



P R E S S R E L E A S E

01 MAY 2010

Employer CPF contribution rate to go up by 1% to help workers build up retirement savings

At the May Day Rally this morning, Prime Minister Lee Hsien Loong announced that the Government will raise the employers' CPF contribution rate by 1 percentage point. The increase will be done gradually in two steps to moderate the impact on employers.

2. The first 0.5 percentage point increase will be implemented on 1 September 2010, and be made into the Medisave Account (MA). The remaining 0.5 percentage point increase will be effected 6 months later on 1 March 2011, and will be made to the Special Account (SA). Please refer to **Annex A** for a detailed listing of the new contribution rates.

3. Currently, self-employed persons (SEPs) with annual net trade income exceeding \$6,000 are required to contribute to their MA. With the 0.5% increase in employer CPF contribution to MA, the Medisave contribution rates for SEPs will also be increased by 0.5% with effect from 1 September 2010. Please refer to **Annex B** for details.

4. Minister for Manpower Mr Gan Kim Yong said, "The 1% increase in employer's CPF contribution is timely. The increase, which will go to the Medisave and Special Accounts, will help Singaporeans save more for their medical and retirement needs. The Government's phased approach also takes into account NTUC's call as well as employers' feedback. I am heartened that employers have given their support for the move. Both employers and workers should see the CPF increase as part of the total wage package, while balancing overall competitiveness."

For More Information

5. Further details on the changes to CPF contribution rates are available on CPF Board's website: www.cpf.gov.sg. You can also contact CPF Board through:

Hotline number: 1800-227-1188;
Email: employer-accounts@cpf.gov.sg; or
self-employed@cpf.gov.sg



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CPF Contribution Rates Changes*

Date	Employee Age	Contribution Rate (%)		
		Employer	Employee	Total
Current	35 years or less	14.5	20	34.5
	Above 35 – 45 years			
	Above 45 – 50 years			
	Above 50 – 55 years	10.5	18	28.5
	Above 55 – 60 years	7.5	12.5	20
	Above 60 – 65 years	5	7.5	12.5
	Above 65 years	5	5	10
Phase 1: Increase of 0.5% to MA wef 1 Sep 2010	35 years or less	15	20	35
	Above 35 – 45 years			
	Above 45 – 50 years			
	Above 50 – 55 years	11	18	29
	Above 55 – 60 years	8	12.5	20.5
	Above 60 – 65 years	5.5	7.5	13
	Above 65 years	5.5	5	10.5
Phase 2: Increase of 0.5% to SA wef 1 Mar 2011	35 years or less	15.5	20	35.5
	Above 35 – 45 years			
	Above 45 – 50 years			
	Above 50 – 55 years	11.5	18	29.5
	Above 55 – 60 years	8.5	12.5	21
	Above 60 – 65 years	6	7.5	13.5
	Above 65 years	6	5	11

**As is the current practice, the higher employer CPF contribution will be phased in for older low wage workers above 35 years old and earning between \$50 and \$1,500 to enhance their employability. Further details on contribution rates are available on CPF Board's website: www.cpf.gov.sg.*

Annex B

Medisave Contribution Rates for Self-Employed Persons with Annual Net Trade Income of \$18,000 and above*

Period	Age as at 1 January		
	Below 35 years	35 – below 45 years	45 years or more
Current	6.5%	7.5%	8.5%
Wef 1 Sep 2010	7%	8%	9%

In computing the Medisave contribution for income earned in 2010, a weighted average rate will be applied for the year, viz., 2/3 x current rate + 1/3 x new rate.

Period	Age as at 1 January		
	Below 35 years	35 – below 45 years	45 years or more
Weighted average rate for 2010	6.67%	7.67%	8.67%

**As is the current practice, self-employed persons earning less than \$18,000 contribute at lower rates. Further details on the changes to Medisave contribution rates of Self-Employed Persons are available on CPF Board's website: www.cpf.gov.sg.*

Net Trade Income:

"Net trade income" is your gross trade income minus all allowable business expenses, capital allowances and trade losses as determined by the Inland Revenue Authority of Singapore (IRAS). It excludes income from share dividends, employment and interest from savings.
