



A Guide to CPF in Singapore

In this guide, we have condensed and summarized the most basic and relevant information about the Central Provident Fund (CPF) in Singapore.

Central Provident Fund (CPF)

The Central Provident Fund (CPF) is a compulsory, employment-based savings scheme that requires all Singaporeans to make regular contributions to. This savings scheme is meant to help Singaporeans address their housing, healthcare, and retirement needs, all of which tend to be costly.

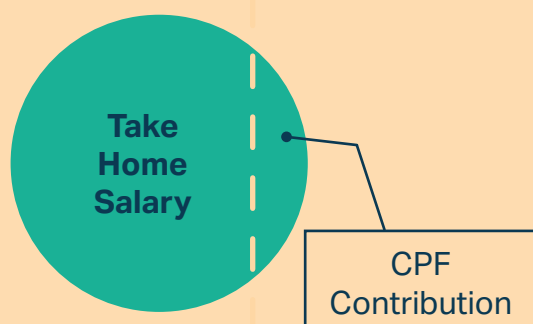
Each eligible Singaporean will have their own individual CPF account which comes with interest rates, allowing the individual to earn while these deposits are in the account and eventually be able to pay off their financial commitments.

Only Singaporean Citizens and Singaporean Permanent Residents are eligible to join CPF. Money in one's CPF account is not allowed to be withdrawn unless under special circumstances.

How It Works

Employees earning over \$500 per month are required to contribute a portion of their income to their CPF account. These contribution rates vary according to age.

Employers must make a separate contribution to their employees' CPF accounts. These contribution rates also vary according to age.



Contribution Rates

Here's a look at the present contribution rates:

Age of Employee	Contribution Rate by Employee (% of Income)	Contribution Rate by Employer (% of Income)	Total Contribution as % of Income
< 55	20	17	37
55 to 60	15	14.5	29.5
60 to 65	9.5	11	20.5
65 to 70	7	8.5	15.5
> 70	5	7.5	12.5

The 3 CPF Accounts

Every individual in Singapore is given three CPF accounts: the Ordinary Account (OA), Special Account (SA), Medisave Account (MA), and Retirement Account (RA) when they reach the retirement age of 55 years old.

Age of Employee	OA Allocation Rate (% of Income)	SA Allocation Rate (% of Income)	MA Allocation Rate (% of Income)
35 and below	23	6	8
Above 35 to 45	21	7	9
Above 45 to 50	19	8	10
Above 50 to 55	15	11.5	10.5
Above 55 to 60	12	3.5	10.5
Above 60 to 65	3.5	2.5	10.5
Above 65	1	1	10.5



Ordinary Account

The funds in the Ordinary Account (OA) can be used for four purposes: housing, insurance, investment and education.



Housing

Most Singaporeans use their Ordinary Account to purchase public housing property (HDB flats) or private housing properties. The amount used from the Ordinary Account to purchase a private property must be paid back once the property is sold. For HDB purchases, this is not necessary.



Insurance

The Ordinary Account is also often used to pay premiums for the Dependents Protection Scheme (DPS), which is an affordable term life insurance plan that gives CPF members some basic life protection.



Education

The Ordinary Account can be used to pay for their own or their family members' subsidised tuition fees for approved courses. The amount used for education must be paid back by the student starting one year from graduation. However, the member may apply to waive the replacement if certain qualifying conditions have been met.



Investment

The Ordinary Account can also be used for investment in various financial products approved by the Central Provident Fund Board. However, returns on these investments are not guaranteed and account holders can potentially make a loss.



Interest Rate

The Ordinary Account earns up to 3.5% per annum but restricted to the first \$20,000 in the account, after which the interest rate will decrease to 2.5% per annum.

Special Account

The Special Account (SA) is used to support individuals in purchasing financial products to meet their retirement needs.

Interest

The Special Account earns up to 5% interest per annum but applies only to the first combined balance of \$60,000 (with \$20,000 from the Ordinary Account). Once the balance goes above \$60,000, the interest rate will decrease to 4% per annum.

Funds in the Special Account are invested into the Special Singapore Government Securities (SSGS) which currently earns either:

- 4% interest per annum
- or the 12-month average yield of 10-year Singapore Government Securities with an additional 1%, whichever is higher.

The Special Account interest rates are evaluated and adjusted quarterly.

First \$60,000

**5% /
annum**

Above \$60,000

**4% /
annum**

Medisave Account

The Medisave Account (MA) is used primarily to cover medical and healthcare needs through Medishield Life, a national health insurance scheme which supports individuals in receiving a range of healthcare services from medical consultations, surgeries, hospitalisation, and outpatient care.

Interest

The Medisave Account earns up to 5% interest per annum but applies only to the first combined balance of \$60,000 (with \$20,000 from the Ordinary Account). Once the balance goes above \$60,000, the interest rate will decrease to 4% per annum.

Funds in the Medisave Account are invested into the Special Singapore Government Securities (SSGS) which currently earns either:

- 4% interest per annum
- or the 12-month average yield of 10-year Singapore Government Securities with an additional 1%, whichever is higher.

The Medisave Account interest rates are evaluated and adjusted quarterly.

First \$60,000

**5% /
annum**

Above \$60,000

**4% /
annum**

Retirement Account

Upon turning 55 years old, individuals will receive a Retirement Account (RA) used to fund CPF Life payouts, a lifelong annuity scheme designed to support individuals in meeting their retirement and old age needs.

When the Retirement Account is created, funds from the Ordinary Account and Special Account are transferred into the Retirement Account. These funds will continue to earn interest in the Retirement Account. When individuals turn 65 years old, they will begin receiving monthly payouts from the account.

The Ordinary Account and Special Account will continue to function while the contribution and allocation rates may be adjusted according to certain criteria.

Interest

The Retirement Account earns up to 6% interest per annum.

Funds in the Retirement Account are invested into the Special Singapore Government Securities (SSGS) which currently earns either:

- 4% interest per annum
- or the 12-month average yield of 10-year Singapore Government Securities with an additional 1%, whichever is higher.

The Retirement Account interest rates are evaluated and adjusted annually.



This is a summary of the interest rates applicable to each CPF account. On the next page, we will take a look at an example case study to see how these interest, allocation and contribution rates apply in a real scenario.

Account	Interest Rate Per Annum
Ordinary Account	Up to 3.5%
Special Account	Up to 5%
Medisave Account	Up to 5%
Retirement Account	Up to 6%

Case Study



John is **58 years old** this year, and makes **\$8,000 a month**.

According to the CPF contribution rates, his CPF contribution will take up 13% of his gross income, while his employer's contribution will take up 13% of his gross income.

John's CPF contribution: $0.13 \times \$8,000 = \$1,040$

His employer's CPF contribution: $0.13 \times \$8,000 = \$1,040$

Total contribution into John's CPF account: $\$1,040 + \$1,040 = \$2,080$

According to allocation rates, this is how the \$2,080 in CPF contributions is distributed among the 3 accounts:

Ordinary Account: $0.12 \times \$8,000 = \960

Special Account: $0.035 \times \$8,000 = \280

Medisave Account: $0.105 \times \$8,000 = \840



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