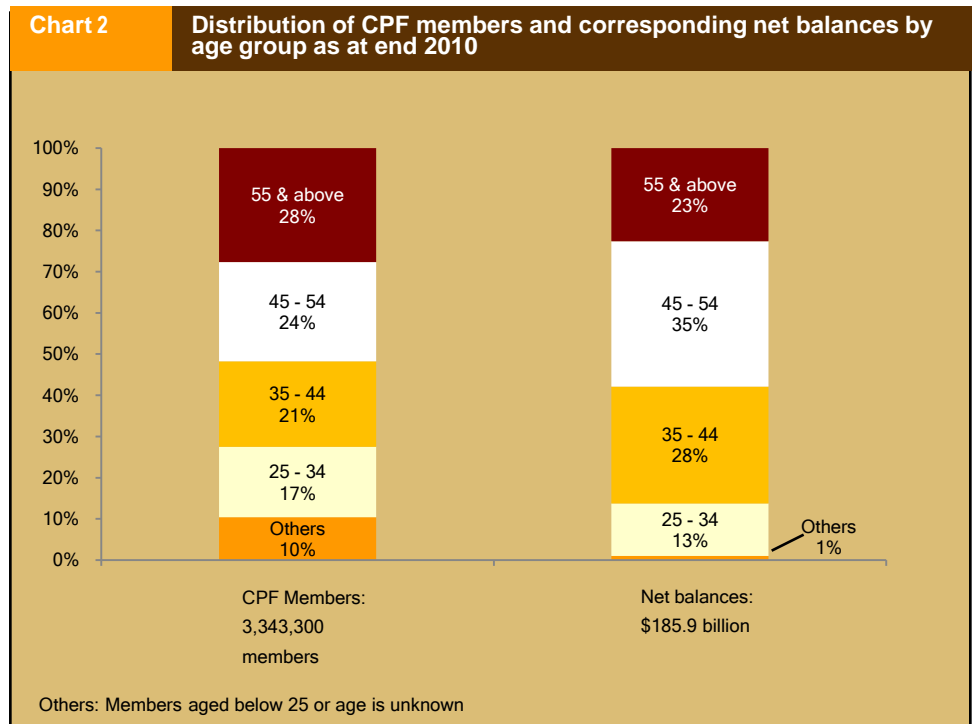
Members aged 35 to 54 accounted for 63% of total net balances

In this section, we examine the distribution of CPF net balances across various age groups⁴.

Members in the 35 to 44 and 45 to 54 age groups made up 45% of the total CPF membership but accounted for 63% of total net balances of \$185.9 billion. Such members are likely to be in the prime of their working life so they are better able to accumulate CPF savings. On the other hand, members aged 55 and above constituted 28% of CPF members but their corresponding net balances accounted for a smaller share of 23%. This may be attributed to the members' ability to withdraw part of their CPF monies when they reached 55 years old⁵.

On the other hand, the 25 to 34 age group comprises younger members who may have just begun contributing to their CPF accounts. Although they constituted 17% of all CPF members, they had a lower corresponding share of CPF net balances at 13%, which is likely to be due to their shorter period to accumulate CPF monies.

To assess the accumulation of CPF balances for retirement purposes, we review in the next section the net balances of members aged 25 to 54 by different balance percentiles. We selected the age range of 25 to 54 as these members are more likely to be in the labour force.



4. Similar distributions of CPF members' net balances were observed for 2006 - 2009.
 5. For more information on withdrawals at age 55, please visit <http://mycpf.cpf.gov.sg/CPF/my-cpf/reach-55/Reach55-1.htm>

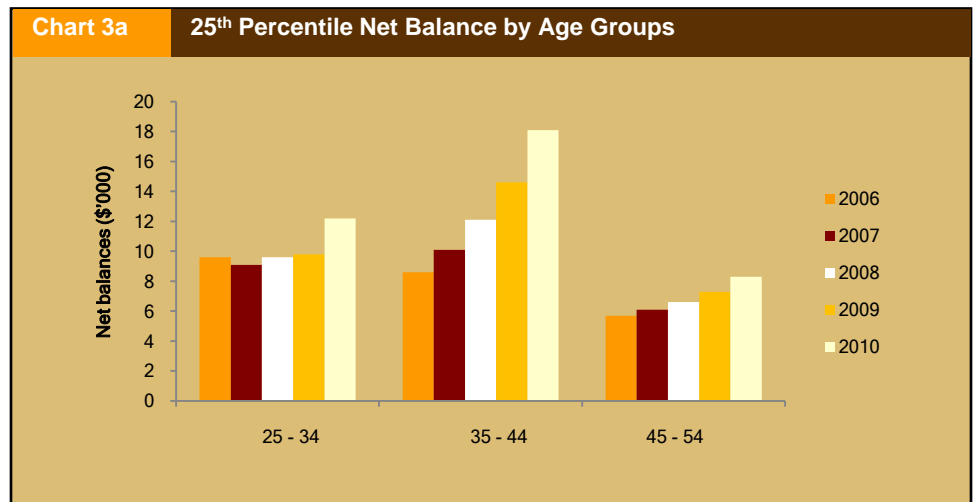
Net balances had generally increased across all age groups

Net balance percentile by age groups

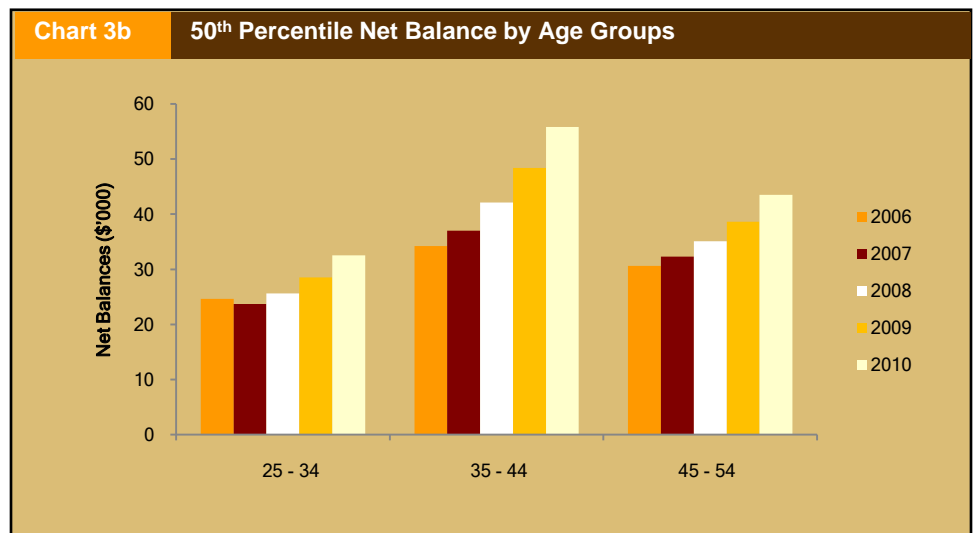
In this section, we will examine the net CPF balances at the 25th, 50th and 75th percentiles for members aged 25 to 54 in three age groups: 25 to 34, 35 to 44 and 45 to 54.

Chart 3 shows that net balances had generally increased at the 25th, 50th and 75th percentiles across all age groups. This suggests that members have more monies in their CPF accounts in 2010 compared to five years ago.

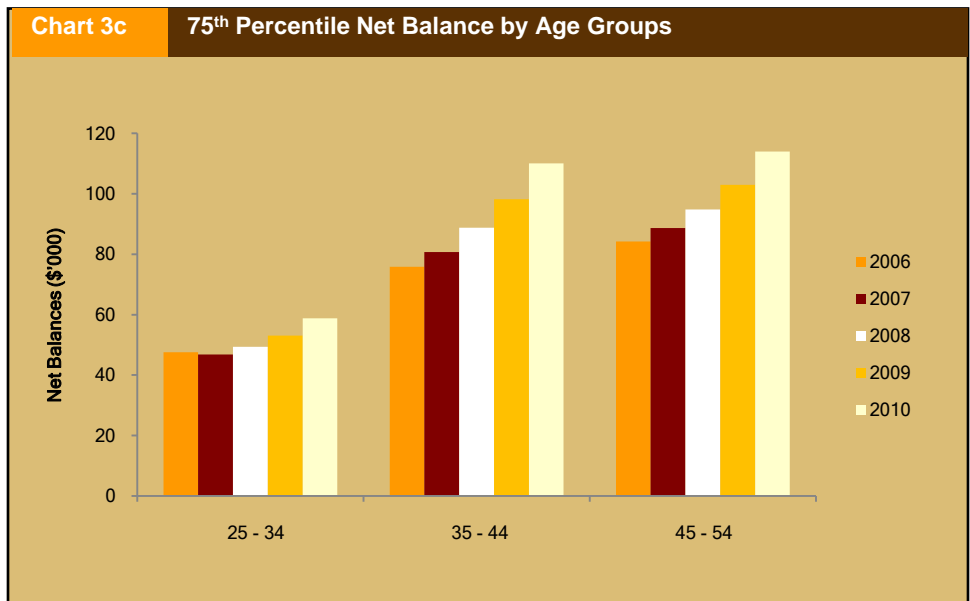
Looking at net balance at the 25th percentile level (**Chart 3a**), we observe that members in the 35 to 44 age group saw the greatest increase, with their net balances more than doubling from \$8,600 to \$18,100 in five years. Conversely, members in the 25 to 34 age group saw the smallest increase of 27%, with balances growing from \$9,600 to \$12,200 over the same period.



A similar trend is observed for the net balance of members at the 50th percentile (**Chart 3b**). As with members at the 25th percentile, the median net balance for members aged 35 to 44 saw the largest increase of 63%, from \$34,200 in 2006 to \$55,800 in 2010. The median net balance for members in other age groups grew at a slower pace - 42% for those aged 45 to 54 and 32% for those aged 25 to 34.



The net balance of members at the 75th percentile showed similar trends to those at the 25th and 50th percentile levels. As with the 25th and 50th percentiles, members in the 25 to 34 age group saw the smallest increase of 24% in their net balance while those aged 35 to 44 saw the largest jump of 45%. We also observe that net balance at the 75th percentile grew at the lowest rate compared to the 25th percentile and the 50th percentile across all age groups. This suggests that net balances increased at a faster rate for those members at the lower net balance percentiles, possibly due to such members benefiting more from Government top-ups.



Summary

The total net CPF balance had been rising steadily since 2006, reaching \$185.9 billion in 2010. Increases in net balances at the 25th, 50th and the 75th percentile levels were observed across all age groups. This indicates that generally members have more monies in their CPF accounts in 2010 compared to five years ago. In addition, members at the lower percentile saw higher growth rates in their net balances compared to those at the higher percentile.

To enhance CPF balances for retirement purposes, members are encouraged to be prudent in their expenditure and to start early in growing their savings for retirement. They are also encouraged to take advantage of CPF voluntary contribution schemes such as the Minimum Sum Topping-Up (MSTU) Scheme to help enhance the savings of their loved ones with lower CPF account balances.

About CPF Trends

CPF Trends is a regular series of papers produced by the Management Information Department to disseminate analyses of statistical data and trends on CPF related issues. These papers are generally brief and aimed at a broad audience interested in CPF related issues.