

A Guide to CPF LIFE



HOW TO USE THIS BOOKLET

This booklet will help you better understand CPF LIFE. The main points are listed under the following headings. More information can be found at www.cpf.gov.sg.

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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.

The current Minimum Sum Scheme (MSS) provides CPF members with a monthly income during retirement. However, it only lasts for about 20 years. With rising life expectancy, we must set aside enough savings to see ourselves through a longer period of retirement.

Q: What is CPF LIFE?

A: 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.

Q: Why should I join CPF LIFE?

A: 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.

JOINING CPF LIFE

2.1 ELIGIBILITY TO JOIN

Q: Can I join?

A: You can join CPF LIFE if you are a Singapore Citizen or Singapore Permanent Resident between the age of 55 and 80 with savings in your Retirement Account (RA).

To allow more members to benefit from this scheme, CPF LIFE is also available between September 2009 and December 2010 for those aged 80 and above.

Q: When can I join?

If you were born in:	When?
1954 or earlier	From September 2009*
1955 to 1957	Upon turning age 55
1958 or later	1) Automatic inclusion upon turning age 55 if you have at least \$40,000 in RA at age 55; OR 2) Choose to join upon turning age 55 if you do not have at least \$40,000 in RA at age 55

* Those who were born before 1930 have up to 31 December 2010 to join.

2.2 CPF SAVINGS USED TO JOIN

Q: How much of my savings will be used?

A: When you join CPF LIFE, all your RA savings will be used to join the scheme.

Q: Can I increase the amount used to get higher payouts?

A: If you wish to have a higher payout in your retirement, you may make cash and/or CPF top-ups into your RA up to the prevailing MS (currently \$117,000).

Please refer to www.cpf.gov.sg for more information on topping up your RA.

Q: Is there a minimum amount needed?

A: No. However, the monthly payout depends on your RA savings. Thus, members with lower RA balances will receive correspondingly lower monthly payouts.

Consider a 55 year old male and his monthly payout from 65 assuming his RA balance is (i) \$20,000 or (ii) \$40,000.

See table below:

Plan Type	LIFE Basic Plan	LIFE Balanced Plan	LIFE Plus Plan	LIFE Income Plan
RA Balance of \$20,000	\$172 - \$188	\$183 - \$200	\$193- \$211	\$206 - \$224
RA Balance of \$40,000	\$339 - \$371	\$362 - \$396	\$382 - \$419	\$408 - \$444

* The payout range is based on CPF interest rates of between 3.75% and 4.25% and does not represent the lower and upper limits of the payout. The monthly payout may be adjusted every year to take into account factors such as CPF interest rate and mortality experience.

You can use the CPF LIFE Payout Estimator at www.cpf.gov.sg to find out how the monthly payout varies with different RA balances.

2.3 INCENTIVE TO JOIN

Q: What is the incentive for me to join?

A: To encourage and help Singapore citizens born before 1963 to join CPF LIFE, the government will provide a bonus of up to \$4,000, called the LIFE Bonus (L-Bonus).

Q: When must I join to benefit from the incentive?

A: To receive the L-Bonus, you will need to join CPF LIFE as shown below:

If you were born in:	When?
1954 or earlier	Before 31 December 2010
1955 to 1962	Within 12 months after turning age 55

Q: How much can I get?

A: 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 based on your annual assessable income (AI) and annual value (AV) of your property.

If you have at least \$20,000 in your RA, the amount you can receive is shown in the table below. If you have less than \$20,000 in your RA, you will receive a pro-rated L-bonus upon joining the scheme.

AI ³	AV of Property ²	
	\$6,000 or less	More than \$6,000 and up to \$11,000
\$24,000 or less	\$4,000	\$3,200
More than \$24,000 and up to \$54,000	\$3,200	\$2,200

*The above AV/AI criteria apply to members who join CPF LIFE on or before 31 December 2010. Please refer to www.cpf.gov.sg for the latest AV/AI criteria.

Example: If you join CPF LIFE with RA balance of \$10,000, AV is \$6,000 or less and AI is \$24,000 or less, your L-Bonus will be \$2,000.

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

² The AV of your home is based on your NRIC address as at 31 December of the preceding year as assessed by IRAS. (Example: If you join in December 2009, the AV of your property on 31 December 2008 will be used.)

³ Your AI is based on the Year of Assessment (YA) of the preceding year. (Example: If you join in December 2009, your AI for YA 2008 will be used, i.e. your income for 2007.)

2.4 THE 4 CPF LIFE PLANS

Q: What are the plans available?

A: There are 4 LIFE plans providing different combinations of trade-off between monthly payout and bequest. They are:

CPF LIFE Plans With Refund	Monthly Payout	Bequest⁴
LIFE Basic Plan	Low	High
LIFE Balanced Plan	Medium	Medium
LIFE Plus Plan	High	Low

CPF LIFE Plan Without Refund	Monthly Payout	Bequest
LIFE Income Plan	Highest	No bequest

The default plan for members who are automatically included under the scheme from 2013, if they do not choose a particular plan, is the LIFE Balanced Plan.

⁴ There may not be a bequest if one passes away after the savings used to join CPF LIFE has been fully paid out in monthly payouts.

BENEFITING FROM CPF LIFE

3.1 THE CPF LIFE PAYOUTS

Q: What happens when I am reaching my DDA⁵?

A: From the time you join CPF LIFE till you reach your DDA, you will receive additional monies credited to your RA from the extra 1% interest⁶. You may also have received top-ups to your RA or made refunds to your RA due to the sale of your property.

About two months before your DDA, these additional monies will again be used to join CPF LIFE (of the same LIFE Plan you chose when you first joined the scheme). This will be done automatically, and you will then be informed of the exact monthly payout that you will receive from your DDA.

Q: When will I start receiving my monthly payouts?

A: If you join before DDA, you will start to receive your monthly payout from your DDA.

If you join after your DDA, you will start to receive the monthly payout from the following month after you are included in the scheme.

⁵ This is only applicable if you join the scheme before your DDA.

⁶ Earned on the first \$60,000 of your combined CPF balances (including the savings used to join CPF LIFE), with up to \$20,000 from your Ordinary Account (OA)

Q: How will I receive the monthly payouts?

A: The monthly payouts would 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, the payouts will be credited to your CPF Ordinary Account which you may withdraw under existing CPF withdrawal rules.

Q: What is the monthly payout that I will receive?

A: Your monthly payout depends on your RA savings used to join CPF LIFE. Other factors that will affect the monthly payout include your gender, the age you join the scheme and the CPF LIFE plan chosen.

You can use the CPF LIFE Payout Estimator at www.cpf.gov.sg to find out how monthly payout varies with RA balance.

Q: Is the monthly payout fixed?

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

You will be informed 2 to 3 months in advance if there is any adjustment.

Q: When will the monthly payout stop?

A: 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.

EXITING CPF LIFE

4.1 **BEQUEST**

Q: What is a bequest?

A: A bequest is the money that you leave to your beneficiaries upon death. It consists of your savings used to join CPF LIFE less monthly payouts already received.

Q: When will a bequest be provided?

A: If you choose a CPF LIFE plan with a refund feature, your beneficiaries may receive a bequest⁷ when you pass away.

If you pass away before any payout is made, the full savings will be refunded. If you pass away after monthly payouts have started, the savings less monthly payouts will be refunded.

Any refund will be made to your CPF account and paid to your beneficiaries together with the rest of your CPF savings.

If you had chosen 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.

⁷ There may not be a bequest if one passes away after the savings used to join CPF LIFE has been fully paid out in monthly payouts

4.2 WITHDRAWAL FROM CPF LIFE

Q: Can I withdraw after I join?

A: 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 refund feature, you will receive a discounted refund⁸ of the savings used to join CPF LIFE less any monthly payouts that you have received prior to your withdrawal.

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.

⁸ There may not be a refund if the savings used to join CPF LIFE has been fully paid out in monthly payouts.

CHOOSING A SUITABLE CPF LIFE PLAN

5.1 YOUR CPF LIFE PLAN

Q: How do I choose the most suitable CPF LIFE plan?

A: Your choice of LIFE plan depends on your own retirement needs. The LIFE plans differ in the level of monthly payout and bequest that may be left to your beneficiaries.

If you wish to strike a balance between your monthly payout and what you leave behind to your beneficiaries (bequest), the LIFE Balanced Plan may be more suitable for you. This is also the default plan for members who are automatically included under the scheme from 2013.

However, if you have specific needs, you may choose from other plans with these features:

The LIFE Plus Plan provides a higher payout than the Balanced Plan, but leaves less for your beneficiaries.

The LIFE Basic Plan gives a lower payout than the Balanced Plan, but leaves more for your beneficiaries

The LIFE Income Plan gives the highest payout, but does not leave anything for your beneficiaries. Thus, this plan may be more suitable for those who do not have beneficiaries.

Q: Can I change my plan after I join?

A: No, you are not allowed to change your plan after you join the scheme. As a CPF LIFE participant, changing your plan will affect other members who are already in the scheme.

APPLYING FOR CPF LIFE

6.1 JOIN CPF LIFE

Q: How can I apply?

A: The Board will send an invitation package to you when you are eligible to apply to join the scheme. You can apply online at www.cpf.gov.sg or submit your completed hardcopy application form.

We advise you to read carefully the CPF LIFE information in this booklet before you choose a LIFE plan. You may wish to also seek financial advice to understand how CPF LIFE can be a part of your overall retirement plan.

If you need further clarification regarding CPF LIFE, please contact the Board via the contact channels listed at the end of this booklet.

6.2 OTHER QUESTIONS YOU MAY HAVE

Q: Can I help my family members to join CPF LIFE?

A: Yes. You can top up the RA of your family members and vice versa. CPF members who top up the RAs of their family 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.

Q: Are the monthly payouts protected from creditors?

A: Yes.

Q: Can I join CPF LIFE if I am exempted from setting aside the MS due to medical conditions or because I have an equivalent pension or annuity?

A: Yes, you can still join CPF LIFE. Please contact us at 1800-LIFE-CPF (1800-5433-273) so that we can advise you based on your individual circumstances.

Q: Can I join CPF LIFE if I am under the Combined Minimum Sum Scheme?

A: Yes, you can join CPF LIFE using the savings in your own RA.

For more details on how CPF LIFE works, please refer to www.cpf.gov.sg.

ANNEX: THE MEANING OF TERMS USED IN CPF LIFE

Bequest	The money that you leave to your beneficiaries upon death. It consists of your savings used to join CPF LIFE less monthly payouts already received.												
Beneficiaries	Persons nominated by you to receive your CPF savings upon your death or your next-of-kin in accordance with the intestacy laws if you did not have a CPF nomination.												
Draw Down Age (DDA)	Age at which you can start to receive your monthly payouts from your Retirement Account. <table><tr><td>If you were born in</td><td>1943 or earlier</td><td>1944 – 1949</td><td>1950 – 1951</td><td>1952 – 1953</td><td>1954 or later</td></tr><tr><td>DDA</td><td>60</td><td>62</td><td>63</td><td>64</td><td>65</td></tr></table>	If you were born in	1943 or earlier	1944 – 1949	1950 – 1951	1952 – 1953	1954 or later	DDA	60	62	63	64	65
If you were 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 your combined CPF balances (including the savings used to join CPF LIFE), with up to \$20,000 from your Ordinary Account (OA), earns an extra interest of 1%. The extra interest earned is credited to your Retirement Account (except for those earned on your Medisave balance which is credited to your Medisave Account).												
Minimum Sum (MS)	The amount that you are required to set aside at age 55 for retirement needs in your Retirement Account (RA). It can be made of cash, or part cash and part property pledge, with property pledge forming up to 50% of the MS.												

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

**For more information, please visit www.cpf.gov.sg
Email: cpf-life@cpf.gov.sg
Call CPF LIFE Hotline: 1800 LIFE CPF (1800-5433-273)**

Note:

This booklet is for your reference and retention and the information is correct as at September 2009. 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.