

THE CPF PLAYBOOK



A Holistic Guide to
Using CPF for Retirement



Pang Zhe Liang

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The CPF Playbook: A Holistic Guide to Using CPF for Retirement is a useful resource that brings to bear the relevance of the CPF system in supporting Singaporeans across different life stages, towards financial security in retirement. Among the many advocates of CPF, Christopher Tan and his team have complemented CPF Board's efforts significantly over the years to help members navigate their CPF decisions.

Melissa Khoo

Chief Executive Officer, Central Provident Fund Board



For my wife, Shi Yun
For my daughter, Zi Yu

The Providend and Havend Family:
My bosses, colleagues, and clients.

For Singapore, happy 60th birthday!

For CPF Board, happy 70th anniversary!

Note to Readers

This book is meant to serve as a reference and financial guide for Singaporeans to utilise CPF for retirement. While writing, making the content comprehensive yet simple to comprehend was a constant challenge. I wish I had the opportunity to explain all the CPF schemes and the rationale behind these policies. However, to do so, I would likely end up replicating the entire CPF website, which is not the intention of this book.

Instead, the goal is to enable you to learn sufficient knowledge on planning for retirement using CPF. In most cases, if you read this book while taking the bus or train to work, you should become a retirement expert in using CPF by the end of the week. I can't wait to see your excitement watching the compounding effect work its magic for your CPF account balance!

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Foreword from the Founder & CEO of Providend



Since the early 2000s, Providend – the firm I founded – and I have been closely involved with Singapore’s Central Provident Fund (CPF) in various capacities. In 2004, we were appointed as external consultant to the CPF Board to help develop the CPF Retirement Planner and Retirement Calculator.

A few years later, around 2007 or 2008 (the exact year escapes me now), I served on an industry panel that contributed to the creation of CPF LIFE – Singapore’s National Annuity Scheme. Back then, public sentiment towards CPF was very different. Many Singaporeans believed CPF was simply a government mechanism to hold on to their money. There was a great deal of misunderstanding, which led to unhappiness and even resentment towards the system.

During those challenging years, I wrote extensively, spoke regularly, and taught widely about CPF. After each session, I would be met with a flood of questions – and occasionally, even hostility. I vividly remember being stopped on the street or while taking public transport by strangers who asked if I worked for the CPF Board. When I replied

“no”, they would ask why I was so supportive of the government. Even a well-meaning relative once advised me not to “speak too much for the government”. But I wasn’t doing that. I was simply educating the public about what I genuinely believed to be a well-designed retirement system.

In May 2014, a public movement led by blogger and activist Roy Ngerng gained national attention. CPF came under intense public scrutiny, especially regarding transparency, accountability, and the age at which savings could be withdrawn. Misinformation was rife, and it was a particularly difficult period – not just for the CPF Board, but also for advocates like me who believed in the integrity of the system.

That same year, I had the honour of being appointed to the CPF Advisory Panel, a group of 13 individuals tasked with reviewing and improving the CPF Retirement Schemes. Over the two years on the panel, I gained deep insight into the policy thinking and long-term vision behind CPF. It was an invaluable experience that deepened my appreciation of the system’s role in safeguarding retirement adequacy.

From 2016 onwards, things began to change. Thanks largely to the CPF Board’s sustained public education efforts, more Singaporeans started to better understand CPF. Today, it’s rare to hear people asking how they can withdraw their CPF money earlier. Instead, many now ask how they can top up their accounts. The mindset has shifted – from one of suspicion to one of belief.

Whenever I speak on CPF today, the number of questions at the end of each session often exceeds what time allows. In response, my colleagues compiled the most frequently asked questions and our answers into a resource on our website¹.

¹ <https://providend.com/frequently-asked-questions-about-cpf/>

But I always felt there was a deeper need: for a comprehensive, practical guide that could walk Singaporeans through CPF and show them how to apply it to their own lives.

I've long dreamed of writing such a guide, but never quite found the time. So when my colleague, Zhe Liang from Havend, our sister firm, offered to undertake this project, I was overjoyed.

Although this guide took over six months to produce, to me, it's been 20 years in the making – and perhaps 20 years overdue. In our profession, there is little financial incentive to advise on CPF. But we've done so from the very beginning because we believe CPF should be the foundation of every Singaporean's retirement plan.

We offer this guide as our small gift to Singapore on her 60th birthday, and to mark the CPF Board's 70th anniversary. I hope you'll find it accessible, empowering, and easy to apply as you chart your own retirement journey.

Happy reading – and Happy Birthday, Singapore.

Christopher Tan

Group CEO, Providend Holding Private Limited
Founder and CEO, Providend Ltd

Foreword from the CEO of Havend



My deep appreciation for CPF began in 2004 when Providend was appointed to develop the Retirement Planning Module for the CPF Board. The objective was to empower the public to go about discovering how financial decisions and CPF savings can impact their retirement adequacy. As part of the project team, a few colleagues and I deep dived into the various CPF schemes, codified the rules and developed a retirement planning framework integrating CPF that was not available at that time, at least to the public.

Fast forward 20 years, today CPF remains as relevant, perhaps even more. Surely there are more financial instruments available now, but none can triumph the risk-free return from CPF accounts, zero distribution cost and the best annuity you can get in Singapore!

As a compulsory scheme, working Singaporeans – through their CPF – are able to build up their retirement savings, purchase homes, enjoying a lifelong retirement income and even afford insurance for their hospitalisation and long-term care needs. However, making sense of CPF and its rules are not an

easy feat for most people, not because it is poorly designed but more as it encompasses a broad range of competing financial needs that one may have to juggle in their financial journey. Today, I take notice that the CPF Board has fostered a stronger public engagement resulting in greater acceptance of its schemes. However, as a practitioner in financial planning, I do see that having a robust framework can also help to provide greater clarity on how to optimise CPF for your retirement planning.

At Havend, we have developed a retirement planning approach that centres around leveraging your CPF, called the CPF-Optimised Retirement Essentials, or CORE. in short. It is based on the 3Cs of Retirement, namely CPF management, Cashflow and Coverage. The underlying premise is if these 3Cs are properly harnessed, Singaporeans can have greater confidence in their retirement plan, with a reliable income stream to meet their essential spending and adequate medical safety net in their retirement.

This book focuses on the various CPF schemes pertaining to retirement. You will learn about the challenges to retirement planning, the keys to understanding CPF and how they are connected to your retirement. I believe there are many gems to be found.

I have known Zhe Liang, the author of this book, to be one that is meticulous in his research work. He is after all my Team Lead of Research & Solutions at Havend. As a mathematician by education, he will leave no stone unturned just to make sure the readers get the most precise truth, even at the expense of his countless late nights of writing. This book is indeed a labour of love.

I also want to thank the team of people who contributed to his book. Christopher Tan (CEO of Providend) was the one

who mooted the idea of this book for Havend. His decades of experience engaging the public on CPF schemes brings richness and practicality to this book. I also want to thank Lena Teng (Learning and Development Specialist at Providend) for her invaluable insights from her past life working at the CPF Board. She is our de facto “CPF Professor” who lives and breathes CPF.

On this special anniversary of Singapore, it is my great pleasure as CEO of Havend to gift this book to Singaporeans, on our nation’s 60th birthday.

Happy reading and secure your retirement!

Eddy Cheong
CEO, Havend Pte Ltd

About Havend

Havend Pte Ltd is a fully owned subsidiary under Providend Holding.

Havend Pte Ltd is a specialised insurance advisory firm, born out of a distinct vision to redefine insurance advisory. We are a safe place for people to seek insurance advice where you *don't have to fear being mis-sold, over-sold or pressure-sold.*

We share our roots with Providend, where we have spent over two decades building trust in wealth management and retirement planning. Having witnessed a growing demand for the same level of independent advice in insurance, Havend was born – operating independently from Providend but grounded in the same values of trust, transparency, and placing clients' needs at the forefront.

Over the past two decades, our philosophy has been simple and remained consistent: **insurance is an expense – get as much coverage as you need while paying as little as you can.** This is so that you have more resources to enjoy your current lifestyle and plan ahead for retirement.

In planning for your retirement, before recommending any product, we always start with what we believe is one of the most powerful yet overlooked financial tools for Singaporeans: your CPF. That's why we created this guide. It's designed to help you make sense of how to use CPF meaningfully and practically, so you can optimise your retirement planning and not spend unnecessarily on insurance.

There has never been a comprehensive CPF guide written from the perspective of real-life planning, one that neatly organises the rich collection of valuable tools and resources from the CPF Board (CPF Board) into something practical, readable, and personal. While the CPF Board website is incredibly informative with well-designed graphics and insightful content, it can be overwhelming to navigate, especially when you're looking for answers tailored to your unique situation.

In this book, we have done the hard work for you. Combing through every nook and cranny of the CPF website, we have distilled its most important features and arranged them into a single, user-friendly guide. Whether you are just starting out in your career, planning for your children's education, or nearing retirement, this book will help you understand and optimise CPF clearly and confidently.

And there is no better time to share this. As Singapore celebrates its 60th birthday, and CPF Board its 70th anniversary, we are proud to offer this book as our contribution – a gift of knowledge, empowerment, and better planning for all Singaporeans.

Enjoy the read, and welcome to a better insurance experience with Havend.

About the Author



Pang Zhe Liang is the Lead of Research & Solutions at Havend Pte Ltd. At Havend, Zhe Liang is instrumental in transforming the delivery of financial planning advice in Singapore. His day-to-day role includes analysing insurance products and developing robust advisory frameworks for Havend's Insurance Specialists to follow. Professionally, he is an Associate Financial Planner, a member of the Financial Planning Association of Singapore, a certified Estate & Succession Practitioner, and also holds the IBF Certification from the Institute of Banking and Finance Singapore.

Zhe Liang started his career as a Financial Planner at HSBC Insurance and subsequently spent nearly a decade with AIA Singapore. In his role, Zhe Liang places a tremendous emphasis on comprehensive financial planning, client education, and delivering a positive client experience. Despite being successful by the industry's standards, Zhe Liang became increasingly disenchanted with the traditional sales-driven insurance model, one in which most remuneration and incentives revolved around commissions, rather than being based on the client's actual needs.

In pursuit of a more ethical approach towards financial planning, Zhe Liang joined Financial Alliance, Singapore's largest Independent Financial Advisory firm. At Financial Alliance, Zhe Liang adopted the principles of insurer and product neutrality, enabling the provision of conflict-free advice without undue pressure from sales-driven objectives. With a heart to improve the broader industry model, Zhe Liang joined Havend, a specialised insurance advisory firm built on transparency and ethical practices. As he continues this journey, Zhe Liang has authored Singapore's first and only holistic guide to using CPF for retirement. Through this book, Zhe Liang aims to empower his readers to make informed financial decisions, beginning with CPF.

Zhe Liang received his Bachelor of Science in Mathematical Sciences (specialising in Statistics) with honours from the Nanyang Technological University (NTU) in Singapore, one of the top universities in Asia and worldwide.

Acknowledgements

I started a personal blog in 2019. Back then, my goal was simple – to share my knowledge and experience on topics that intrigued me. I remembered that the first blog post I wrote was titled “Learning Curve in Life”. In that post, I shared about the pitfalls of staying in my comfort zone and not having personal growth.

Writing content on the Internet made me a better person in many ways. I met new friends, formed new communities, gained fresh insights, and accepted alternative arguments, among other things. Today, I am grateful for the opportunity to write what is possibly Singapore’s first and only holistic guide to using CPF for retirement.

Christopher Tan (Providend Ltd)

I am deeply grateful for Mr Christopher Tan's guidance throughout the years. Despite his busy schedule and numerous responsibilities, Christopher made time to mentor me on multiple occasions. His advice has been invaluable, guiding me towards making the right decisions in both my career and life.

"It is not what you have or do not have, but your values and how you have impacted people that define you. Your identity comes from the people who love you and care for you, not from your possessions." – Christopher Tan

Thank you for being a role model to me!

Eddy Cheong (Havend Pte Ltd)

I would also like to express my heartfelt thanks to Mr Eddy Cheong for the opportunity to write this book. His support and understanding were a constant source of encouragement throughout this journey. Through giving me the time and space to focus, he made it possible for me to see this project through. Thank you for believing in me!

Lena Teng (Providend Ltd)

Ms Lena Teng has been instrumental throughout the entire journey of writing this book. As the former Deputy Director (Communications) in the CPF Board, Lena's knowledge and experience in CPF are remarkable, and she has never hesitated to share her wealth of knowledge with me. I enjoy discussing some of CPF's policies and rationales with her, which makes for more engaging content in this book. Thank you for always pushing me further!

Providend and Havend

Happiness is working with great people. I'm grateful to work alongside a bunch of fantastic colleagues, especially Mr Kyith Ng, Ms Ma Jiamin, and Ms Nataly Ong. They have supported me in writing this book in various ways, providing me with fresh perspectives whenever I needed them.

Kenny Zhang (Winner Consultancy Pte Ltd)

Conversations with Kenny changed my relationship with money, and I thank him for making me wiser. Kenny has always been selfless in sharing his knowledge and experience with managing his finances, especially on the topic of CPF. I remembered bombarding him with elementary questions, and Kenny has always been patient in guiding me through the CPF accumulation journey.

Lee Shi Yun

Regardless of the magnitude of the challenges or the decisions I need to undertake, my wife, Shi Yun, has always been my pillar of support. Thank you for taking good care of the family whenever I needed to work, be it in the office or at home. Your selfless dedication allows me to bring this book to life.

Preface

A famous saying attributed to Benjamin Franklin goes like this: *"In this world, nothing is certain but death and taxes."* I'm not sure about you, but I'm certainly not a fan of both. As a working adult, I feel like I haven't lived my best life yet, unable to explore the world or spend my money in a more carefree fashion. And all these boil down to a single issue arising from the lack of early planning and resources. Yes, I'm referring to financial planning, and I feel this might be a common situation between you and me. What's also common between us is that we will most likely share a common financial goal – retirement.

Retirement may seem like a far-fetched goal, especially if you are in your 20s and have just entered the workforce. Well, back then, when I graduated from university, all I cared about was paying off my student loan and finding the best interest-bearing bank account and the highest-mileage credit card to match my savings and spending. Similarly, retirement may also seem a tall order for those in their 50s who are unsure whether they have sufficient resources to break free from their employer-employee chain. Yes, my mother is still working hard

to save for retirement. Finally, I didn't forget you, those in their 30s and 40s who are probably sandwiched between mortgage payments, family responsibilities, and trying to live a good life.

Admittedly, I'm in a similar position to many of you. I'm currently in my mid-30s and have a mortgage to repay, as well as a young family to raise. With every dollar of my wage stretched to its limit, I wondered if I would ever find an end to this rat race. Meanwhile, I have a friend who lives on autopilot, balancing work and life relatively well. He lives in the present and is never worried about what his future will be like. One fine day, I asked him why and how he does it.

During his early working years, he transferred as much cash surplus as he could into his CPF accounts. By the time he was in his early 30s, he had already reached the prevailing Full Retirement Sum in his Special Account. He told me, "Even if I spend all my savings and stop saving for retirement, CPF LIFE will still take care of my essential expenditure during retirement." His sharing changed my relationship with CPF forever.

Learning about CPF and optimising your savings wasn't always the most straightforward process, well, at least that's the case for me. There is a vast amount of information available online, along with an overwhelming number of comments from the community to read and interpret. I was fortunate to have a friend to accelerate my learning progress. Now I hope to do the same for you in this book.

In this book, we strive to become your companion in your retirement planning by enabling you to:

- Identify the three core needs for a secure retirement;
- Recognise the five potential risks retirees face;

- Use the three Cs to check your financial plan;
- Use CPF as a powerful wealth accumulation tool;
- Use CPF as a withdrawal tool to meet your retirement needs; and
- Plan a fulfilling retirement using suitable financial instruments to supplement CPF LIFE.

This book is also specially written for the following three lovely people (fictional personas that represent common life stages and financial journeys), whom I wish would learn and harness the power of CPF on their journey to financial independence.

Kate – A fair lady who has just graduated from university, Kate is in her early 20s and trying hard to understand the financial world. With limited knowledge and experience, Kate hopes to navigate the minefield of misinformation in financial planning.

Yusof – After working in the corporate environment for the last three decades, Yusof is in his early 50s. Being a busy professional and a family man, Yusof rarely checks his CPF accounts. With a fully paid home, Yusof wants to know how to optimise his savings in his CPF accounts further to enable him to lead a fulfilling and worry-free retirement when he turns 65.

My mother – She is in her early 60s and has spent her entire life working hard to raise her three children. She devoted all her resources to providing us with a home and ensuring we received a good education. But by doing so, she set aside very little for herself. Now that we are all grown up and independent, I hope we can contribute to her CPF account and help her plan a reliable income stream to support her retirement needs in the future.

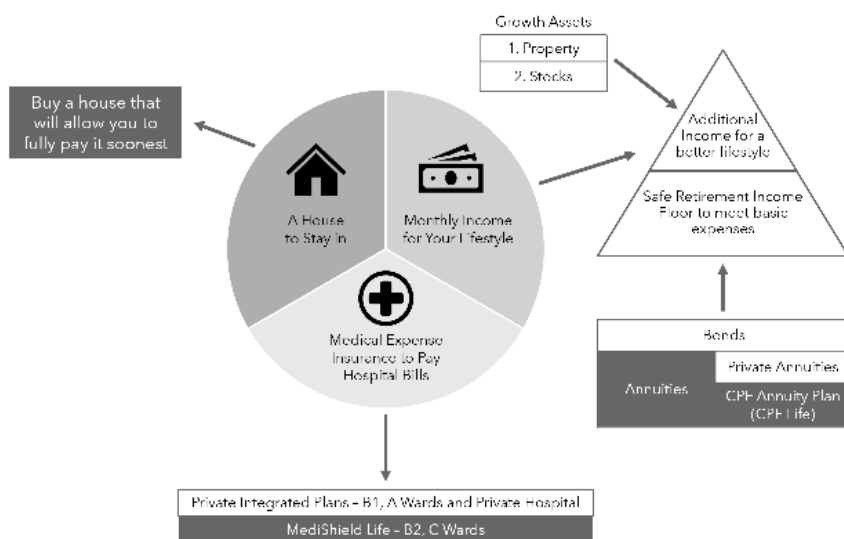
PART I

UNDERSTANDING RETIREMENT NEEDS

CHAPTER 1

The 3 Core Needs for a Secure Retirement

In this chapter, we will learn the three core needs of a retiree for peace of mind.



Picture: The Three Core Needs for a Secure Retirement
Source: Provident Ltd

1. Fully Paid Home

A home is where you feel a sense of belonging, comfort and security. Before you retire, we urge you to complete your mortgage repayment first. Doing so reduces the financial stress as you will have one less expense to take care of during retirement. Moreover, you gain more flexibility in managing your budget. This is opposed to being forced to allocate a portion of your budget towards repaying your mortgage.

A fully paid home also brings you emotional and psychological relief – you do not need to worry about losing the roof over your head if you cannot afford to repay the mortgage. Besides, you can monetise your fully paid home if necessary. For example, you can rent out the spare bedroom for additional rental income or sell part of your flat's lease to the Housing Development Board (HDB) for an extra income stream in your retirement years. All these can be done while you continue to live in your home.

Choosing the right-sized home in the right community is also an essential factor to consider. Living in an appropriately sized home eases the effort and the cost needed to maintain your home. Together with the right community, this fosters a sense of belonging during your retirement.

2. Medical Safety Net

As we age, our health may not be as good as it was in the past, and the likelihood of falling seriously ill increases. A medical safety net enables you to get the proper medical intervention on time.

Instead of relying on your savings alone, we believe there are two types of insurance policies you can also rely on during retirement: a hospital and surgical plan (e.g., MediShield Life,

Integrated Shield Plan) and a long-term care insurance policy (e.g., ElderShield, CareShield Life).

A hospital and surgical plan helps cover the hefty medical bills that arise from medical treatments. On the other hand, a long-term care insurance policy provides financial support if you develop severe disability and need personal and medical care for a prolonged duration.

The reason for using an insurance policy to build a medical safety net is simple – by paying a small amount of money, you can transfer the bigger financial risk over to the insurer. This frees up more of your resources to meet other aspects of your retirement.

Selecting a suitable insurance policy to meet your healthcare and long-term care expectations may not always be straightforward. Rather than relying solely on online information, you may wish to speak to your insurance agent to learn more. Alternatively, you may seek advice from one of the salaried insurance specialists at Havend. We pride ourselves on offering unbiased advice, and the company relentlessly mitigates conflicts of interest that may arise from selling insurance products.

3. Reliable Income Stream

Singaporeans are living longer. In 1965, the average life expectancy at birth was 64.5 years¹. In 2024, the average age was 83.5 years¹, marking an increase of over 29%. As we live longer, outliving our retirement savings has become an impending concern. To mitigate longevity risk, having a reliable income stream is crucial, and we ought to take reliability very seriously.

¹ <https://tablebuilder.singstat.gov.sg/table/TS/M810501>

Retirees do not have employment income to create a regular financial buffer. During retirement, retirees also have less time to recover from poor financial decisions. As a result, many retirees tend to have a reduced risk appetite.

With this in mind, when selecting financial instruments to meet a retiree's spending needs, consider instruments that offer a higher degree of payout certainty. Such selections ensure that retirees get to enjoy peace of mind during retirement. One potential candidate that provides a reliable income stream for life is CPF LIFE.

CHAPTER SUMMARY

There are three core needs in retirement:

1. A fully paid home
2. A medical safety net
3. A reliable income stream

There are two types of insurance policies that you should keep when you retire:

1. A hospital and surgical plan (e.g., MediShield Life, Integrated Shield Plan), and
2. A long-term care insurance policy (e.g., ElderShield, CareShield Life, CareShield Life supplement plan)

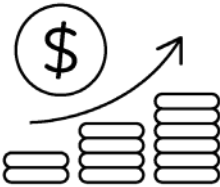
To secure a reliable income stream for retirement, select instruments that offer a degree of payout certainty. One potential candidate is CPF LIFE.

So here we go; it's as easy as 1-2-3, or rather, 3-2-1!

CHAPTER 2

The 5 Potential Risks Retirees Face During Retirement

In this chapter, we will uncover the five key risks that may jeopardise your retirement.



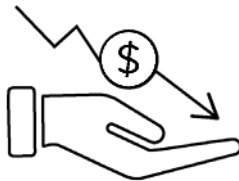
Inflation Risk



Longevity Risk



Healthcare Risk



Investment Risk



Overspending Risk

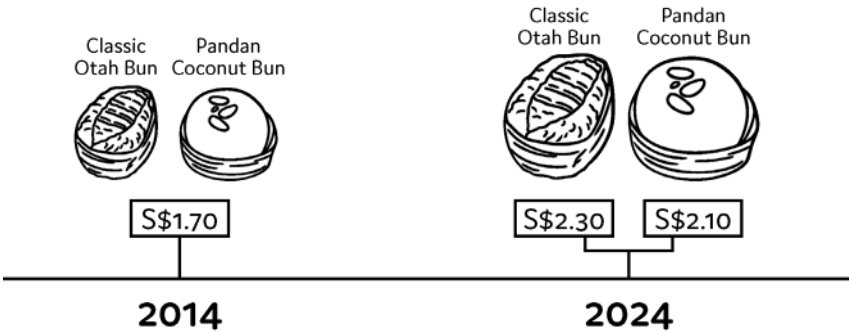
Picture: The Five Potential Risks a Retiree Faces
Source: Havend Pte Ltd

1. Inflation Risk

Inflation is the decline in purchasing power over time. Inflation risk refers to the risk that inflation will undermine the value of your asset, the performance of your investment, or the purchasing power of your income stream.

For example, let’s take Swee Heng Bakery’s bestseller, the classic pandan coconut bun. In 2014, the price of this bun was \$1.70. In 2024, the same bun costs \$2.10, marking a price increase of over 23% (an annualised increase of 2.14%).

As a result, if your income stream remains stagnant over the decade, you may not be able to purchase as many of the same pandan coconut buns today.



Source: Re-illustrated based on the screengrab from The Business Times YouTube: <https://www.youtube.com/watch?v=BDy6oLKA-BQ&t=61s>

In another example, let's look at the impact of inflation on your savings and spending.

	Today	10 years later	20 years later	30 years later	40 years later	50 years later
Savings of \$100,000	\$100,000	\$85,000	\$73,000	\$62,000	\$53,000	\$46,000
Spending of \$30,000 annually (or \$2,500 monthly)	\$30,000	\$37,000	\$45,000	\$54,000	\$66,000	\$81,000

The figures in the above table have been rounded to the nearest thousand.

Table: Effect of inflation at 2% annually on Savings and Spending

Source: Havend Pte Ltd

Let's assume you have \$100,000 in the bank and the savings earn an interest rate of 0.45%¹ annually. Forty years later, the value of your savings is worth about \$53,000 – you lost almost half the value of your initial savings.

Next, assume you spend \$2,500 a month, or \$30,000 a year. Forty years later, you will need to pay about \$66,000 to purchase the same goods and services – more than double the amount you spend today!

Now, if you are 30 years old this year, you will be 70 years old in 40 years. Imagine that the value of your savings is halved, or the cost of living is doubled. Ouch!

As a result, inflation teaches us two important concepts:

1. As a saver, if your savings are not working hard enough, then the value of your savings will be eroded by inflation.
2. As a spender, inflation erodes the value of your money, gradually reducing your purchasing power over time.

¹ Based on the average banks' interest rate from February 2025 to April 2025
(Source: CPF Board)

2. Longevity Risk

Singaporeans are living longer. According to data from the Singapore Department of Statistics², life expectancy at age 65 improved from 18.0 years in 2003 to 21.2 years in 2024 – a 17% increase over the past two decades. With advancements in medical care, we can expect this figure to continue rising in the next decade.

As you live longer, you will need to cater for a larger pool of retirement savings to spend over a longer period. This increases the risk that you may outlive your retirement savings.

Here are some considerations to help mitigate longevity risk.

Firstly, you may consider extending your working career. By doing so, you get to amass more resources for retirement. This also delays the use of your existing retirement resources. As a result, your retirement resources will last longer. In general, for each year of deferment, your retirement savings can last an additional two years or more. For example, let's take the case where you intend to retire at 65 years old and your retirement savings can last till you are 85 years old. By deferring your retirement to 66 years old, your retirement savings may last you till you are 87 years old!

Besides, there are also intangible benefits to extending your working career. For instance, staying active and engaged has a positive impact on your overall health. Furthermore, the social interactions at the workplace

² <https://tablebuilder.singstat.gov.sg/table/TS/M810501>

combat feelings of isolation that some retirees face during retirement. Working also gives you a sense of purpose, which many find fulfilling after retirement.

To make your pre-retirement job more enjoyable, consider a phased retirement. For example, negotiate for flexibility, such as a hybrid work environment, shorter working hours, or even a four-day workweek.

3. Healthcare Risk

Healthcare risk primarily refers to one's ability to afford healthcare treatments. This has been especially prevalent in recent years, as medical inflation continues to grow at astonishing rates, projected to be 12% in 2025³, matching the rate seen in 2024.

As a Singaporean, you are covered by the national health insurance scheme, MediShield Life. Many of us purchase a private Integrated Shield Plan to match the plan's coverage with our healthcare expectations. However, the rising insurance premium rate raises concerns about whether we can afford the premiums in old age.

Another aspect of healthcare risk is long-term care. According to the Ministry of Health in 2018⁴, 1 in 2 Singaporeans who are healthy at age 65 could become severely disabled at some point in their lifetime and require long-term care support.

³ <https://www.businesstimes.com.sg/companies-markets/consumer-healthcare/singapore-medical-insurance-costs-projected-rise-12-next-year-survey>

⁴ <https://www.moh.gov.sg/newsroom/opening-speech-by-mr-gan-kim-yong-minister-for-health-for-the-parliamentary-debate-on-eldershield-review-committee-report-10-july-2018>

Moreover, there is also an uncertainty about the duration a person remains severely disabled. Although the median duration of disability is four years, 30% of the people could remain severely disabled for 10 years or more.

Let's consider the case of an Integrated Shield Plan that covers private hospitals, accompanied by a rider that provides the highest scope of coverage. Across the seven Integrated Shield Plan providers, the average total premium from age 65 to 100 is \$581,906⁵. By comparison, the average total premium from age 0 to age 64 is \$141,601⁵ – about one-quarter of what you would pay in old age. This reiterates the concern of affording your hospital and surgical plan in old age.

To make informed decisions about your hospital and surgical plan coverage, you can use the CPF Board's Health Insurance Planner tool. Through personalised calculations and future projections, it empowers you to understand your coverage and explore options to ensure its sustainability.

Health Insurance Planner: <https://www.cpf.gov.sg/member/healthcare-financing/about-health-insurance-planner>

⁵ Havend Pte Ltd

4. Investment Risk

Earlier, we learnt that healthcare costs have been increasing over the years. Inflation compounds these costs further. As we live longer, we need a way to stretch our retirement savings further. Investing is one of them.

However, when you retire, you no longer have employment income to continually build a financial buffer. During this period, you will also have less time to recover from poor financial decisions. As a result, it is very common for your risk appetite to reduce during retirement.

Meanwhile, various types of investment risks are associated with every financial instrument. For example, a bond may face interest rate risk while an equity may be exposed to volatility risk. During retirement, one of the key investment risks often overlooked is the sequence of returns risk. To illustrate this point, let's look at the following case study together.

THE CPF PLAYBOOK: A HOLISTIC GUIDE TO USING CPF FOR RETIREMENT

Accumulator				
No Withdrawals/Additions Starting Values: \$100,000				
Age	Portfolio A		Portfolio B	
	Annual Return	Year-End Values	Annual Return	Year-End Values
41	-12%	\$ 88,000	29%	\$ 129,000
42	-21%	\$ 69,520	18%	\$ 152,220
43	-14%	\$ 59,787	25%	\$ 190,275
44	22%	\$ 72,940	-6%	\$ 178,859
45	10%	\$ 80,234	15%	\$ 205,687
46	4%	\$ 83,444	8%	\$ 222,142
47	11%	\$ 92,623	27%	\$ 282,121
48	3%	\$ 95,401	-2%	\$ 276,478
49	-3%	\$ 92,539	15%	\$ 317,950
50	21%	\$ 111,973	19%	\$ 378,360
51	17%	\$ 131,008	33%	\$ 503,219
52	5%	\$ 137,558	11%	\$ 558,574
53	-10%	\$ 123,802	-10%	\$ 502,716
54	11%	\$ 137,421	5%	\$ 527,852
55	33%	\$ 182,769	17%	\$ 617,587
56	19%	\$ 217,496	21%	\$ 747,280
57	15%	\$ 250,120	-3%	\$ 724,862
58	-2%	\$ 245,118	3%	\$ 746,608
59	27%	\$ 311,299	11%	\$ 828,734
60	8%	\$ 336,203	4%	\$ 861,884
61	15%	\$ 386,634	10%	\$ 948,072
62	-6%	\$ 363,436	22%	\$ 1,156,648
63	25%	\$ 454,295	-14%	\$ 994,717
64	18%	\$ 536,068	-21%	\$ 785,827
65	29%	\$ 691,527	-12%	\$ 691,527
	8%	\$ 691,527	8%	\$ 691,527

Same

Table: Portfolio A and Portfolio B for an Accumulator with a starting value of \$100,000
Source: Provident Ltd, compiled by Havend Pte Ltd

THE 5 POTENTIAL RISKS RETIREES FACE DURING RETIREMENT

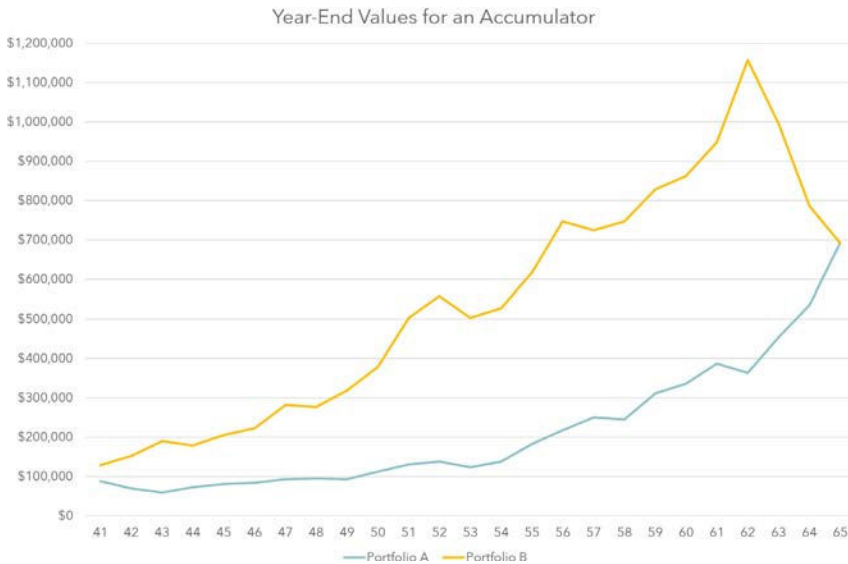


Chart: Portfolio A and Portfolio B for an accumulator, the graphs converge at 65 years old
Source: Provident Ltd, compiled by Havend Pte Ltd

Firstly, let's examine the two investment portfolios (Portfolio A and Portfolio B) for an accumulator, each with an initial balance of \$100,000. Over a 25-year time horizon, both portfolios have an effective return of 8% annually. One distinct difference between the two portfolios is that Portfolio A experiences a series of losses in the first three years, while Portfolio B records a series of gains in the same period.

Twenty-five years later, both portfolios share the same ending balance of \$691,527, regardless of the sequence of returns and losses. This observation is also evident in the chart, where both portfolios converge at 65 years old.

Next, look at the same set of investment portfolios (Portfolio A and Portfolio B) for a retiree. Both retirees make an annual withdrawal of \$34,576.35, calculated by multiplying \$691,527 by 5% for retirement spending. In this case, the retiree with Portfolio A would be out of money by the time he reaches 81 years old. On the contrary, at the end of the 25 years, the retiree with Portfolio B has a balance of over \$2 million! This observation is also evident in the chart for Portfolio A, where the value decreases to zero at the age of 81.

THE 5 POTENTIAL RISKS RETIREES FACE DURING RETIREMENT

Retiree				
5% Annual Withdrawal of Starting Value (\$691,527) Inflation-Adjusted at 3% p.a.				
	Portfolio A		Portfolio B	
Age	Annual Return	Year-End Values	Annual Return	Year-End Values
66	-12%	\$ 578,117	29%	\$ 847,467
67	-21%	\$ 428,578	18%	\$ 957,987
68	-14%	\$ 337,030	25%	\$ 1,151,631
69	22%	\$ 365,082	-6%	\$ 1,047,018
70	10%	\$ 358,783	15%	\$ 1,159,317
71	4%	\$ 331,447	8%	\$ 1,208,772
72	11%	\$ 322,079	27%	\$ 1,482,707
73	3%	\$ 287,941	-2%	\$ 1,411,379
74	-3%	\$ 236,816	15%	\$ 1,572,715
75	21%	\$ 231,960	19%	\$ 1,817,845
76	17%	\$ 217,025	33%	\$ 2,355,932
77	5%	\$ 177,622	11%	\$ 2,561,958
78	-10%	\$ 115,492	-10%	\$ 2,261,394
79	11%	\$ 71,834	5%	\$ 2,321,149
80	33%	\$ 25,980	17%	\$ 2,654,553
81	19%	\$ -	21%	\$ 3,146,828
82	15%	\$ -	-3%	\$ 2,998,603
83	-2%	\$ -	3%	\$ 3,029,697
84	27%	\$ -	11%	\$ 3,297,624
85	8%	\$ -	4%	\$ 3,366,474
86	15%	\$ -	10%	\$ 3,634,428
87	-6%	\$ -	22%	\$ 4,355,529
88	25%	\$ -	-14%	\$ 3,688,778
89	18%	\$ -	-21%	\$ 2,860,226
90	29%	\$ -	-12%	\$ 2,455,146
	8%	\$ -	8%	\$ 2,455,146
Out of Money			Abundance	

Table: Portfolio A and Portfolio B for a Retiree, with a starting value of \$691,527, and an annual withdrawal of \$34,576.35 (5% of \$691,527)

Source: Provident Ltd, compiled by Havend Pte Ltd

THE CPF PLAYBOOK: A HOLISTIC GUIDE TO USING CPF FOR RETIREMENT



Chart: Portfolio A and Portfolio B for a retiree, the retiree with Portfolio A goes to zero in value at 81 years old

Source: Provident Ltd, compiled by Havend Pte Ltd

Based on the results, here are two observations:

1. The sequence of returns has little impact on the accumulators. The main reason is that the accumulators are not withdrawing from their investment portfolios.
2. The sequence of returns may impact investors who regularly withdraw from their portfolios.

From this latter observation, investors who regularly withdraw from their portfolios must be mindful of the risk of overspending. This may cause their portfolios to be depleted earlier than expected. This phenomenon could also be magnified by reasons such as:

- Poor returns during the initial years of the period, relative to their spending (e.g., Portfolio A suffered from losses in the initial three years); and

- Persistently higher spending relative to their portfolio value during the initial years. This can occur when the investor needs to allocate more funds due to a prolonged period of high inflation.

Generally, investors tend to believe that if they can achieve a particular long-term annualised return (e.g., 8% annually), they can meet their income needs. However, this case study suggests that the long-term annualised return does not tell the whole story (although Portfolio A has an annualised return of 8%, the retiree with that portfolio was out of money by age 81).

5. Overspending Risk

Overspending risk occurs when you spend your retirement savings in an unsustainable manner. This could happen when you are unsure of what your future spending would look like. As a result, it becomes challenging to craft a proper retirement spending plan. It could also happen when you spend too much of your retirement savings in the early years of your retirement. For instance, you may purchase one or more unexpected big-ticket items using your retirement savings, or additional day-to-day spending that wasn't accounted for in your retirement income plan. In either case, overspending poses a risk that you may not have sufficient retirement savings to rely on in the latter years of your retirement.

In the early retirement years, you may be tempted to travel more, indulge in more gifts and gifting, and even pursue your passion. Well, after all, this is your well-deserved and long-awaited retirement! It is okay to splurge if these expenses are factored into your retirement plan.

To reduce the risk of overspending, review your financial habits regularly. This process enables you to gain a deeper understanding of your spending habits. Thereafter, you can set aside an amount closer to what you will spend, neither too much nor too little. Moreover, having a structured spending plan instils discipline so you won't be tempted to spend more than you can afford.

Underspending, or being overly thrifty, is not desirable either. This may suggest that you unnecessarily restrict your lifestyle, even though you can afford to do otherwise. After working hard for most of your adult life, you deserve to enjoy the fruits of your labour. And this enjoyment should come without the constant stress over your expenditure. Even if we argue that staying prudent or leaving a bequest is essential, it is equally important to strike a balance. This ensures that you live meaningfully and comfortably in the present.

In summary, I believe that there are certain expenses that we cannot compromise on, such as the following:

- Food
- Transportation
- Home maintenance
- Bills (e.g., utility, mobile service)
- Insurance premiums (hospital and surgical, long-term care)
- Medical care

CHAPTER SUMMARY

There are five key risks that retirees face:

1. Inflation Risk
2. Longevity Risk
3. Healthcare Risk
4. Investment Risk
5. Overspending Risk

These risks are a common dilemma among retirees. You are living longer. With rising healthcare costs, it is essential to plan for additional financial resources during retirement. However, inflation further compounds the cost of living.

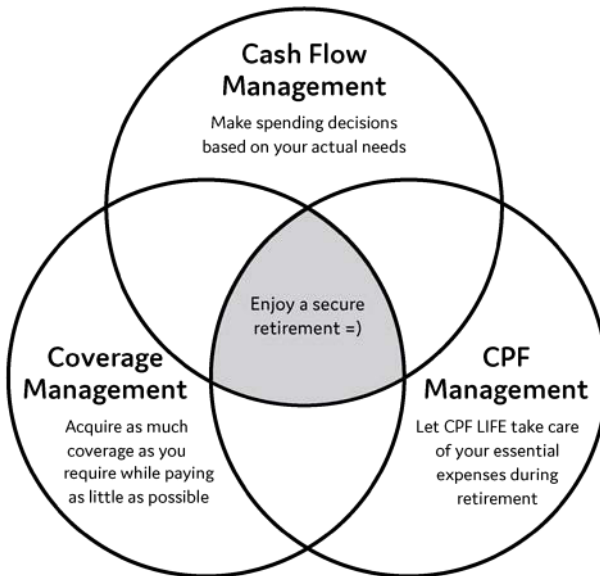
To counter inflation, you need to invest your money. However, every investment vehicle has risks. While managing risk and return during retirement, you must also manage your spending – undisciplined or compulsive spending depletes your resources faster than expected.

How do we manage these five risks, then?

CHAPTER 3

The 3Cs you Need to Take Good Care of in Financial Planning

*We believe that, for most Singaporeans, taking good care of the 3Cs during their working years should provide sufficient funds to cover **essential expenses in retirement**.*



Retirement is a significant life milestone, as you have probably worked hard for half your life or most of your adulthood. As a result, we must plan this right. From our observations, some planning methodologies tend to be too complicated, while others may be fragmented.

A robust retirement framework should address a retiree's three core needs and help them overcome the five potential risks that can arise during retirement. At Havend, we have developed a holistic approach by focusing on the 3Cs for a secure retirement.

1. Cash Flow Management

Firstly, stay prudent by striving to live below your means and not just within them. To do this, make your spending decisions based on your actual needs, rather than your ability to afford the goods or services. Let's consider Apple's iPhone, for instance. Each year, Apple introduces a new iPhone. Often, there are only minor improvements, such as a more efficient processor or slightly better camera features. If your current phone still functions well, I feel there's no need to upgrade – even if your mobile service provider tries to entice you with promotions.

When borrowing, the general rule is not to spend more than 40% of your gross income on all loan repayments, such as mortgages and car loans. You can achieve a healthy cash flow surplus by living below your means and managing your debts well. Now, how much surplus is enough?

We would suggest saving at least 15% of your gross income. If you are younger and have few financial commitments like Kate (who is in her early 20s), we encourage you to save more. Similarly, if you are a pre-retiree, like Yusof or my mother

(in their early 50s and early 60s, respectively), you should also be able to save more. This is because your children should have a job and be financially independent by now.

At this point, you may wonder – how much savings should you hold as your emergency fund? For this purpose, we suggest you start with at least 3 to 6 months of your total monthly expenditure. Despite that, if you work in a highly specialised field where it is difficult to find a similar replacement, you may wish to hold up to 12 months of your total monthly expenditure as your emergency fund.

Summing up all these cash savings, managing them effectively means investing them in liquid financial instruments that generate a decent interest rate. Such candidates include certain high-yield bank accounts, T-bills, and Singapore Savings Bonds.

Besides, consider saving your bonus instead of spending it on annual getaways or gifts. After all, bonuses are the non-guaranteed component in your remuneration. If annual getaways are essential, set a budget for these expenses within your monthly salary. Set up a budgeting system to help you manage your finances effectively, and it will also help keep your cash flow in order.

When you retire, cash flow management revolves around spending below your means. At this time, your budgeting system should categorise your spending into two categories: essential and discretionary.

Essential spending refers to the goods and services you must purchase to maintain a basic retirement lifestyle. To many of us, spending on food, transport and insurance is an example of essential spending. If you love to travel, overseas spending

may also be an essential expense. To fund your essential expenditure, we prefer using safer assets that generate a stable and reliable income stream.

Discretionary spending refers to goods or services that skew towards lifestyle spending, which do not significantly impact your basic quality of life. Its discretionary nature means you can reduce or delay the spending without affecting your basic standard of living. For example, you can take public transport during a market downturn instead of splurging on a private hire.

$$\text{INCOME} - \text{EXPENDITURE} = \text{SURPLUS}$$

BY ACTIVELY TAKING CARE OF THE LEFT SIDE OF THE EQUATION,
THE RIGHT SIDE WILL BE TAKEN CARE OF AUTOMATICALLY.

2. Coverage Management

While working towards your financial goals, coverage management protects you from unexpected events that could dampen your income or savings.

At Havend, our insurance planning philosophy is to acquire as much coverage as you require while paying as little as possible (remember, insurance premiums are an expense!). We adopted this philosophy from our sister company, Providend Ltd. They have been championing this since 2003! The primary purpose of insurance is protection. Therefore, we advise against mixing insurance with savings or investments – this is one of the most crucial rules in coverage management.

In personal insurance planning, there are five key pillars of coverage to consider:

1. Hospital and Surgical
2. Critical Illness
3. Life Insurance
4. Disability Income
5. Long-Term Care

Accordingly, acquire your insurance coverage based on your priority needs. When you are still young and accumulating towards retirement, we suggest starting with a suitable hospital and surgical plan first. Next, if you are an income earner, consider an affordable term insurance policy to cushion against the loss of income because of premature death, disability, or a medical crisis. With an income replacement, you can focus on recovery without worrying about bills or putting food on the table. Similarly, this enables family members to resume their lives without worrying about money.

When you retire, there are two types of insurance policies that you should keep: a hospital and surgical plan and a long-term care insurance policy. These insurance policies will contribute to your medical safety net during retirement.

3. CPF Management

For many of us, CPF feels like an “autopilot” scheme. Through employment, you will contribute savings to your CPF accounts automatically. However, there is much more that you can do with your CPF savings. By optimising your CPF savings during your working years, these savings will take care of you during retirement. Therefore, CPF management can be beneficial if you are worried about investing and prefer not to undertake the market volatility risk.

To do this, you may perform top-ups to your CPF accounts via the Retirement Sum Topping-Up Scheme (RSTU), for instance. This process helps to boost the savings in your CPF accounts. Thereafter, the effect of compound interest will work its magic for you.

Additionally, avoid overstretching your finances to purchase a more expensive home. This way, you won't exhaust the savings in your Ordinary Account too quickly.

All in all, the goal of managing your CPF savings is to reach the Full Retirement Sum as soon as possible. Thereafter, the payouts under CPF LIFE will cover your essential spending during retirement. This is the primary focus of this book, and we will explore CPF in more detail from the next chapter onwards.

CHAPTER SUMMARY

Cash Flow Management

- Live below your means and make spending decisions based on your actual needs and not your ability to afford the goods or services.
- Do not spend more than 40% of your gross income on all the loan repayments.
- Save at least 15% of your gross income and keep three to six months of your total monthly expenditure as your emergency fund.
- Set up a budgeting system to keep your cash flow in order.

Coverage Management

- Our insurance philosophy is to acquire as much coverage as you require while paying as little as possible.
- Hospital and surgical, and long-term care are two types of insurance policies that you should keep during retirement.
- If you are an income earner, get an affordable term insurance policy to cushion against the loss of income because of premature death, disability or a medical crisis.

CPF Management

- By optimising your CPF savings during your working years, these savings will take care of you during your retirement.
- Perform top-ups (e.g., RSTU) to boost the savings in your CPF accounts and let the effect of compound interest work its magic for you.
- Avoid overstretching your finances to purchase a more expensive home so that you won't exhaust the savings in your Ordinary Account too quickly.
- By reaching the Full Retirement Sum as soon as possible, the payouts from CPF LIFE will take care of your essential spending during retirement.

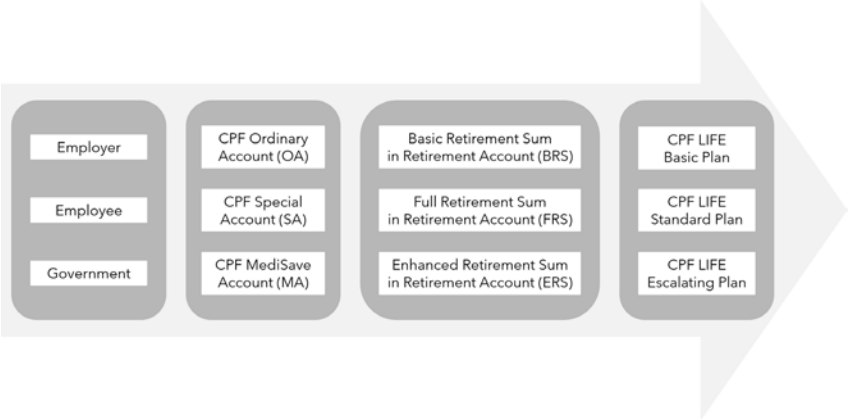
PART II

BASICS OF THE CENTRAL
PROVIDENT FUND (CPF)

CHAPTER 4

Background of the Central Provident Fund (CPF)

In this chapter, we will explore the history of CPF and discover how it has evolved as our social security system over the years.



Picture: An overview of how the CPF system works using four “threes”
Source: Havend Pte Ltd

In 1955¹, the British colonial government introduced CPF as a mandatory savings account for employees. At that time, the objective was to establish a simple savings scheme to ensure employees' financial security after retirement. To cultivate individual responsibility, employees were required to contribute 5% of their wages, while the employer would contribute an additional 5% towards the employees' CPF account. Additionally, the government helps to grow the employee's CPF by providing risk-free interest on the CPF savings. Since its inception, the CPF savings have earned an interest rate of at least 2.5% annually². Finally, employees can only withdraw their savings upon reaching 55 years old, becoming permanently disabled, or permanently departing from Singapore or West Malaysia.

Over the past 70 years (yes, CPF celebrates its 70th birthday in 2025!), CPF has evolved to ensure that it remains relevant for Singaporeans as a social security system. Initially, CPF began with a single account. Today, there are three accounts to help you meet three core needs in retirement. Amongst other uses, the savings in the Ordinary Account can be used to pay for a mortgage, enabling you to own a fully paid home. The savings in the Special Account accumulate towards your retirement savings. The savings in your MediSave Account provide a medical safety net to help meet healthcare costs, including premiums for approved insurance schemes such as MediShield Life, Integrated Shield Plans, ElderShield, and CareShield Life. On your 55th birthday, the Special Account is closed, and the Retirement Account will be opened for you. The savings in the Retirement Account are meant to provide you with payouts in retirement.

¹ https://lkyspp.nus.edu.sg/docs/default-source/case-studies/cpf-case_final_feb2015.pdf

² CPF Act, <https://sso.agc.gov.sg/Act/CPFA1953?ProvlDs=P12->

As life expectancy³ increased from 64.5 years in 1965 to 83.5 years in 2024, outliving one's retirement savings became an increasingly pressing concern. To mitigate longevity risk more effectively, in 2009, a life insurance annuity scheme, CPF Lifelong Income For the Elderly (CPF LIFE), was introduced to provide CPF members with lifelong monthly payouts during retirement.

If you have at least \$60,000 in your Retirement Account, you will be automatically enrolled on CPF LIFE at the age when you choose to start your payouts. Despite that, you can also enrol in CPF LIFE voluntarily even if the savings in your Retirement Account are less than \$60,000. Under CPF LIFE, there are three plans for you to choose from: Basic Plan, Standard Plan, and the Escalating Plan. Each plan has a different starting payout and bequest. Nonetheless, they all provide you with a reliable lifelong income.

CHAPTER SUMMARY

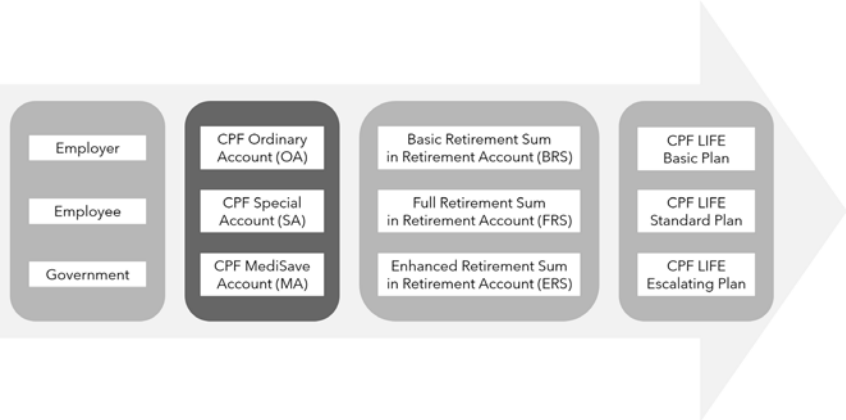
- In 1955, the British colonial government introduced CPF as a mandatory savings account for employees. This simple savings scheme ensures employees' financial security after retirement.
- In 2009, a life insurance annuity scheme, CPF LIFE, was introduced to provide CPF members with lifelong monthly payouts during retirement. This helps mitigate longevity risk more effectively.
- Today, there are three CPF accounts to help you own a home, create a medical safety net, and provide you with payouts in retirement.

³ <https://tablebuilder.singstat.gov.sg/table/TS/M810501>

CHAPTER 5

How the CPF Accounts Work

In this chapter, we will learn more about the various CPF accounts and how they work together to meet the three core needs in retirement.



Picture: An overview of how the CPF system works using four “threes”
Source: Havend Pte Ltd

Let's introduce Kate, a 21-year-old fresh graduate who has just entered the workforce. Recently, Kate received her first pay cheque and CPF contributions from her employer. As an inquisitive individual, Kate became curious about how the various CPF accounts work.



Kate

- 21-year-old
- Fresh graduate
- Received her first pay cheque and CPF contributions

The CPF system comprises four accounts: the Ordinary Account, the Special Account, the MediSave Account and the Retirement Account. The fourth, the Retirement Account, will be opened when Kate turns 55.

CPF Ordinary Account (CPF OA)

The Ordinary Account's primary purpose is to help CPF members like Kate **save towards purchasing a home and retirement**.

In time to come, Kate may use the savings in her Ordinary Account to pay for the downpayment for her home, and the home's monthly mortgage repayments. Moreover, suppose Kate wishes to further her studies with another diploma or degree locally. In that case, she may also use the savings in her Ordinary Account to pay for subsidised tuition fees and education. Similarly, the savings in Kate's Ordinary Account can be used to pay for the premiums of certain government-

endorsed insurance policies. Dependants' Protection Scheme (DPS) and the Home Protection Scheme (HPS) are examples of such insurance policies.

At this time, the savings in the Ordinary Account earn a risk-free interest rate of **at least 2.5% annually**. If Kate prefers, she may invest her Ordinary Account savings under the CPF Investment Scheme (CPFIS) for potentially better returns. In that case, Kate must accept the risks that come with investing.

CPF Special Account (CPF SA)

The Special Account's primary purpose is also to help CPF members, such as Kate, **save for retirement**. In addition, Kate may also use the savings in her Special Account to invest towards her retirement goal.

Currently, the savings in the Special Account earn a risk-free interest rate of **at least 4% annually**. Given the relatively high and risk-free returns, we believe it is more prudent for Kate to keep the savings in her Special Account rather than investing them.

CPF MediSave Account (CPF MA)

MediSave is a national savings scheme that helps CPF members, such as Kate, **save for future medical expenses**, particularly during retirement. Kate may use MediSave for hospitalisation and day surgery expenses or to pay for certain costly outpatient treatments like dialysis, cancer drugs and radiotherapy. Additionally, Kate can also use MediSave to pay the premiums of approved medical and long-term care insurance schemes, such as MediShield Life and CareShield Life. MediShield Life is our basic health insurance scheme, designed to cover hospitalisation and treatment in highly

subsidised wards in government hospitals. Similarly, Kate can also use the savings in her MediSave Account to pay for such costs for her loved ones.

Currently, the savings in the MediSave Account earn a risk-free interest rate of **at least 4% annually**.

DO YOU KNOW?

There may be situations when you wish to enhance your medical coverage for bills incurred at private hospitals, or Class A or B1 ward types at public hospitals. In these cases, you may use your MediSave to help pay for an Integrated Shield Plan offered by an approved private insurer. These plans are integrated with MediShield Life to provide additional medical coverage on top of MediShield Life.

For example, Kate prefers a hospital and surgical plan that covers up to a Class A ward at public hospitals, as it enables her to choose her preferred doctor. In this case, Kate should get a suitable Integrated Shield Plan that provides such a scope of coverage to meet Kate's healthcare expectations. Otherwise, a large portion of her medical bill may not be claimable under MediShield Life.

MediSave can also pay the premiums of approved long-term care insurance schemes, such as CareShield Life and ElderShield. Those under CareShield Life who would like additional coverage may also use your MediSave to help pay for supplements from approved private insurers.

CPF Retirement Account (CPF RA)

Before we learn about the CPF Retirement Account, let's introduce Yusof, a 54-year-old employee who has been working in a multinational corporation for the last three decades. Being a busy professional and a family man, Yusof rarely performs any transactions on his CPF accounts. At this time, he has \$258,000 in his Ordinary Account and \$247,000 in his Special Account. Yusof will turn 55 in 2025.



Yusof

- OA: \$258,000
- SA: \$247,000

When CPF members like Yusof **reach 55 years old**, the CPF Board will create a new Retirement Account for them. Thereafter, savings from the Special Account will be automatically transferred to the newly created Retirement Account. In detail, this automatic transfer will be made up to his cohort's Full Retirement Sum (\$213,000 in 2025).

*When the total balance in the Special Account is **more** than the Full Retirement Sum*

If the total balance in the Special Account is more than the Full Retirement Sum, the CPF Board will transfer the Full Retirement Sum from the Special Account to the Retirement Account. Thereafter, any remaining balance will be transferred from the Special Account to the Ordinary Account. After these

transfers have been completed, the Special Account will be closed. And the savings in the Ordinary Account will become withdrawable.

In Yusof's case, when he reaches 55 years old, \$213,000 will be transferred from his Special Account to his Retirement Account. Thereafter, the remaining balance of \$34,000 (take \$247,000 minus \$213,000) will be transferred to his Ordinary Account. Now, the savings of \$292,000 (i.e., \$258,000 plus \$34,000) in Yusof's Ordinary Account will become withdrawable at any time.

2025 FRS: \$213k

SA Balance = \$247k > FRS

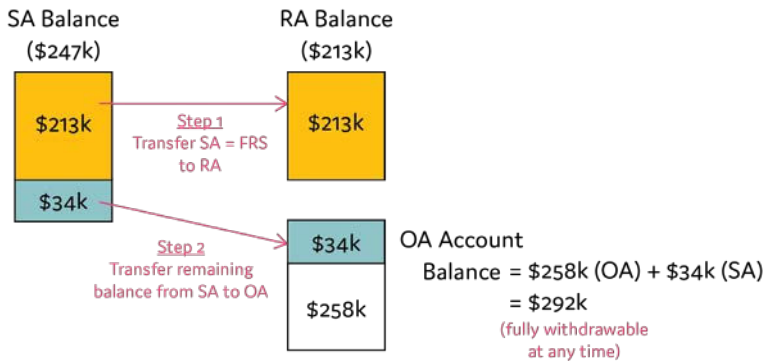


Diagram: Illustration of the CPF transfers that will take place when Yusof reaches 55 years old
Source: Havend Pte Ltd

*When the total balance in the Special Account is **less** than the Full Retirement Sum*

If the total balance in your Special Account is less than the Full Retirement Sum, the CPF Board will transfer the entire balance from the Special Account to the Retirement Account.

Next, the CPF Board will continue to transfer the savings from the Ordinary Account to the Retirement Account, up to the member's cohort Full Retirement Sum. After setting aside the Full Retirement Sum in the Retirement Account, the excess savings in the Ordinary Account will become withdrawable.

Let's take Yusof's cousin, Jamal, for example. At this time, Jamal has \$255,000 in his Ordinary Account and \$152,000 in his Special Account. Jamal will also turn 55 years old in 2025.



Jamal

- OA: \$255,000
- SA: \$152,000

In Jamal's case, when he reaches 55 years old, \$152,000 will be transferred from his Special Account to his Retirement Account. Thereafter, \$61,000 (take \$213,000 minus \$152,000) will be transferred from Jamal's Ordinary Account to his Retirement Account. Now, the savings of \$194,000 (i.e., \$255,000 minus \$61,000) in Jamal's Ordinary Account will become withdrawable at any time.

2025 FRS: \$213k

SA Balance = \$152k < FRS

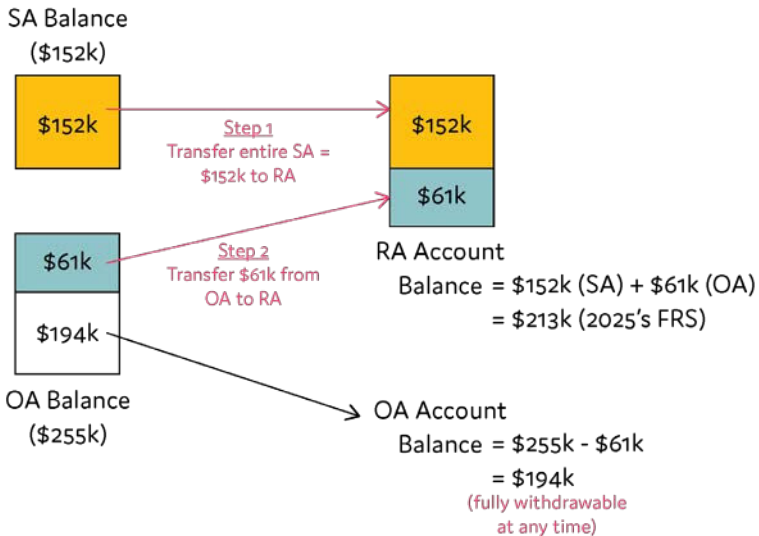


Diagram: The transfer of savings among Jamal's CPF accounts upon reaching age 55
Source: Havend Pte Ltd

*When the total balance in both the Ordinary and Special Accounts is **insufficient** to meet the Full Retirement Sum*

What happens if the savings in both the Special Account and the Ordinary Account are insufficient to meet the member's cohort Full Retirement Sum? In this case, the first \$5,000 in the Ordinary Account will remain in the Ordinary Account and is withdrawable at any time. Next, the remaining savings in both the Special and the Ordinary Account will be transferred to the member's Retirement Account.

Let's take Yusof's colleague, Juanita, for example. At this time, Juanita has \$15,000 in her Ordinary Account and \$32,000 in her Special Account. Juanita also turns 55 in 2025.



Juanita

- OA: \$15,000
- SA: \$32,000

In Juanita’s case, \$5,000 will remain in Juanita’s Ordinary Account and will become withdrawable. Thereafter, \$10,000 (take \$15,000 minus \$5,000) from Juanita’s Ordinary Account, and \$32,000 from Juanita’s Special Account will be transferred to her Retirement Account.

2025 FRS: \$213k

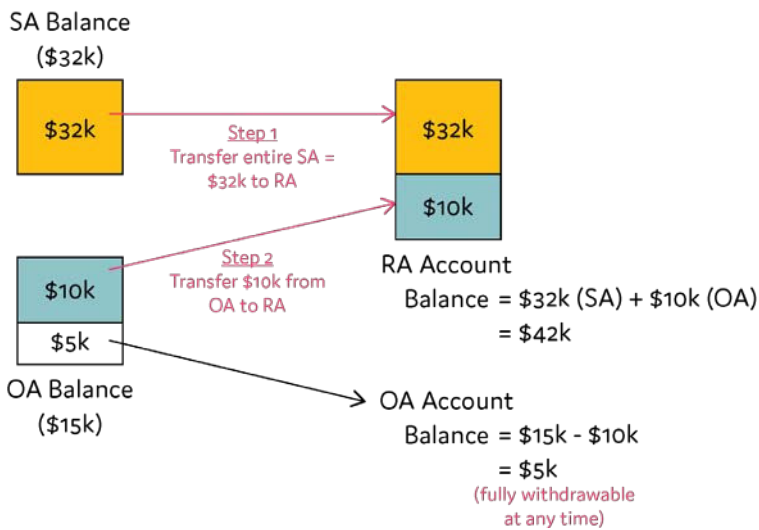


Diagram: The transfer of savings among Juanita’s CPF Accounts upon reaching age 55
Source: Havend Pte Ltd

Regardless of how much savings you have in your Retirement Account, you are not required to top up your Retirement Account to your cohort's Full Retirement Sum. Depending on your retirement savings, you will still receive a monthly payout from age 65.

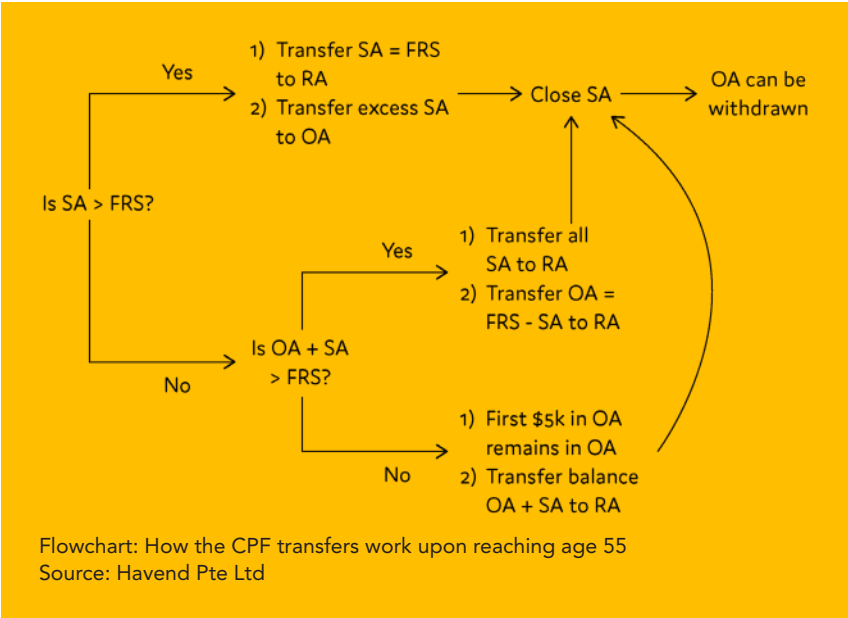
Currently, the savings in the Retirement Account earn a risk-free interest rate of at least 4% annually.

DO YOU KNOW?

The savings in the Retirement Account will be used to join CPF LIFE – our national lifelong annuity plan. We will explore CPF LIFE more in Chapter 10, "Mitigating Longevity Risk with CPF LIFE".

CHAPTER SUMMARY

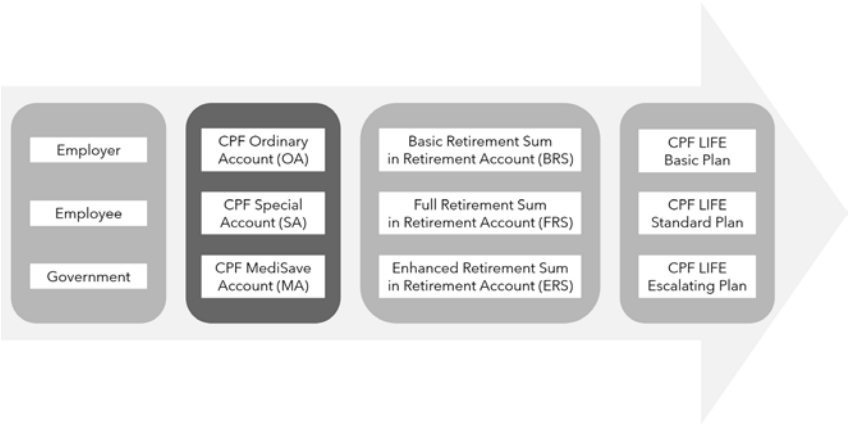
	Ordinary Account	Special Account	MediSave Account	Retirement Account
Primary Purpose	Save for your retirement, but can also be used for short-term needs, e.g., pay for mortgage and fund local tertiary education	Save for your retirement	Save for your medical expenses	Provide a payout for you during retirement
Current Floor Rate	2.5% annually	4% annually		



CHAPTER 6

CPF Account Interest Rates

In this chapter, we will explore the interest rates you can earn from the savings in your CPF accounts.



Picture: An overview of how the CPF system works using four “threes”
Source: Havend Pte Ltd

As mentioned in the previous chapter, these are the current minimum interest rates for the CPF accounts:

- Ordinary Account earns at least 2.5% annually
- Special Account earns at least 4% annually
- MediSave Account earns at least 4% annually
- Retirement Account earns at least 4% annually

However, the calculation for the actual interest rates is based on different formulae, and the computed interest rates for all the CPF accounts are reviewed quarterly.

Determining the Ordinary Account's Interest Rate

The Ordinary Account's interest rate is based on the three-month average of the interest rates of three local banks. As mentioned in the previous chapter, **it is also subject to the legislated minimum interest of 2.5% annually.**

For example, let's consider the case where the average interest rate of the three local banks from February 2025 to April 2025 is 0.45% (see table). However, the legislated minimum interest rate is 2.5% annually. In this case, Kate will earn an interest rate of 2.5% annually on the savings in her Ordinary Account from 1 July 2025, to 30 September 2025 (see table).

As of Date	12-Month Deposit Rate (% annually)			Saving Rate (% annually)			Average (% annually)
	DBS ¹	OCBC ²	UOB ³	DBS ⁴	OCBC ⁵	UOB ⁶	Using the 80FD:20SD formula ⁷
28 Feb 2025	0.05	0.10	1.50	0.05	0.05	0.05	0.45
31 Mar 2025	0.05	0.10	1.50	0.05	0.05	0.05	0.45
30 Apr 2025	0.05	0.10	1.50	0.05	0.05	0.05	0.45

¹ Balances of \$20,000 to < \$50,000

² Balances > \$20,000 to \$50,000

³ Balances < \$50,000

⁴ Balances > \$10,000 to \$100,000 (AUTO-SAVE Account)

⁵ Entire Account Balance (EASI-SAVE Account)

⁶ Balances > \$15,000 to \$100,000 (UNIPLUS Account)

⁷ Refer to the Appendix, The 80FD:20SD Formula to learn its derivation.

Table: Average banks' interest rates from February 2025 to April 2025

Source: CPF Board, compiled by Havend Pte Ltd

Source: <https://www.cpf.gov.sg/service/article/how-are-cpf-interest-rates-determined>

Determining the Special, MediSave and Retirement Account's Interest Rates

The Special, MediSave, and Retirement Account (SMRA)'s interest rate is based on the 12-month average yield of 10-year Singapore Government Securities (10YSGS) plus 1%. Similar to the Ordinary Account's interest rate, SMRA's interest rate is also subject to the legislated minimum interest of 2.5% annually. Currently, the SMRA's floor interest rate is 4% annually and is reviewed regularly. Accordingly, the SMRA's floor rate may be adjusted, and the actual interest rate may become higher or lower than the current 4% annually.

Let’s illustrate this calculation with an example: the 12-month average yield of 10YSGS from May 2024 to April 2025 is 2.88%. After adding 1%, the computed annual CPF SMRA interest rate applicable from July 2025 to September 2025 is 3.88%. As the current floor interest rate is 4% annually, CPF members will earn an interest rate of 4% annually for the savings in their Special, MediSave, and Retirement Accounts for July 2025 to September 2025 (see table).

	CPF OA	CPF SMRA
Formula	3-month	12-month average yield of 10YSGS + 1%
Current Floor Rate (%)	2.5% annually	4% annually
Computed Interest Rate ¹ (%)	0.45% (lower than the current floor rate)	2.88% + 1% = 3.88% (lower than the current floor rate)
Actual Interest Rate (%)	2.5%	4%
How often does the floor rate change?	Reviewed regularly and legislated at 2.5% annually	

Computed Interest Rate is between February 2025 and April 2025 for the CPF OA, and between May 2024 and April 2025 for the CPF SMRA.

Table: Interest Rate Computation for CPF OA, SMRA
Source: Havend Pte Ltd

Additional Interest Rates for CPF Ordinary, Special and MediSave Accounts for CPF Members Below Age 55

If the CPF member is below 55 years old, such as Kate and Yusof, they will earn an additional 1% interest annually on the first \$60,000 combined CPF balance (i.e., OA + SA + MA), but this will be capped at \$20,000 for the balance in the Ordinary Account.

DO YOU KNOW?

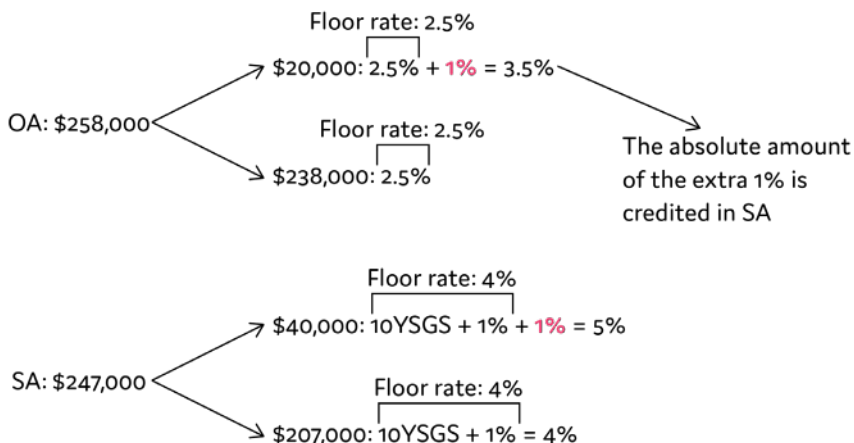
The additional interest was introduced back in 2008 to help CPF members boost their retirement savings.

In other words, both Kate and Yusof can earn an interest rate of at least:

- 3.5% annually (average of the three local banks' interest rates, floor rate of 2.5% currently + 1%) up to the first \$20,000 in the Ordinary Account;
- 5% annually (12-month average yield of the 10YSGS, floor rate of 4% currently + 1%) for the balance in the Special Account, and the MediSave Account for the remaining balance of the \$60,000.

Let's illustrate how the additional interest works with two examples.

In the first example, we examine Yusof, a 54-year-old with over \$20,000 in savings in his Ordinary Account.



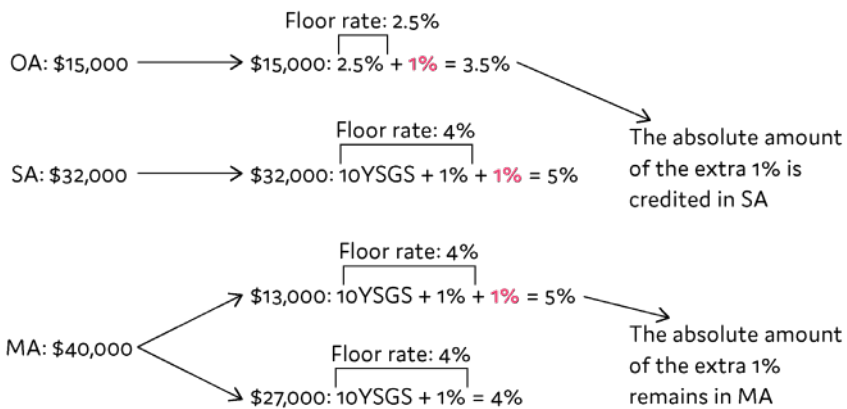
Source: Havend Pte Ltd

In the second example, we examine Juanita, a 54-year-old with less than \$20,000 in savings in her Ordinary Account.



Juanita

- OA: \$15,000
- SA: \$32,000
- MA: \$40,000



Flowchart: Juanita’s breakdown of the CPF OA, SA, and MA for the additional interest (in the case where the CPF member has less than \$20,000 in her CPF OA, and a combined balance of less than \$60,000 in her CPF OA, SA and MA)
Source: Havend Pte Ltd

Additional Interest Rates for CPF Retirement Account for CPF Members Who are 55 Years Old and Above

If the CPF member is 55 years old or above, such as Kate’s mother, Clara, she will earn an additional 2% interest annually on the first \$30,000 combined CPF balances (OA + MA + RA).

For the next \$30,000 of her combined CPF balances, she will earn an additional 1% interest annually. In both cases, the computation of the additional interest is capped at \$20,000 for the balances from the Ordinary Account.

In other words, depending on the actual CPF balances, CPF members like Clara can potentially earn a risk-free interest rate of up to:

- 4.5% annually for the first \$20,000 in the Ordinary Account;
- 6% annually in the Retirement Account, and the MediSave Account for the remaining balance of \$60,000

The additional interest earned on your combined CPF balances is determined in the following order:

1. Retirement Account (RA), including any CPF LIFE premium balance
2. Ordinary Account (OA), with a cap of \$20,000
3. Special Account (SA), for those below 55
4. MediSave Account (MA)

The additional interest earned on the Ordinary Account savings will be credited into the Special or Retirement Account. This is to boost your retirement savings.

The combined CPF balance is capped at \$20,000 for the savings in the Ordinary Account. This is because these savings are relatively short-term and can be withdrawn on demand for housing, insurance and education.

In summary, the CPF Board calculates the interest monthly and compounds it annually. Thereafter, the CPF Board will credit the interest into Kate’s respective CPF account at the beginning of the following year. It is essential to recognise that the transactions in Kate’s account will impact the CPF balances used for interest computation. For example, contributions received in the current month will start earning interest the next month. Meanwhile, withdrawals made in the current month will not earn interest from this month onwards.

CHAPTER SUMMARY

	Ordinary Account	Special Account	MediSave Account	Retirement Account
Primary Purpose	Save for your retirement, but can also be used for short-term needs, e.g., pay for mortgage and fund local tertiary education	Save for your retirement	Save for your medical expenses	Provide a payout for you during retirement
Current Floor Rate	2.5% annually	4% annually		
How is the actual interest computed?	Based on the three-month average of major local banks' interest rates, subject to the legislated minimum of 2.5% annually	Based on the 12-month average yield of 10-year Singapore Government Securities (10YSGS) plus 1%, subject to the current floor interest rate of 4% annually		
How often does the floor rate change?	Reviewed regularly and legislated at 2.5% annually			

END-OF-CHAPTER EXERCISE

Example 1: Kate is 21 years old and has the following CPF balances:

- Ordinary Account: \$11,000
- Special Account: \$3,000
- MediSave Account: \$4,000

Summing up, Kate's combined CPF balance is \$18,000. Since Kate's combined CPF balance is less than \$60,000, she will earn an extra interest of 1% annually across her entire CPF balance. In detail:

1. No Retirement Account Balance
2. \$11,000 from the Ordinary Account will earn the extra interest of 1% annually (credited into the Special Account)
3. \$3,000 from the Special Account will earn the extra interest of 1% annually (credited into the Special Account)
4. \$4,000 from the MediSave Account will earn the extra interest of 1% annually (credited into the MediSave Account)

Example 2: Yusof is 54 years old and has the following CPF balances:

- Ordinary Account: \$258,000
- Special Account: \$247,000
- MediSave Account: \$75,500

Summing up, Yusof's combined CPF balance is \$580,500. Since Yusof's combined CPF balance is more than \$60,000, only the first \$60,000 of his entire CPF balance will earn an extra interest of 1% annually (with a cap of \$20,000 from the Ordinary Account). In detail:

1. No Retirement Account balance
2. \$20,000 of the \$258,000 balance from the Ordinary Account will earn the extra interest of 1% annually (credited into the Special Account)
3. \$40,000 of the \$247,000 balance from the Special Account will earn the extra interest of 1% annually (credited into the Special Account)
4. No additional interest for any of the balance in Yusof's MediSave Account (limited to the first \$60,000 of his entire CPF balance)

Example 3: Kate's mother, Clara, is 61 years old and has the following CPF balances:

- Ordinary Account: \$7,000
- MediSave Account: \$20,000
- Retirement Account: \$45,000 (The Special Account was closed when Clara reached 55 years old)

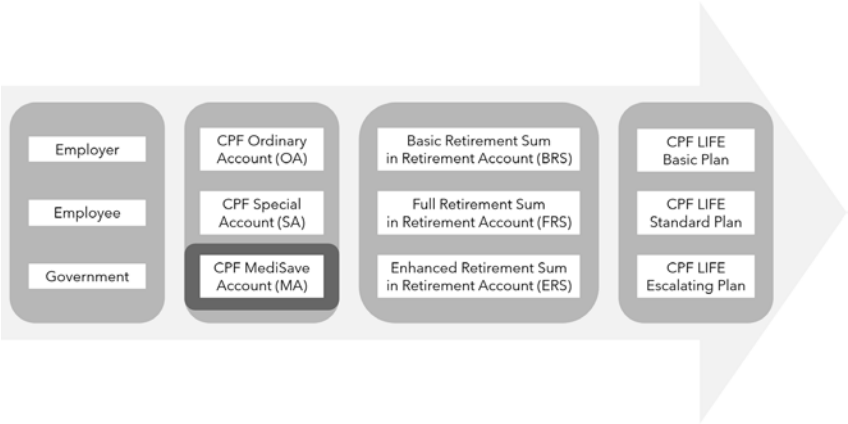
Summing up, Clara's combined CPF balance is \$72,000, and she is over 55 years old. In this case, this is how we will compute the extra interest:

1. \$30,000 of the \$45,000 from the Retirement Account will earn the extra interest of 2% annually (credited into the Retirement Account)
2. \$15,000 of the remaining balance from the Retirement Account will earn the extra interest of 1% annually (credited into the Retirement Account)
3. \$7,000 from the Ordinary Account will earn the extra interest of 1% annually (credited into the Retirement Account)
4. The Special Account was closed when Clara reached 55 years old
5. \$8,000 from the MediSave Account will earn the extra interest of 1% annually (credited into the MediSave Account)

CHAPTER 7

Basic Healthcare Sum (BHS)

In this chapter, we will learn about the Basic Healthcare Sum and its impact on the balance in your MediSave Account.



Picture: An overview of how the CPF system works using four "threes"
Source: Havend Pte Ltd

As Yusof will be turning 55 later this year, he is eager to understand how the savings in his CPF accounts work together to help him meet his three core retirement needs. To do this, Yusof needs to know the four “sums” and how each sum can affect his CPF balances. Let’s start with the Basic Healthcare Sum.

What is the Basic Healthcare Sum?

The Basic Healthcare Sum is the estimated savings Yusof needs in his MediSave Account to cover the basic subsidised healthcare needs in old age. These estimated savings can be used to pay the premiums for certain insurance policies such as MediShield Life and CareShield Life. Overall, the Basic Healthcare Sum is the maximum amount Yusof can have in his MediSave Account.

Basic Healthcare Sum for CPF Members Below 65 Years Old

If you are below 65 years old, like Yusof, the Basic Healthcare Sum will be adjusted annually to keep pace with the expected growth in MediSave use by the elderly. This process ensures that the Basic Healthcare Sum will remain relevant for Yusof’s cohort when he reaches retirement age at 65.

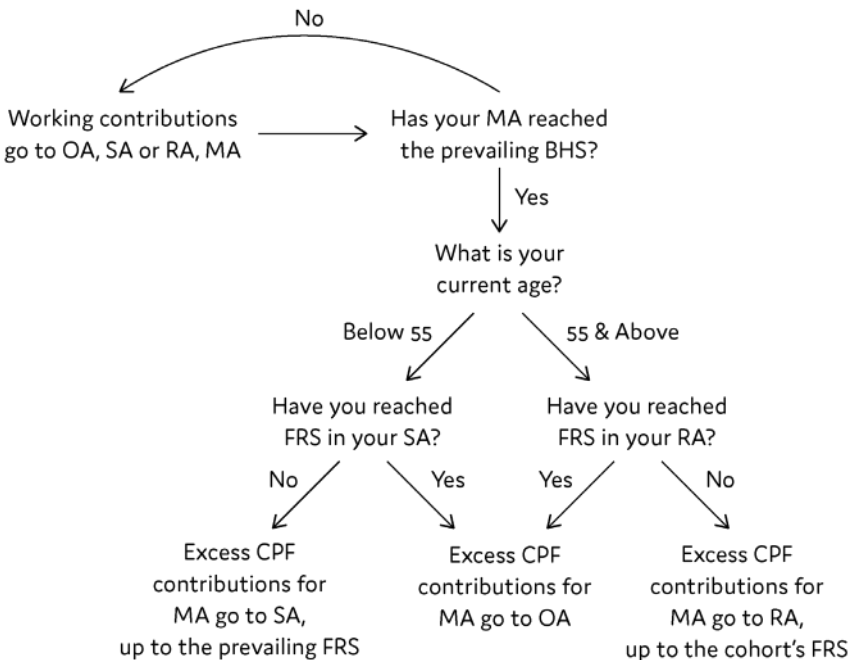
Basic Healthcare Sum for CPF Members 65 Years Old or Above

Once Yusof reaches 65, his Basic Healthcare Sum will remain fixed for the rest of his life. To illustrate, for CPF members who turn 65 in 2025, the cohort’s Basic Healthcare Sum is \$75,500, and this amount will not change thereafter.

What happens after you reach the Basic Healthcare Sum?

After Yusof’s MediSave Account balance reaches the Basic Healthcare Sum, his excess CPF contributions (that were supposed to go into his MediSave Account) will be transferred to his Special Account. Once Yusof’s Special Account has reached the prevailing Full Retirement Sum, his MediSave contribution and interest will be transferred to his Ordinary Account instead.

When Yusof reaches 55 years old (and above), his excess CPF contributions from the MediSave Account will be transferred to his Retirement Account. Similarly, once Yusof’s Retirement Account reaches his cohort’s Full Retirement Sum, his MediSave contribution will be transferred to the Ordinary Account instead.



Flowchart: The transfer of the CPF contribution for the MediSave Account
Source: Havend Pte Ltd

DO YOU KNOW?

When the savings in Yusof's MediSave Account reach the Basic Healthcare Sum, the additional 1% interest earned from his MediSave Account (for the first \$60,000 combined CPF balances) will be transferred to his Special Account or Retirement Account.

If the savings in his Special Account have reached the prevailing Full Retirement Sum, then the additional 1% interest earned from his MediSave Account will be transferred to his Ordinary Account.

This arrangement differs from the additional interest earned from Yusof's Special Account or Retirement Account. In those instances, the additional interest earned will remain in Yusof's Special Account or Retirement Account, even after reaching the prevailing Full Retirement Sum.

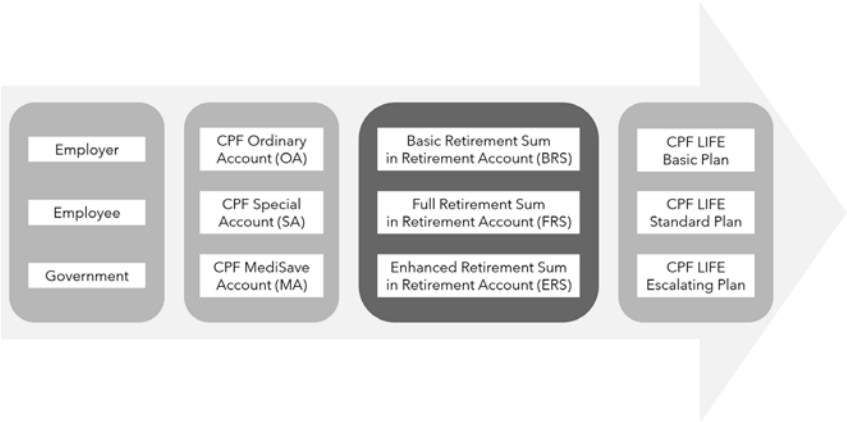
CHAPTER SUMMARY

1. The Basic Healthcare Sum is the maximum amount that you can have in your MediSave Account.
2. If you are below 65 years old, the Basic Healthcare Sum will be adjusted annually.
3. Once you reach 65 years old, the Basic Healthcare Sum will be fixed for the rest of your life.
4. After your MediSave Account reaches the Basic Healthcare Sum, the excess contribution will be transferred to the Special/Retirement Account or the Ordinary Account.

CHAPTER 8

Understanding the Retirement Sums

In this chapter, we will learn about the Basic Retirement Sum, the Full Retirement Sum, and the Enhanced Retirement Sum and how they affect your retirement payout.



Picture: An overview of how the CPF system works using four “threes”
Source: Havend Pte Ltd

After understanding how the Basic Healthcare Sum affects Yusof's MediSave Account balance, Yusof has three other "sums" to consider – the Basic Retirement Sum (BRS), the Full Retirement Sum (FRS), and the Enhanced Retirement Sum (ERS).

According to the CPF Board, these retirement sums refer to the amount you need to maintain your desired standard of living in retirement.

The Basic Retirement Sum (BRS)

The Basic Retirement Sum serves as a reference for CPF members, such as Yusof, **providing monthly payouts in retirement to cover basic living needs, excluding rental expenses**. The CPF Board takes this reference from a person's expenditure in a lower-middle retiree household, based on the latest Household Expenditure Survey¹ (HES). This reference assumes that CPF members, such as Yusof, own a property that will last them up to 95 years and do not need to pay rent in retirement.

DO YOU KNOW?

Derivation of the Basic Retirement Sum:

In 2012/13, it was established that a retiree in the lower-middle range has an average monthly expenditure of \$518. Let's assume that the cost of living increased by 2% annually. In 2016, this monthly spending (of \$518) would have increased to \$540. This was also the year when the CPF Board set the new retirement policies.

¹ <https://www.singstat.gov.sg/publications/households/household-expenditure-survey>

If someone turns 55 in 2016, they will start receiving their CPF LIFE payouts 10 years later, at age 65. Using the same inflation rate of 2% annually to match the purchasing power of \$540 in 2016, this person would need to receive \$660 per month in 2026.

For CPF LIFE to provide a lifelong monthly payout of \$660, this person would need about \$120,000 in his Retirement Account at age 65

Now, let's work backwards and discount this amount (of \$120,000) to what is needed at age 55. Based on CPF's interest rate of 4% annually, this person would need to set aside \$80,500 in 2016. This was how the first Basic Retirement Sum was derived.

Since then, the Basic Retirement Sum has increased by approximately 3% to 3.5% annually to account for inflation and changes in living standards. For example, the Basic Retirement Sum is \$106,500 in 2025.

The Full Retirement Sum (FRS)

The Full Retirement Sum is set at twice the Basic Retirement Sum and will provide CPF members, such as Yusof, with higher monthly payouts that also cover rental expenses. In general, this is an ideal² reference for how much a retiree needs in retirement. This explains why the default option is to set aside the Full Retirement Sum from Yusof's CPF balance in his Retirement Account.

² Refer to the Appendix, "Using the Full Retirement Sum", as the ideal reference for how much a retiree needs in retirement.

Although the “default” retirement savings is to set aside his CPF savings up to your Full Retirement Sum, Yusof can apply to withdraw part of his Retirement Account savings down to his Basic Retirement Sum. To do this, Yusof must own a property in Singapore. Additionally, the property must have a lease that lasts at least until he is 95 years old. Through this initiative, Yusof has the flexibility to meet his Full Retirement Sum with a mixture of his property (up to half of his Full Retirement Sum) and cash. Though by doing so, Yusof’s monthly payouts under CPF LIFE will be reduced as only the cash component of his retirement sum would be used to compute his payout amount.

DO YOU KNOW?

Before Yusof turns 55, the amount he can transfer from his Ordinary Account to his Special Account is capped at the Full Retirement Sum.

The Enhanced Retirement Sum (ERS)

The Enhanced Retirement Sum is sized at four times the Basic Retirement Sum. By setting aside the Enhanced Retirement Sum in his Retirement Account, Yusof will **receive even higher payouts to support his desired retirement lifestyle**. The Enhanced Retirement Sum is the maximum amount Yusof can top up his Retirement Account after reaching the age of 55.

Before 1 January 2025, the Enhanced Retirement Sum was set at three times the Basic Retirement Sum.

On 1 January 2025, the Enhanced Retirement Sum was raised to four times the Basic Retirement Sum. This increase gives CPF members aged 55 and above the option to voluntarily top up their Retirement Account with additional funds. In effect,

these CPF members can receive an even higher monthly payout starting from 65 years old.

To illustrate, the Enhanced Retirement Sum in 2025 is \$426,000. After Yusof reaches 55, he voluntarily tops up his Retirement Account to the Enhanced Retirement Sum (using cash or the savings in his Ordinary Account). In this case, when Yusof reaches 65, he will enjoy a higher CPF LIFE payout of between \$3,100 and \$3,300 for the rest of his life.

Let's compare this result against CPF members who turn 65 in 2025. Let's assume they have set aside their cohort's Enhanced Retirement Sum at 55 years old (based on the ERS before 2025, which is thrice the BRS). In this case, they will receive a CPF LIFE payout of \$2,500 to \$2,700 for life from 65 years old.

DO YOU KNOW?

After turning 55, the amount Yusof can transfer from his Ordinary Account to his Retirement Account is capped at the prevailing Enhanced Retirement Sum.

Why do the Retirement Sums increase annually?

The retirement sums increase annually for three reasons.

Firstly, it accounts for the increase in the cost of living. Singapore's average long-term core inflation rate is approximately 2% annually. As the price of goods and services continues to rise, we need to save more for our retirement. Remember my Pandan coconut bun from Swee Heng Bakery at the beginning of the book? Ten years later, the cost of the same bun increased by over 23%! Therefore, the retirement

sums have to increase to ensure that we have sufficient savings to cover the higher expenses in the future.

Secondly, we are living longer. Life expectancy³ at age 65 improved from 18.0 years in 2003 to 21.2 years in 2024 – a 17% leap over the past two decades. If life expectancy continues to increase, we need more savings to last through retirement.

Thirdly, there is an increase in our living standards. As our income increases over time, our basic retirement expectations and expenses naturally increase as well. Moreover, advancements in technology mean we need better and more expensive gadgets today, such as smartphones, to stay constantly connected, versus brick phones just for making calls. Setting aside more savings allows us to receive higher monthly payouts, which in turn enables us to afford higher retirement expenses in the future.

The Basic Retirement Sum and the Full Retirement Sum depend on when CPF members, such as Kate and Yusof, reach the age of 55. Thereafter, the annual increase in the Basic Retirement Sum and the Full Retirement Sum will not affect how much they can withdraw from their CPF accounts.

Unlike the Basic Retirement Sum or the Full Retirement Sum, the Enhanced Retirement Sum is not fixed according to your year of birth. Instead, the Enhanced Retirement Sum increases in January every year. This is regardless of when you turn 55 years old. As a result, if CPF members, like Clara (Kate's mother), wish to receive even higher monthly payouts in retirement, they can voluntarily top up their Retirement Account with more cash each year.

³ <https://tablebuilder.singstat.gov.sg/table/TS/M810501>

Generally, the government will announce the retirement sums in advance. This allows CPF members who are reaching 55 years old to prepare ahead for their retirement.

DO YOU KNOW?

Let's consider the case if the retirement sum remains unchanged throughout the years. When the Full Retirement Sum was first introduced in 1987 (previously known as the Minimum Sum), you were required to set aside \$30,000. Based on today's context, this will provide you with a monthly payout of approximately \$250 for only 13 years. This amount and payout period are unlikely to cover your daily expenses and rent today.

Accordingly, the goal of increasing retirement savings is to help you build a financial foundation that will enable you to support yourself through retirement. The more you can set aside in your Retirement Account, the higher your monthly retirement payouts will be.

Pro Tip:

Find out how much you can top up by logging in to your Retirement Dashboard at <https://www.cpf.gov.sg/member/ds/dashboards/retirement>

Use the monthly Payout Estimator to estimate your payouts if you top up to the raised ERS: <https://www.cpf.gov.sg/payoutestimator>

CHAPTER SUMMARY

	Basic Retirement Sum (BRS)	Full Retirement Sum (FRS)	Enhanced Retirement Sum (ERS)
What is it?	Provides a reference with monthly payouts in retirement to cover basic living needs, excluding rental expenses	Provides higher monthly payouts that also cover rental expenses	The maximum amount that you can top up your Retirement Account after you have reached 55 years old
Retirement Sum amount for those turning 55 in 2025	\$106,500	\$213,000 (2x BRS)	\$426,000 (4x BRS)
Estimated CPF LIFE Standard Plan payout at 65 years	\$860 to \$930	\$1,610 to \$1,730	\$3,100 to \$3,300

END-OF-CHAPTER EXERCISE

Yusof will turn 55 years old in 2025, and this is his CPF account balance:

- Ordinary Account: \$258,000
- Special Account: \$247,000
- MediSave Account: \$75,500

After turning 55, this is how Yusof's CPF account balance looks like:

- Ordinary Account: \$292,000
- Special Account: \$0 (closed)
- MediSave Account: \$75,500
- Retirement Account: \$213,000



PART III

WEALTH ACCUMULATION USING CPF

CHAPTER 9

10 Strategies to Accumulate Your Wealth Using CPF

In this chapter, we will learn 10 strategies to help you accumulate your wealth using CPF.

	Before Age 55	Age 55 Onwards
		
Common Strategies	<ul style="list-style-type: none">1. Building Your CPF through Regular Work Contributions2. Contributing to Your CPF as a Self-Employed Person3. Voluntary Contributions to All Three CPF Accounts (VC3A)4. Top-Up to MediSave Account Only5. Retirement Sum Topping-Up Scheme (RSTU)6. CPF Transfers7. Voluntary Housing Refund8. CPF Investment Scheme	
Additional Strategies		<ul style="list-style-type: none">9. Matched Retirement Savings Scheme (MRSS)10. Matched Medisave Scheme (MMSS)

To meet your retirement spending needs, we believe that the CPF system is a powerful tool that can help you accumulate your wealth. You can earn a relatively high risk-free interest in all four CPF accounts.

In the event of financial mismanagement, the savings in your CPF accounts are protected from creditors. Despite these prominent features and advantages, some lament the lack of liquidity in using CPF for wealth accumulation. On the contrary, we believe that illiquidity instils discipline, allowing compound interest to grow our savings exponentially.

With such a powerful instrument on hand, let's learn 10 ways that you can use to accelerate the savings in your CPF accounts:

1. Building your CPF through regular work contributions
2. Contributing to your CPF as a self-employed person
3. Voluntary Contributions to all three CPF Accounts (VC3A)
4. Top-Up to MediSave Account only
5. Retirement Sum Topping-Up Scheme (RSTU)
6. CPF Transfers
7. Voluntary Housing Refund
8. CPF Investment Scheme (CPFIS)
9. Matched Retirement Savings Scheme (MRSS)
10. Matched MediSave Scheme (MMSS)

Strategy 1: Building Your CPF through Regular Work Contributions

As an employee, Kate's employer is required to make CPF contributions on her behalf. This is the case as long as Kate earns a total wage of **more than \$50 per month**, regardless of whether she is employed on a full-time, part-time, temporary contract or casual basis.

Ordinary Wages and Additional Wages

To determine the portion of her salary that will attract CPF contributions, Kate must classify her income into Ordinary and Additional Wages.

Ordinary Wages must satisfy two conditions:

1. Kate's wages are paid entirely or exclusively during that month as part of her employment.
2. Kate is paid wages for that month by the 14th of the following month.

Kate's monthly salary is an example of Ordinary Wages.

Wages not classified as Ordinary Wages will be considered as Additional Wages for the month. Kate's annual performance bonus is an example of Additional Wages.

In 2025, the **Ordinary Wage ceiling** is \$7,400 per month, and the Additional Wage ceiling is \$102,000 annually. This amount represents the **maximum wages that will attract CPF contribution**.

For example, Yusof earns a monthly salary of \$9,000. In this case, \$7,400 of the \$9,000 Ordinary Wages will attract CPF

contributions from both Yusof and his employer, while \$1,600 will not attract CPF contributions.

Next, let’s calculate the **Additional Wage ceiling**, the additional wages that will attract CPF contributions. To calculate the Additional Wage ceiling, we will use the formula:

$$\$102,000 - \text{Total Ordinary Wages subject to CPF for the year}$$

In Yusof’s case, the Ordinary Wages subject to CPF contribution in 2025 is \$88,800 (take \$7,400 x 12 months). Next, the Additional Wage ceiling subject to CPF contribution in 2025 is \$13,200 (minus \$88,800 from \$102,000). Accordingly, if Yusof receives any bonus in 2025, \$13,200 is the maximum amount that will attract CPF contributions from both his employer and him.

	Ordinary Wages	Additional Wages
Definition	Wages that are paid entirely or exclusively during that month as part of your employment, and are paid by the 14 th of the following month	Wages that are not classified as Ordinary Wages
Ceiling for 2025	\$7,400 per month	\$13,200 (take \$102,000 minus \$7,400 x 12 months)
Ceiling for on or after January 2026	\$8,000 per month	\$6,000 (take \$102,000 minus \$8,000 x 12 months)

Table: Difference between Ordinary Wages and Additional Wages
Source: CPF Board, compiled by Havend Pte Ltd

Pro Tip:

Use this calculator to calculate your Additional Wage ceiling: <https://www.cpf.gov.sg/member/tools-and-services/calculators/additional-wage-ceiling-calculator>

CPF Contribution Rate

After learning how to compute the salary attracting CPF contributions, Kate wishes to learn the applicable CPF contribution rate. In general, the CPF contribution rate depends on three factors:

- 1. Citizenship status;
- 2. Age; and
- 3. Total wages.

For instance, here is a summary of the current CPF contribution rates for Singaporeans and Singapore Permanent Residents (from the third year and onwards) across the different age groups.

Employee's age (years)	Contribution rates for monthly wages ≥ \$750 from 1 January 2025 (% of wage)		
	By employer (% of wage)	By employee (% of wage)	Total (% of wage)
55 and below	17.0	20.0	37.0
Above 55 to 60	15.5	17.0	32.5
Above 60 to 65	12.0	11.5	23.5
Above 65 to 70	9.0	7.5	16.5
Above 70	7.5	5.0	12.5

Table: Employer’s and Employee’s CPF contribution rate from 1 January 2025
Source: CPF Board

During her working years as an employee, Kate contributes 20% of her salary to her CPF accounts and takes home 80% of her salary as disposable income. Her employer helps Kate build her CPF balances by contributing an additional 17% of her salary to her CPF accounts.

The current CPF Annual Limit is \$37,740. This sets the total mandatory and voluntary contribution amounts that can be made to an employee's CPF accounts in a calendar year.

Accordingly, as shown in the table above, the total mandatory CPF contributions decrease as Kate grows older. This means Kate can make more voluntary contributions to all three CPF accounts (see Strategy 3) to reach the CPF Annual Limit of \$37,740.

Fun Fact:

\$37,740 is derived from $\$102,000 \times 37\%$, and $\$102,000$ is the maximum wage that will attract CPF contributions.

EXAMPLE

Kate is 21 years old and earns \$4,500 a month.

Step 1: Calculate Kate's employer's CPF contribution

Kate's employer's CPF contribution = $\$4,500 \times 17\% = \765

Step 2: Calculate Kate's employee's CPF contribution

Kate's employee's CPF contribution = $\$4,500 \times 20\% = \900

In summary, Kate's total CPF contribution for the month will be \$1,665 (\$765 + \$900), and her take-home salary (after CPF contribution) will be \$3,600 (\$4,500 – \$900).

DO YOU KNOW?

What happens when you earn above \$50 but not more than \$500 monthly? In this case, you do not have to contribute your employee's share of the CPF contributions. However, your employer must still pay you their share of the CPF contributions.

CPF Allocation Rate

When Kate or her employer makes the CPF contribution, the money will be allocated to the three CPF accounts in the following order:

1. MediSave Account;
2. Special Account (when Kate is below 55 years old), or Retirement Account (when Kate is 55 years old and above);
3. The remainder will be allocated to Kate's Ordinary Account.

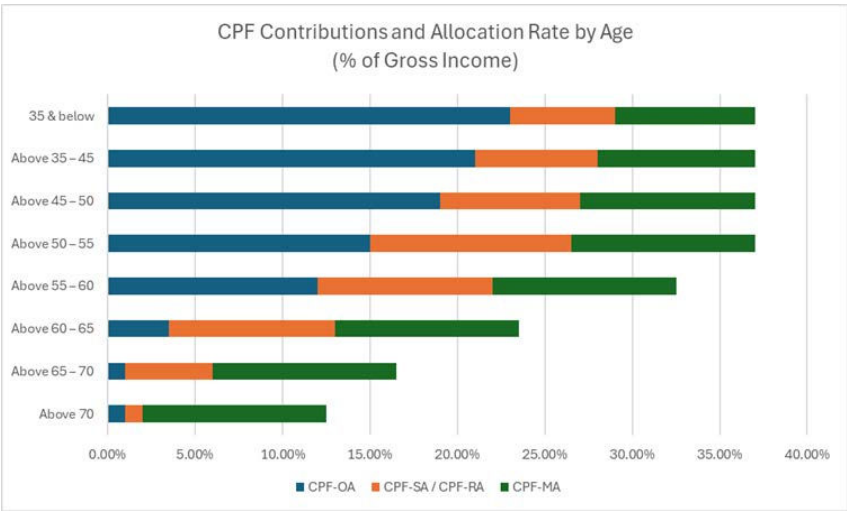


Chart: CPF Contributions and Allocation Rates by Age (% of Gross Income)
Source: CPF Board, compiled by Havend Pte Ltd)

As a young working adult, most of Kate's CPF contributions are directed towards her Ordinary Account to support her home purchase. As Kate ages, more contributions will be allocated to her Special and MediSave Accounts to address her increasing retirement and healthcare needs.

After Kate's MediSave Account balance reaches the Basic Healthcare Sum, her excess CPF contributions (that were supposed to go into her MediSave Account) will be transferred to her Special Account. Once Kate's Special Account has reached the prevailing Full Retirement Sum, her MediSave contribution and interest will be transferred to her Ordinary Account instead.

When Kate reaches 55 years old (and above), her excess CPF contributions from the MediSave Account will be transferred to her Retirement Account to help her build her retirement savings. Similarly, once her Retirement Account reaches her cohort's Full Retirement Sum, her MediSave contribution will be transferred to the Ordinary Account instead.

EXAMPLE 1

Kate earns \$4,500 monthly, and her total CPF contribution is \$1,665. Let's calculate the CPF contribution to each of Kate's CPF accounts.

Step 1: Calculate Kate's MediSave Account contribution

MediSave Account's contribution = $\$1,665 \times 21.62\%^1 = \359.97

Step 2: Calculate Kate's Special Account contribution

Special Account's contribution = $\$1,665 \times 16.21\%^1 = \269.89

¹ Refer to the table in the Appendix, "CPF Allocation Rates for 2025".

Step 3: Calculate Kate's Ordinary Account contribution

Ordinary Account's contribution = \$1,665 – \$359.97 – \$269.89
= \$1,035.14

Ordinary Account (62.17%)	Special Account (16.21%)	MediSave Account (21.62%)	Total CPF contribution
\$1,035.14	\$269.89	\$359.97	\$1,665

EXAMPLE 2

Yusof is 54 years old and earns a monthly salary of \$9,000. Let's calculate his CPF contribution.

Step 1: Establish the amount that will attract CPF contribution.

In 2025, the Ordinary Wage ceiling is \$7,400. Hence, \$7,400 of the \$9,000 monthly salary will be subject to CPF contribution.

Step 2: Calculate the CPF contribution:

Yusof's Employer's CPF Contribution (17% of \$7,400)	\$1,258
Yusof's CPF Contribution as an Employee (20% of \$7,400)	\$1,480
Total CPF Contribution	\$2,738

EXAMPLE 3

Yusof is 54 years old and earns a monthly salary of \$9,000. Let's calculate his take-home salary.

Step 1: Calculate the amount that will not attract CPF contribution

In 2025, the Ordinary Wage ceiling is \$7,400. Hence, \$1,600

of the \$9,000 monthly salary will not be subject to CPF contribution.

Step 2: Calculate Yusof's CPF contribution as an employee

$$\text{Employee's CPF contribution} = \$7,400 \times 20\% = \$1,480$$

Step 3: Calculate Yusof's take-home salary

$$\text{Yusof's take-home salary} = \$7,400 - \$1,480 + \$1,600 = \$7,520$$

Yusof's Monthly Salary	\$9,000
2025 Ordinary Wage Ceiling (Amount subject to CPF Contribution)	\$7,400
Yusof's CPF Contribution as an Employee (20% of \$7,400)	\$1,480
Yusof's Take-Home Salary (\$9,000 – \$1,480)	\$7,520

EXAMPLE 4

Yusof is 54 years old, and his monthly salary is \$9,000. He received an annual bonus of \$30,000. What is his take-home annual bonus?

Step 1: Recall the Ordinary Wage ceiling and the Additional Wage ceiling

In 2025, the ordinary wage ceiling is \$7,400 per month, and the additional wage ceiling is \$13,200.

Since Yusof earns a monthly salary of \$9,000, \$7,400 of his salary will be subject to CPF contribution.

Step 2: Calculate the annual bonus component that does not attract CPF contribution

$$\$30,000 - \$13,200 = \$16,800$$

Step 3: Calculate Yusof's take-home annual bonus

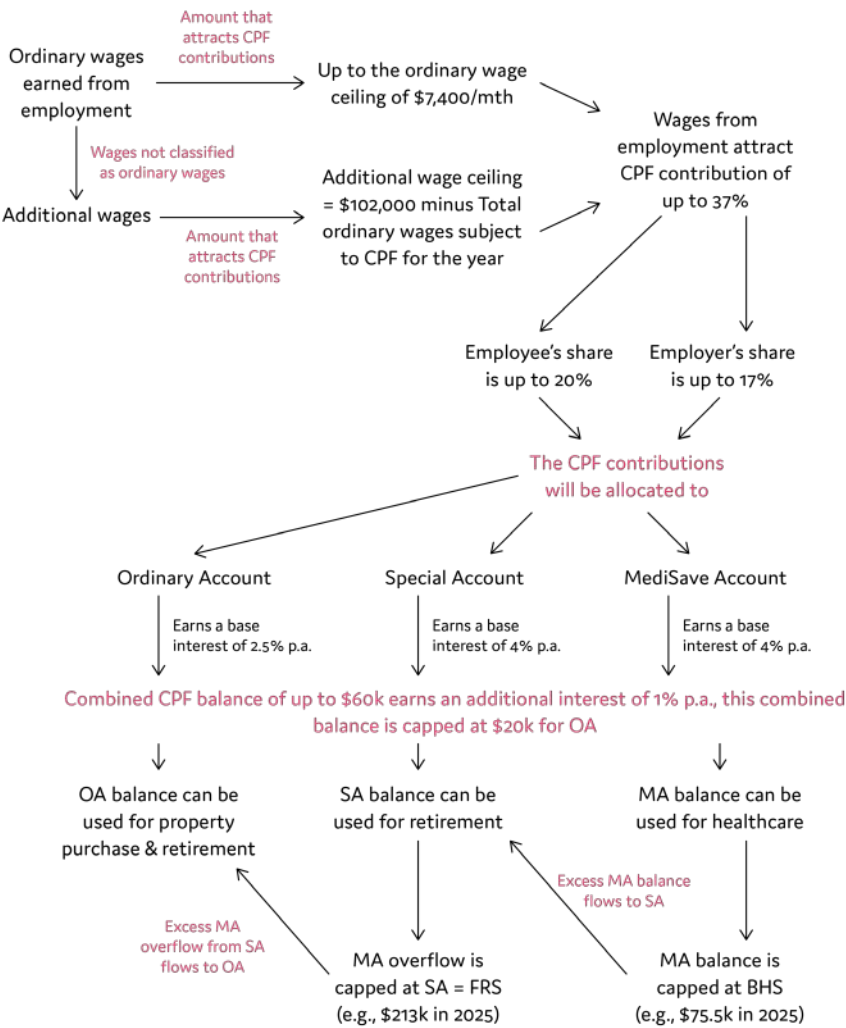
$$\text{Net bonus (after accounting for CPF contribution)} = \$13,200 \times 80\% = \$10,560$$

$$\text{Take-home annual bonus} = \$10,560 + \$16,800 = \$27,360$$

	Ordinary Wage		Additional Wage	
	\$9,000 per month		\$30,000 annual bonus	
Yusof's Wages	The amount that is subject to CPF contribution based on the 2025 CPF Ordinary Wage Ceiling	The amount that is not subject to CPF contribution	The amount that is subject to CPF contribution	The amount that is not subject to CPF contribution
	\$7,400	\$1,600	\$102,000 – \$88,800 ($\$7,400 \times 12$) = \$13,200	\$16,800
CPF Contribution			$\$13,200 \times 20\%$ = \$2,640	Nil
Take-home bonus			$\$13,200 - \$2,640$ = \$10,560	\$16,800
Total take-home bonus			\$10,560 + \$16,800 = \$27,360	

Pro Tip:

Use this calculator to determine your CPF contributions:
<https://www.cpf.gov.sg/member/tools-and-services/calculators/cpf-contribution-calculator>



Flowchart: The flow of wages and CPF contributions to your CPF accounts
Source: Havend Pte Ltd

Strategy 2: Contributing to Your CPF as a Self-Employed Person

Let's introduce Siva, a 41-year-old self-employed wedding photographer who runs his own business. Siva's income varies widely depending on the season, typically with higher earnings during the peak wedding periods. As Siva does not receive a fixed monthly salary, he needs to be more careful when budgeting for his business and personal expenses. Moreover, Siva is responsible for making his own CPF contributions.



Siva

- 41-year-old
- Self-employed wedding photographer

As a self-employed person, Siva **only** needs to make MediSave contributions under the Self-Employed Scheme. This encourages him to save for his healthcare needs. The amount of MediSave contribution will depend on his age and Net Trade Income, as assessed by the Inland Revenue Authority of Singapore (IRAS) or declared to the CPF Board. Generally, Siva must contribute to his MediSave account if he **earns an annual Net Trade Income (NTI) exceeding \$6,000**.

Pro Tip:

Check out the self-employed MediSave contribution calculator to calculate your CPF MediSave contributions payable for self-employed persons: <https://www.cpf.gov.sg/member/tools-and-services/calculators/self-employed-medisave-contribution-calculator>

Even after Siva has met his Basic Healthcare Sum, he is **still required** to fulfil his mandatory MediSave contributions under the Self-Employed Scheme. In this case:

- When Siva is below 55 years old, the MediSave savings above the Basic Healthcare Sum will be transferred to his Special Account, up to the prevailing Full Retirement Sum.
- When Siva is 55 years old or above, the MediSave savings above the Basic Healthcare Sum will be transferred to his Retirement Account, up to his cohort's Full Retirement Sum.

Once Siva has met the applicable Full Retirement Sum, the contributions and any interest earned on his MediSave Account (above the Basic Healthcare Sum) will be transferred to his Ordinary Account.

Pro Tip:

Even if Siva has no outstanding MediSave contributions payable, he can still contribute to his MediSave account. This helps him to save for future work years in advance and earn more interest on his MediSave savings.

DO YOU KNOW?

Siva can enjoy tax relief on his mandatory and voluntary contributions based on whichever is lower:

- 37% of assessable income; or
- CPF Annual Limit of \$37,740; or
- Actual amount contributed by Siva.

There is no tax relief for Siva's mandatory or voluntary CPF contributions if his assessed NTI for the assessment year is zero or negative.

MediSave contribution rates for self-employed persons:
<https://www.cpf.gov.sg/service/article/what-are-the-medisave-contribution-rates-for-self-employed-persons-seps>

Strategy 3: Voluntary Contributions to All Three CPF Accounts (VC3A)

Kate can voluntarily contribute to all three of her CPF accounts (i.e., Ordinary Account, Special or Retirement Account, and MediSave Account). Moreover, Kate's parents can also use this scheme to build up the CPF savings of Kate's younger siblings if they would like to.

The CPF Annual Limit is \$37,740, and Kate can make voluntary contributions up to this amount in a calendar year, after deducting the mandatory contributions she makes from her employment. As December's mandatory contributions may be paid only in January the following year, it is possible that there could be excess voluntary contributions over the Annual Limit.

This amount, if any, will typically be finalised and refunded without interest in the following year.

Next, as mentioned in Strategy 2, as a self-employed individual, through VC3A, Siva can enjoy tax relief of either \$37,740 or 37% of his Net Trade Income, whichever is lower.

Pro Tip:

Suppose your mandatory and voluntary CPF contributions have exceeded the CPF Annual Limit during the year. Under those circumstances, you may also write to the CPF Board to request a refund of the excess voluntary top-ups. In this way, you do not need to wait for the refund to happen the following year.

When Kate voluntarily contributes to her three CPF accounts, the allocation rate to each account will follow that of her age band (as mentioned in Strategy 1). For the allocation meant for Kate's Special Account, the amount will still be credited into her Special Account, even after Kate has reached the prevailing Full Retirement Sum. **This is because VC3A is considered a voluntary contribution rather than a top-up.**

When Kate's MediSave Account has reached the Basic Healthcare Sum, the allocation meant for Kate's MediSave Account will be transferred to her Special Account. In this case, after Kate's Special Account has reached the Full Retirement Sum, the allocation meant for Kate's MediSave Account will be transferred to her Ordinary Account.

Pro Tip:

When making a cash top-up online, you can see the amount of top-ups you can receive before you reach the top-up limit.

EXAMPLE

Kate earns \$4,500 monthly and receives a 2-month annual bonus during the work year. Let's calculate the voluntary contributions that Kate can make to her three CPF accounts.

Step 1: Calculate Kate's total CPF contributions

Mandatory CPF contributions = $\$4,500 \times 14 \text{ months} \times 37\% = \$23,310$

Step 2: Calculate the available limit for Kate to make voluntary contributions

Available limit = $\$37,740 - \$23,310 = \$14,430$

In this case, Kate can make voluntary contributions of \$14,430 to her three CPF accounts.

	Ordinary Wage	Additional Wage
	\$4,500 per month	\$9,000 annual bonus
The amount that attracts CPF contributions based on the 2025 CPF Wage Ceiling	$\$4,500 \text{ per month} \times 12 = \$54,000$	\$9,000
The mandatory CPF contributions	$\$54,000 \times 37\% = \$19,980$	$\$9,000 \times 37\% = \$3,330$
The total mandatory CPF contributions	$\$19,980 + \$3,330 = \$23,310$	
The amount of voluntary contributions Kate can make	$\$37,740 - \$23,310 = \$14,430$	

HOW TO TOP UP TO YOUR CPF?

You may conduct a CPF transfer directly via the CPF website. You may also perform a CPF top-up via PayNow QR, internet banking, AXS, GIRO, or cheque.

Strategy 4: Top-Up to MediSave Account Only

Kate can choose to voluntarily **top up to her MediSave Account only**. This helps her build her savings in her MediSave Account more efficiently to meet her loved ones' and her own healthcare needs. Moreover, the savings in Kate's MediSave Account can also be used to pay for certain hospital and surgical plans, as well as long-term care insurance policies. Kate can top up her MediSave Account **up to the prevailing Basic Healthcare Sum**.

Pro Tip:

When making a MediSave top-up online, you can see the amount of MediSave top-ups you can receive before you reach the top-up limit.

When Kate makes a cash top-up to her MediSave Account, she is **eligible for tax relief of up to \$8,000 per calendar year**. This tax relief cap is shared between the Special or Retirement Account top-ups under the Retirement Sum Topping-Up Scheme. Similarly, she can enjoy a tax relief of up to \$8,000 by topping up her loved ones' MediSave Accounts. Summing up, she may be eligible for a tax relief of up to \$16,000 every calendar year for MediSave Account top-ups. The total tax relief is also shared with the Special or Retirement Account top-ups under the Retirement Sum Topping-Up Scheme.

NOTE

Loved ones refer to parents, parents-in-law, grandparents, grandparents-in-law, spouse, and siblings.

If Kate wishes to enjoy tax relief for cash top-ups made to her spouse or her siblings, her spouse or her siblings must:

- not have an annual income exceeding \$8,000 in the year preceding the year of cash top-up (e.g., salary, tax-exempt income such as bank interest, dividends and pension); or
- be handicapped.

For Siva, these voluntary MediSave top-ups cannot be used to offset his mandatory MediSave contributions for self-employed persons.

Strategy 5: Retirement Sum Topping-Up Scheme (RSTU)

If Kate prefers to focus on building her retirement savings, she can voluntarily **top up to her Special Account only** via the Retirement Sum Topping-Up Scheme (RSTU). Kate can top up her Special Account **up to the prevailing Full Retirement Sum** (e.g., \$213,000 in 2025).

After turning 55, Yusof may top up his Retirement Account **up to the prevailing Enhanced Retirement Sum** (\$426,000 in 2025) to enjoy higher payouts under CPF LIFE. As the Enhanced Retirement Sum increases yearly (in January), he can continue to make further top-ups to his Retirement Account for even higher payouts under CPF LIFE.

When Kate or Yusof makes a cash top-up to their Special or

Retirement Accounts up to the prevailing Full Retirement Sum or Enhanced Retirement Sum, they are **eligible for tax relief of up to \$8,000 per calendar year**. This tax relief cap is shared between the MediSave top-ups. Similarly, Kate can enjoy another tax relief of up to \$8,000 by topping up her loved one's Special or Retirement accounts.

In summary, she is eligible for tax relief of up to \$16,000 per calendar year for Special or Retirement Account top-ups. The total tax relief is also shared with the MediSave top-ups. Therefore, Kate enjoys a maximum tax relief of up to \$16,000 for topping up her loved ones' and her Special, Retirement, and MediSave Accounts.

If Kate wishes to enjoy tax relief for cash top-ups made to her spouse or her siblings, her spouse or her siblings must:

- not have an annual income exceeding \$8,000 in the year preceding the year of cash top-up (e.g., salary, tax-exempt income such as bank interest, dividends and pension); or
- be handicapped.

NOTE

You do not enjoy any tax relief for any top-ups made beyond the prevailing Full Retirement Sum.

Pro Tip:

Rather than a lump sum, you can make small cash top-ups to your Special or Retirement Account throughout the year through GIRO.

Here are four advantages of reaching the Basic Retirement Sum earlier:

1. You can transfer your CPF savings to your family members (refer to the table on Page 130 for more details).
2. You can use the savings in your CPF Ordinary Account to purchase multiple properties, and you do not have to worry about housing withdrawal limits.
3. You have greater liquidity from the age of 55 onwards.
4. Enjoy the power of compound interest and let the eighth wonder of the world work its magic for you!

Moreover, if you have reached the Full Retirement Sum and your child has borrowed money from your Ordinary Account to pay for tuition fees, you can waive the education loan when you turn 55. The Full Retirement Sum can be set aside fully with cash, or with cash (at least the Basic Retirement Sum), and property pledge.

EXAMPLE

Kate has \$11,000 in her Ordinary Account and \$3,000 in her Special Account. Additionally, Kate has \$15,000 in the bank, earning an interest rate of 0.45% annually.

Over time, this is how Kate's Ordinary and Special Account balances would look if she did not make any top-ups or contributions to her Special Account.

THE CPF PLAYBOOK: A HOLISTIC GUIDE TO USING CPF FOR RETIREMENT

	Beginning Balance	Balance 10 Years Later	Balance 20 Years Later
Ordinary Account	\$11,000	\$14,000	\$18,000
Special Account	\$3,000	\$7,000	\$13,000
Bank Balance	\$15,000	\$16,000	\$17,000
Total Balance	\$29,000	\$37,000	\$48,000

The figures in the above table have been rounded to the nearest thousand.

If Kate makes a single fund transfer of \$5,000 from her bank account to her Special Account via the Retirement Sum Topping-Up Scheme at the beginning, this is how her account balances would look. After 20 years, her total balance would have increased by 17%.

	Beginning Balance	Balance 10 Years Later	Balance 20 Years Later
Ordinary Account	\$11,000	\$14,000	\$18,000
Special Account	\$8,000	\$15,000	\$27,000
Bank Balance	\$10,000	\$11,000	\$12,000
Total Balance	\$29,000	\$40,000	\$57,000

The figures in the above table have been rounded to the nearest thousand.

Strategy 6: CPF Transfers

Rather than making a cash top-up, Kate can **transfer the excess savings from her Ordinary Account to her Special Account**. By doing this, Kate can benefit from a higher interest rate in her Special Account. The amount Kate can transfer from her Ordinary Account to her Special Account is **capped at the prevailing Full Retirement Sum**.

Amount of OA to SA transfer that can be received
= Current FRS – SA balance – Amount withdrawn
from SA for investments

After turning 55, Yusof can transfer the savings from his Ordinary Account to his Retirement Account instead. The amount Yusof can transfer from his Ordinary Account to his Retirement Account is **capped at the prevailing Enhanced Retirement Sum**.

Amount of OA to RA transfer that can be received
= Current ERS – RA balance

Please note that the RA balance is based solely on the principal amount, excluding any interest earned, government grants, and withdrawals for retirement purposes. This allows you to transfer even more savings from your Ordinary Account to your Retirement Account.

Similarly, both Kate and Yusof can also transfer the savings in their Ordinary Account to their loved ones' Special or Retirement Account. By doing so, this boosts their loved ones' retirement savings. The following table summarises the criteria for CPF members to perform a CPF transfer to themselves or their loved ones.

THE CPF PLAYBOOK: A HOLISTIC GUIDE TO USING CPF FOR RETIREMENT

Recipient of the CPF Transfer	Available CPF Savings for Transfer	
	If you are below 55	If you are 55 or above
Self	Any amount from your OA to your SA	Any amount from your OA to your RA
Spouse	Any amount from your OA after setting aside the prevailing BRS	Your CPF savings (OA first, followed by RA, if applicable) after setting aside your cohort's BRS
Parents and/or Grandparents	<u>Property Owner</u> Any amount from your OA after setting aside the prevailing BRS, provided you can meet the prevailing FRS with your OA, SA, including the net amount withdrawn for investments and property	<u>Property Owner</u> Any amount from your CPF savings (OA first, followed by RA, if applicable) after setting aside your cohort's BRS, provided you can meet your cohort's FRS with your OA, SA, including the net amount withdrawn for investments and property
	<u>Do not own a property</u> Any amount from your OA after setting aside your cohort's FRS	<u>Do not own a property</u> Any amount from your CPF savings (OA first, followed by RA, if applicable) after setting aside your cohort's FRS
Siblings, Parents-in-law, and/or Grandparents-in-law	Any amount from your OA after setting aside the prevailing FRS	Any amount from your OA after setting aside your cohort's FRS

Table: Available CPF Savings for Transfer
Source: CPF Board

As a young working adult, most of Kate’s CPF contributions are directed towards her Ordinary Account to support her home purchase. Suppose she does not anticipate any further uses of the savings in her Ordinary Account. In that case, she may set aside some buffer in her Ordinary Account and transfer the balance to her Special Account. By doing this, Kate can benefit from a higher interest rate of up to 5% annually (as compared to up to 3.5% annually in the Ordinary Account).

As a result, this boosts her retirement savings further. In the future, Kate will also receive a higher payout under CPF LIFE.

Despite that clear advantage, Kate is wary that CPF transfers are irreversible. Consequently, Kate won't be able to use the transferred sum to purchase a home anymore. At the same time, more savings in the Special Account deprive Kate of additional opportunities to perform top-ups to her Special Account under the Retirement Sum Topping-Up Scheme (RSTU) and benefit from the tax relief. In this case, she will also enjoy less tax relief (under RSTU). Moreover, CPF transfers do not qualify for tax relief and the matching grant under the Matched Retirement Savings Scheme (see Strategy 9).

With this in mind, as a general guide, you may consider using liquid cash to top up your Special or Retirement Account first. Thereafter, consider CPF transfers as a secondary approach to optimise your CPF savings returns.

EXAMPLE

Kate has \$11,000 in her Ordinary Account and \$3,000 in her Special Account.

This is how Kate's Ordinary and Special Account balances would look over time if she did not make any CPF transfers.

	Beginning Balance	Balance 10 Years Later	Balance 20 Years Later
Ordinary Account	\$11,000	\$14,000	\$19,000
Special Account	\$3,000	\$7,000	\$13,000
Total Balance	\$14,000	\$22,000	\$32,000

The figures in the above table have been rounded to the nearest thousand.

If Kate transfers \$5,000 from her Ordinary Account to her Special Account, this is how her account balances would look. After 20 years, her total balance would have increased by 11%.

	Beginning Balance	Balance 10 Years Later	Balance 20 Years Later
Ordinary Account	\$6,000	\$8,000	\$10,000
Special Account	\$8,000	\$15,000	\$25,000
Total Balance	\$14,000	\$23,000	\$35,000

The figures in the above table have been rounded to the nearest thousand.

If Kate transferred her entire balance (\$11,000) from her Ordinary Account to her Special Account, this is how her account balances would look. After 20 years, her total balance would have increased by 23%! This illustrates the power of compound interest.

	Beginning Balance	Balance 10 Years Later	Balance 20 Years Later
Ordinary Account	\$0	\$0	\$0
Special Account	\$14,000	\$24,000	\$39,000
Total Balance	\$14,000	\$24,000	\$39,000

The figures in the above table have been rounded to the nearest thousand.

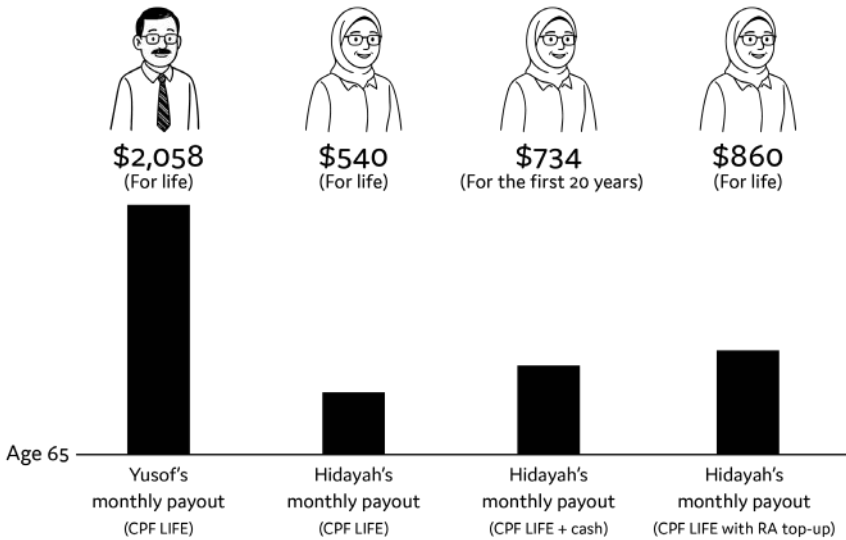
EXAMPLE

Yusof has \$258,000 in his Ordinary Account and \$247,000 in his Special Account. His wife, Hidayah, has \$60,000 in her Retirement Account.

Ten years later, at age 65, Hidayah will receive approximately \$540 per month under CPF LIFE.

Next, let's consider the case where Yusof decides to withdraw \$46,500 from his Ordinary Account and give Hidayah the entire amount for her retirement in cash. In this case, for the first two decades, Hidayah's total monthly retirement income will be approximately \$734 per month (\$540 from CPF LIFE + \$194 from the cash savings of \$46,500). From the age of 85 onwards, the cash savings will be depleted, and Hidayah will revert to receiving \$540 per month for the remainder of her life.

On the other hand, let's consider the case where Yusof decides to transfer \$46,500 from his Ordinary Account into Hidayah's Retirement Account. Doing so enables Hidayah to reach the Basic Retirement Sum at age 55. In this case, at age 65, Hidayah will receive \$860 per month under CPF LIFE – much more than what she would have received if she had taken the savings from Yusof in cash, and for a longer duration!



Strategy 7: Voluntary Housing Refund

At 54 years old, Yusof owns a fully paid home. Previously, he used the savings in his Ordinary Account to repay the home's mortgage. If Yusof transfers or sells his property in the future, the sales proceeds will be used to:

- Repay the outstanding loan that he has taken out;
- Refund the CPF principal amount used and;
- Repay the accrued interest he would have earned if the funds had remained in his Ordinary Account.

As Yusof has some spare savings in the bank, he can use the cash savings to make a voluntary housing refund to his Ordinary Account. **A voluntary housing refund reduces the principal amount withdrawn and the corresponding accrued interest on the CPF amount withdrawn for the mortgage.** If Yusof transfers or sells his property in the future, he won't need to refund as much money to his Ordinary Account. This also means Yusof will receive more cash when he transfers or sells

his property. Moreover, the refund earns a risk-free interest of at least 2.5% annually, further boosting his retirement savings.

If Yusof makes a voluntary housing refund after reaching 55 years old, the refund will be used to meet his cohort's Full Retirement Sum in his Retirement Account. Any refund that exceeds his cohort's Full Retirement Sum will remain in his Ordinary Account. This amount can also be withdrawn whenever Yusof needs the money. The voluntary housing refund is also **the only strategy available to credit money directly into Ordinary Accounts.**

Pro Tip:

Check your Home Ownership Dashboard to find out how much housing refund you can make to your Ordinary Account: <https://www.cpf.gov.sg/member/ds/dashboards/home-ownership>

Make a Voluntary Housing Refund: <https://www.cpf.gov.sg/member/tools-and-services/forms-e-applications/make-a-voluntary-housing-refund>

DO YOU KNOW?

Generally, the housing grant will be refunded to your Ordinary Account. If you have received more than \$30,000 in housing grants, part of the housing grants may be credited to your Special Account/Retirement Account and MediSave Account. You may log in to your Home Ownership Dashboard to see the amount credited to your Special or Retirement Account and MediSave Account.

Strategy 8: CPF Investment Scheme (CPFIS)

As Kate accumulates more savings in her CPF accounts, she begins exploring opportunities to enhance those savings, with one option being investment. Since Kate is at least 18 years old and not an undischarged bankrupt, she can invest the savings in her Ordinary and Special Accounts in various financial instruments. To pursue this, Kate will need to complete the Self-Awareness Questionnaire (SAQ)² first. This ensures that she possesses the necessary knowledge to make informed investment decisions.

Before Kate starts investing, she needs to be aware of certain eligibility requirements. Kate **cannot invest the first \$20,000 in her Ordinary Account and the first \$40,000 in her Special Account**. This restriction helps Kate to earn the extra 1% interest on the first \$60,000 of her combined CPF accounts.

To invest her savings in the Ordinary Account, Kate needs to open a CPF Investment Account (CPF-IA) with either DBS, OCBC or UOB. Next, Kate can invest up to 35% of her investible savings in shares, REITs, corporate bonds, and up to 10% of her investible savings in gold ETFs and other gold products, collectively referred to as the stock and gold limits. Investible savings refers to the sum of the balance in Kate's Ordinary Account and the amount of CPF she has previously withdrawn for investments and education.

When Kate sells her investment, the sale proceeds will be returned to the CPF Investment Account for approximately two months. She can then reinvest these proceeds into another investment. Otherwise, the bank will transfer the sales proceeds to Kate's Ordinary Account two months later.

² <https://www.cpf.gov.sg/member/tools-and-services/forms-e-applications/cpf-investment-scheme-self-awareness-questionnaire>

10 STRATEGIES TO ACCUMULATE YOUR WEALTH USING CPF

CPFIS-OA	CPFIS-SA
OA Savings can be invested in the following Professionally Managed Products:	SA Savings can be invested in the following Professionally Managed Products:
Fixed Deposits	Fixed Deposits
Singapore Government Bonds	Singapore Government Bonds
Singapore Government Treasury Bills	Singapore Government Treasury Bills
Statutory Board Bonds	Statutory Board Bonds (Secondary Markets only)
Bonds Guaranteed by the Singapore Government	Bonds Guaranteed by the Singapore Government
Annuities	Annuities
Endowment Insurance Policies	Endowment Insurance Policies
Investment-Linked Insurance Products	Selected Investment-Linked Insurance Products
Unit Trusts	Selected Unit Trusts
Exchange Traded Funds (ETFs)	Selected Exchange Traded Funds (ETFs)
Fund Management Accounts	
Up to 35% of investible savings can be invested in:	
Shares	
Property Funds (or REITs)	
Corporate Bonds	
Up to 10% of investible savings can be invested in:	
Gold:	
<ul style="list-style-type: none">Gold ETFsGold Products (Only UOB offers these new gold products)	

Table: List of Investment Products approved under the CPF Investment Scheme
Source: CPF Board

Pro Tip:

If Kate wishes to expedite the transfer of the sales proceeds, she may call the bank to make this request.

Unlike the process for the Ordinary Account, Kate does not need to open an investment account to invest the savings in her Special Account. Instead, any investments will be deducted directly from her Special Account. Similarly, the sales proceeds will also be returned directly to her Special Account.

Be it investing through her Ordinary or Special Account, the investment gains, interest and dividends through the CPF Investment Scheme are non-taxable. At the same time, Kate cannot withdraw any of her investment gains in cash. Similarly, if she incurs any losses in her CPF investment, she does not need to top up her CPF accounts either.

Since its founding in 2001, Providend, our sister firm and Southeast Asia's first fee-only comprehensive wealth advisory firm, has consistently recommended individuals to prioritise life decisions before making financial and investment decisions. Today, Providend calls life decisions³ "ikigai decisions", and you make such decisions to establish your non-negotiable ikigai goals.

When investing, consider these five steps:

1. Establish your non-negotiable life/ikigai goals.
2. Calculate the amount you need to finance your life/ikigai goals.
3. Determine your need, ability and willingness to take risks.
4. Create your portfolio's asset allocation.
5. Invest using low-cost non-forecasting instruments.

³ Read more on how to make life decisions: <https://providend.com/how-to-make-life-decisions/>

Need to take risks

Kate’s need to take risks depends on her need for returns. To do this, there is a need to:

- 1. Establish the financial goal Kate wants to achieve; and
- 2. Determine the amount Kate wants to set aside today to reach her financial goal.

Based on the above, Kate can calculate the annualised rate of return that she needs to achieve her financial goal. Generally, the higher the required rate of return, the higher the risk Kate needs to undertake to achieve her financial goal, and vice versa.

Risk Level	Estimated Rate of Return
Low Risk	Less than 3% annually
Medium Risk	3% to 6% annually
High Risk	Higher than 6% annually

Table: General guide between risk level and the estimated rate of return
Source: Providend Ltd

Ability to take risks

Suppose Kate needs a higher rate of return to achieve her financial goals. In this case, she must allocate more money to riskier assets, such as equities. These assets tend to be more volatile, and Kate needs to evaluate her ability to undertake such risks.

Kate’s ability to take risks depends on various factors such as:

- Financial health;
- Insurance coverage;

- Time horizon;
- Physical health; and
- Marital status.

Kate earns a stable income and has no debt. Moreover, she has set aside sufficient emergency funds in her bank account (the general guideline is 3 to 6 months' total monthly expenditure). In this case, we can consider Kate to be financially healthy. Next, Kate is comprehensively and sufficiently covered by suitable insurance policies. Accordingly, Kate does not need to worry about liquidating her investments prematurely to fund any emergency or medical needs.

When investing in bonds, Kate's time horizon should be at least 4 to 5 years, and when investing in equities, her time horizon should be at least 10 to 15 years. As Kate is in good health and is single, we can consider her to have a strong ability to stay invested in the financial market.

On the other hand, suppose Kate intends to purchase a house soon. In this case, it may not be wise to invest the savings in her Ordinary Account. This is because the financial market is volatile, and investment returns are not guaranteed. In fact, even globally diversified portfolios require a specific time horizon to provide a consistent positive outcome. As a result, if Kate requires the savings in the short term, she may be unable to withdraw her investments without any losses.

Willingness to take risks

Although Kate needs to undertake risks and possesses the ability to stay invested for the long term, she may be unwilling to take risks. We assess Kate's willingness to take risks based on her investment knowledge and experience. Suppose Kate

has a good understanding of what she is investing in and has had a positive investment experience in the past. In this case, she is likely more willing to undertake the short-term volatility risks in the financial market.

Create your portfolio's asset allocation

After Kate has determined her need, ability and willingness to take risks, she can decide on a suitable asset allocation for her portfolio. Generally, the lower the need, ability and willingness to take risks, the more the allocation should be in bonds. The higher the need, ability and willingness to take risks, the more the allocation should be in equities.

Steps to execute your investment portfolio

1. Identify a brokerage or a fund platform with low transaction charges or low platform fees.
2. Invest the savings into a lower-cost, broadly diversified CPFIS-approved unit trusts or Exchange Traded Funds. Kate can create a low-cost, broadly diversified portfolio with between one and four funds, depending on her preference and sophistication.
3. If Kate is holding on to more than one fund, conduct a rebalancing either semi-annually or annually.
4. Continue to get educated on investing, focusing on market returns, volatility, and how the financial market performs at various pivotal junctures.

Meanwhile, at Havend, we would discourage Kate from investing the savings in her Special Account. These savings earn a risk-free interest of up to 5% annually, and it is difficult to find another financial instrument that earns such a high interest rate without undertaking any investment risk.

	Ordinary Account	Special Account
Restrictions on investments	The first \$20,000 cannot be invested	The first \$40,000 cannot be invested
Investment products included under CPFIS	More products	Lesser products

Strategy 9: Matched Retirement Savings Scheme (MRSS)

The Matched Retirement Savings Scheme (MRSS) helps senior Singapore Citizens with lower retirement savings, like Kate's mother, Clara, save more for retirement. **The government will match the cash top-ups she has received in her Retirement Account, up to \$2,000 per year, with a lifetime limit of \$20,000.** Through this programme, the savings in her Retirement Account will earn an interest of up to 6% annually, boosting her retirement nest egg.

There is no need to apply for the Matched Retirement Savings Scheme as a member's eligibility is automatically assessed every year. You are eligible if you meet the following six criteria:

- Singapore Citizen
- Age 55 and above as of 31 December of the assessment year
- The savings in the Retirement Account are less than the cohort's Basic Retirement Sum (\$106,500 for 2025)
- Average monthly income is not more than \$4,000
- Annual value of residence is not more than \$21,000
- Own no more than one property

If CPF members, such as Clara, qualify, the CPF Board will notify them at the beginning of each year.

Let's take the case where Clara is eligible for the Matched Retirement Savings Scheme. If Clara has received cash top-ups in her Retirement Account by 31 December, the matching grant will be credited to her Retirement Account early the following year. Clara will be notified as well.

Cash top-ups qualifying for the matching grant (up to \$2,000 a year) are not eligible for tax relief. However, the 100% matching grant will most likely outweigh the tax benefit.

Pro Tip:

Rather than a lump sum, you can make small cash top-ups to your Retirement Account throughout the year.

*MRSS Eligibility Checker via your retirement dashboard:
<https://www.cpf.gov.sg/member/ds/dashboards/retirement>*

DO YOU KNOW?

From 1 January 2026, the Matched Retirement Savings Scheme will be extended to eligible persons with disabilities of all ages. Eligible persons under 55 years old will receive a matching grant for cash top-ups received into their Special Account.

Strategy 10: Matched MediSave Scheme (MMSS)

During the 2025 budget speech, Prime Minister and Minister for Finance Lawrence Wong introduced the Matched MediSave Scheme to enhance the adequacy of MediSave for seniors with lower balances. This scheme will be in effect from 2026 to 2030, and the government will match the cash

top-ups you receive in your MediSave Account, up to \$1,000 per year. Through this programme, the savings in your MediSave Account will earn an interest of up to 6% annually, boosting your healthcare savings.

There is no need to apply for the Matched MediSave Scheme as a member's eligibility is automatically assessed every year. You are eligible if you meet the following six criteria:

- Singapore Citizen
- Between 55 and 70 years old (both ages inclusive) as of 31 December of the assessment year
- The savings in the MediSave Account are less than half the prevailing Basic Healthcare Sum
- Average monthly income is not more than \$4,000
- Annual value of residence is not more than \$21,000
- Own no more than one property

If CPF members, such as Clara, qualify, then the CPF Board will notify them at the beginning of each year, starting in January 2026.

CHAPTER SUMMARY

- Regardless of whether you are an employee or a self-employed person, contribute to your CPF to save for retirement. The CPF accounts offer risk-free interest of up to 5% annually (for those under 55) and up to 6% annually (for those aged 55 and above).
- As an employee or a self-employed person, you can top up your MediSave only, and/or top up under the RSTU and enjoy tax relief of up to \$8,000 annually.
- If you are a self-employed person, you may also top up under the VC3A and enjoy tax relief of up to \$37,740 annually.
- If you do not anticipate any use for the savings in your Ordinary Account, transfer them over to your Special or Retirement Account and earn a higher risk-free interest of up to 5% and 6%, respectively, annually.
- Through a voluntary housing refund, you can receive more cash if you sell your house in the future. Moreover, these savings (in your Ordinary Account) earn a risk-free interest of up to 3.5% annually.
- If you are confident with investing for potentially higher returns, you can invest the savings in your Ordinary and Special Accounts after setting aside \$20,000 and \$40,000 in the accounts, respectively. However, we would discourage you from investing your savings in your Special Account, as it is challenging to find a financial instrument that consistently earns a risk-free return of more than 5% annually in the long run.

- Through MRSS and MMSS, seniors with lower retirement and healthcare savings can receive matching top-ups from the government to boost their CPF balances. This enables them to save more for retirement and to build a stronger medical safety net.

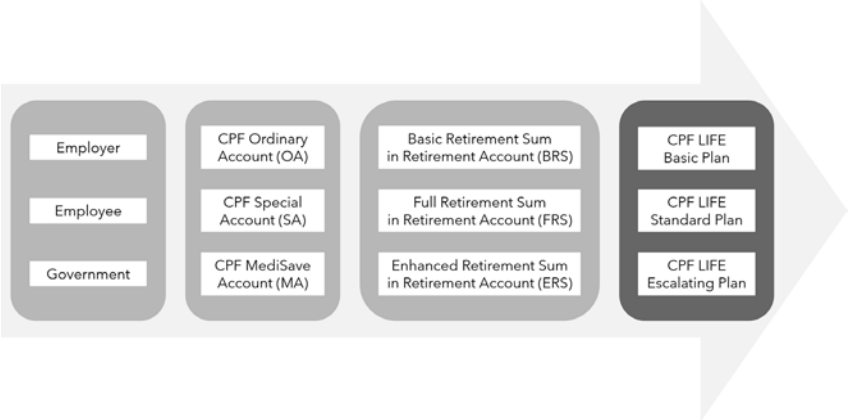
PART IV

CPF LIFELONG INCOME
FOR THE ELDERLY (CPF LIFE)

CHAPTER 10

Mitigating Longevity Risk with CPF LIFE

In this chapter, we will learn how CPF LIFE creates a reliable income stream to meet one of the three core needs in retirement – a reliable income stream.



Picture: An overview of how the CPF system works using four “threes”
Source: Havend Pte Ltd

Yusof will turn 55 later this year. As Yusof inches towards retirement, he is keen to learn how the savings in his CPF accounts will work together to support his three core needs in retirement – a fully paid home, a medical safety net, and, of course, a reliable income stream.

Before turning 55, Yusof must decide which retirement sum is more suitable for him. In general, the more savings Yusof sets aside in his Retirement Account, the more money he gets to spend during retirement.

Upon turning 55, the savings¹ in Yusof's Ordinary and Special Accounts would be used to fund his newly created Retirement Account. His cohort's Full Retirement Sum is the default amount that will be transferred to his Retirement Account. The Special Account would be closed after the Retirement Account has been created.

If Yusof prefers, he may transfer more savings from his Ordinary Account to his Retirement Account, up to the current year's Enhanced Retirement Sum. By doing so, Yusof will have more money to spend during retirement. Now, how do these savings work together to create a reliable income stream for Yusof?

Understanding CPF LIFE

CPF Lifelong Income For the Elderly, better known as CPF LIFE, is our national longevity insurance annuity scheme. As an insurance product, CPF LIFE pools the interest earned on the CPF LIFE premiums of all the CPF members to sustain the monthly payouts and mitigate the risk of CPF members

¹ Refer to the Chapter 5, "How the CPF Accounts Work", under the section, "CPF Retirement Account (CPF RA)", to learn how Yusof's CPF savings work together to create his Retirement Account.

outliving their savings. This allows CPF members like Yusof to receive lifelong payouts without needing to set aside a large sum or stretch his savings to cover the possibility of living beyond the average life expectancy.

In detail, the savings in Yusof's Retirement Account and under CPF LIFE earn a risk-free interest rate of between 4% and 6% annually. This interest earned on the CPF LIFE premium is factored into Yusof's CPF LIFE payouts, enabling him to receive higher payouts from the beginning. At the same time, the earned interest is also shared (or "pooled") among all the other CPF LIFE members. This allows all the CPF members to receive lifelong monthly payouts, even after they have exhausted their premium balance.

Although the interest earned from Yusof's CPF LIFE premium is pooled with that of the other CPF LIFE members, he does not need to be concerned about losing it to the other CPF LIFE members. The pooled interest has already been factored into Yusof's CPF LIFE payouts. In fact, depending on how long Yusof lives, he may receive more than the amount of interest he contributed. Once Yusof's total payouts exceed the premiums he paid at the beginning, any further payouts are drawn from both his and others' pooled interest. This is especially useful if Yusof faces difficulty generating sufficient income to meet daily needs in the latter years of his retirement.

CPF LIFE works on an automatic inclusion basis by fulfilling three criteria:

1. Being a Singapore Citizen or Permanent Resident;
2. Born in 1958 or after; and
3. Have at least \$60,000 in your Retirement savings when you start your monthly payouts.

Since Yusof was born in Singapore after 1958 and has more than \$60,000 in his Retirement Account, he will be **automatically included** in CPF LIFE. Three months before Yusof turns 65, the CPF Board will inform Yusof of the CPF LIFE plans available to him. In this case, the savings in his Retirement Account will be used as the CPF LIFE premiums.

If the savings in Yusof's Retirement Account are less than \$60,000, he may still join CPF LIFE. This is because no minimum amount is required. However, if Yusof joins CPF LIFE with a low amount of savings, then the corresponding monthly lifelong payout may not be sufficient to support his retirement needs as there is no minimum payout amount under CPF LIFE.

Even if Yusof does not enrol in CPF LIFE, he will still receive monthly payouts from the savings in his Retirement Account under the Retirement Sum Scheme. In this case, since these payouts are not made under CPF LIFE, the payouts will stop when the savings in his Retirement Account run out.

When the CPF Life Payout Will Begin

Three months before Yusof turns 65 years old, he can instruct the CPF Board to start or defer his CPF LIFE payouts, view his estimated payouts, explore options for higher payouts, and confirm his bank details (under Account settings – see Pro Tip).

Yusof can choose to start his payouts anytime from his **payout eligibility age of 65 to 70**. If Yusof defers his payouts, they will **increase by up to 7% for each year of deferment**. With this in mind, if Yusof is still working or does not need the CPF LIFE payout, he may defer his payouts. **By 70**, if Yusof has not initiated his payouts, they will automatically begin and be paid to the bank account provided under his Account settings.

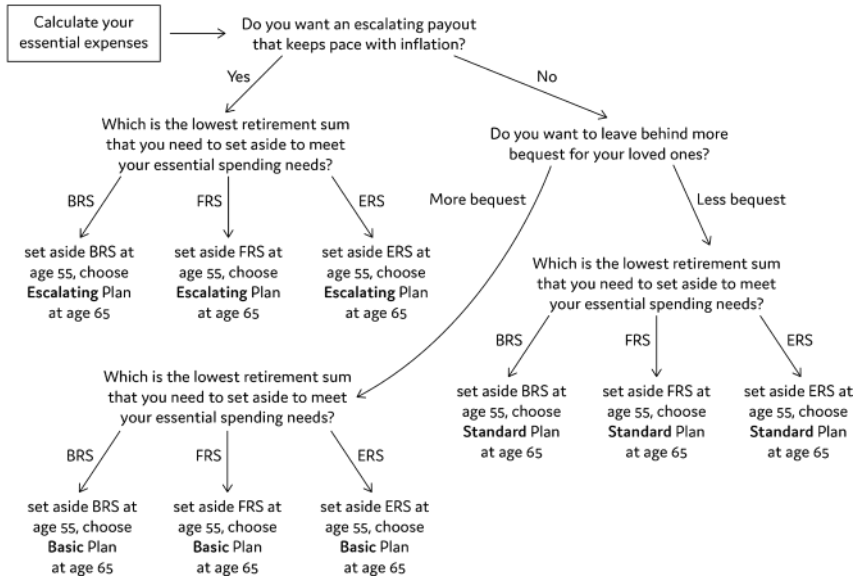
Pro Tip:

Use the CPF LIFE monthly payout estimator to estimate your monthly payout: <https://www.cpf.gov.sg/payoutestimator>

Go to <https://www.cpf.gov.sg/changebankaccount> to check your Account settings.

Choosing a Suitable CPF LIFE Plan for Retirement

After some deliberation, Yusof decided to enjoy the fruits of his labour and start his CPF LIFE payout when he reaches 65. Before this, he must evaluate the three CPF LIFE plans to determine the most suitable plan to meet his retirement needs.



Flowchart: Choosing a suitable CPF LIFE plan to meet your essential spending needs during retirement (Source: Havend Pte Ltd)

The Standard Plan

The Standard Plan provides Yusof with a **lifelong level monthly payout**. The starting payout is the **highest** compared to both the Basic and Escalating Plans. This is also the **default** CPF LIFE plan for all CPF members. This means if Yusof does not select a CPF LIFE plan by 70 years old, at 70 years old, he will automatically be on the Standard Plan.

One month before the Standard Plan's payout begins, all the savings in Yusof's Retirement Account will be used as the annuity premium to join the scheme.

When Yusof is ready to start his CPF LIFE payout, say at 65 years old, he will begin receiving his monthly payout from his CPF LIFE premium first. After the CPF LIFE premium has been depleted, Yusof will continue to receive the monthly payouts from the interest that other CPF members and he have accumulated into the LIFE fund. This enables Yusof to continue to receive the same monthly payout for as long as he lives.

Under the Standard Plan, Yusof will receive a higher monthly payout (about 10% more) than the Basic Plan.

However, the Standard Plan will provide **lesser** bequests for Yusof's beneficiaries (compared to the Basic and the Escalating Plan). This is because the interest earned on the CPF LIFE premium is pooled and will not be paid out to his loved ones as part of his bequest.



Yusof, who will turn 55 in 2025	Future Kate, who will turn 55 in 34 years
Full Retirement Sum in 2025: \$213,000	Estimated Full Retirement Sum ² in 34 years (based on an increase of 3.5% annually): \$686,000
Estimated CPF LIFE payout under the Standard Plan at 65 years old: \$1,730 monthly (Assume that only the FRS is in Yusof's RA at age 55)	Estimated CPF LIFE payout under the Standard Plan at 65 years old: \$5,020 ³ monthly (Assume that only the estimated FRS is in Future Kate's RA at age 55)

In Kate's case, she will turn 55 in 34 years. As such, her retirement sum⁴ needs to increase annually, at an estimated rate of 3.5%. This ensures each successive cohort of CPF members can receive a similar payout level to support their future retirement needs, which is equivalent to that of a retiree today.

² The figure for the estimated Full Retirement Sum has been rounded off to the nearest thousand.

³ This estimation is based on the figures from Provident Ltd's proprietary CPF Projector.

⁴ Refer to the Chapter 8, "Understanding the Retirement Sums", under the section, "Why do the Retirement Sums increase annually?", to learn why Kate's retirement sum needs to increase annually.

Meanwhile, Kate's estimated CPF LIFE payout under the Standard Plan is merely an estimate, and the figures used are for illustration purposes only.

The Basic Plan

The Basic Plan can also provide Yusof with a **lifelong level monthly payout**. However, his payout under the Basic Plan is **approximately 10% lower** than that under the Standard Plan.

One month before the Basic Plan's payout begins, about 80% to 90% of the savings in Yusof's Retirement Account remain in his Retirement Account. Meanwhile, about 10% to 20% of the savings in Yusof's Retirement Account will be used as the annuity premium to join the scheme.

When Yusof is ready to start his CPF LIFE payout, say at 65 years old, he will withdraw his monthly payout from his Retirement Account. When Yusof's Retirement Account balance falls below \$60,000, he will earn less interest from his combined CPF balances. As a result, his monthly payout will get progressively lower.

From the time Yusof is 90 years old onwards, he will withdraw his monthly payout from his CPF LIFE premium. After the CPF LIFE premium has been depleted, Yusof will continue to receive the monthly payouts from the interest that other CPF members and he have accumulated into the LIFE fund. This allows Yusof to continue to receive the same monthly payout for as long as he lives.

Since lesser savings from the Retirement Account were used as the CPF LIFE premium, Yusof receives a lower payout under CPF LIFE than the Standard Plan (about 10% lower).

However, the Basic Plan will provide **more** bequests for Yusof's beneficiaries (compared to the Standard Plan and the Escalating Plan). This is because most of the retirement savings and their accumulated interest remain in Yusof's Retirement Account (instead of being pooled into the LIFE fund).



Yusof, who will turn 55 in 2025	Future Kate, who will turn 55 in 34 years
Full Retirement Sum in 2025: \$213,000	Estimated Full Retirement Sum ⁵ in 34 years (based on an increase of 3.5% annually): \$686,000
Estimated CPF LIFE payout under the Basic Plan at 65 years old: \$1,610 ⁶ monthly (Assume that only the FRS is in Yusof's RA at age 55)	Estimated CPF LIFE payout under the Basic Plan at 65 years old: \$4,750 ⁷ monthly (Assume that only the estimated FRS is in Future Kate's RA at age 55)

⁵ The figure for the estimated Full Retirement Sum has been rounded off to the nearest thousand.

⁶ To obtain this figure, we apply a factor to the estimated CPF LIFE payout under the Standard Plan at 65 years old in 2025 (i.e. \$1,730). This factor represents the difference between the CPF LIFE Standard Plan and the CPF LIFE Basic Plan, as calculated by the CPF Board's Monthly Payout Estimator for a male CPF member born in 1970, with a Retirement Account balance of \$213,000.

⁷ This estimation is based on the figures from Provident Ltd's proprietary CPF Projector.

The Escalating Plan

The Escalating Plan provides Yusof with a lifelong monthly payout that increases by 2% each year. His starting payout under the Escalating Plan is approximately 20% lower than the Standard Plan. This is because the payout is designed to increase gradually over time, thereby keeping pace with inflation. Eventually, the payout will exceed that of both the Standard and the Basic Plan. Compared to the Standard and Basic Plans, it takes approximately 12 and 8 years⁸, respectively, to reach the break-even point. Compared to the Standard and Basic Plans, the cumulative monthly payouts take approximately 23 and 15 years, respectively, to reach the break-even point.

As such, if Yusof chooses the Escalating Plan, he must ensure that the first-year payout (which is 20% lower than the Standard Plan) is sufficient to meet his essential expenditure. Alternatively, Yusof can consider topping up his Retirement Account to match the starting payout of the Standard Plan.

One month before the Escalating Plan's payout begins, all the savings in Yusof's Retirement Account will be used as the annuity premium to join the scheme.

When Yusof is ready to start his CPF LIFE payout, say at 65 years old, he will withdraw his monthly payout from his CPF LIFE premium. After the CPF LIFE premium has been depleted, Yusof will continue to receive the monthly payouts from the interest that other CPF members have accumulated into the LIFE fund. This allows Yusof to continue to receive the same monthly payout for as long as he lives.

⁸ Refer to the Appendix, "CPF LIFE Plans' Break-even Points", to learn more about the break-even points for the respective CPF LIFE Plans.



Yusof, who will turn 55 in 2025	Future Kate, who will turn 55 in 34 years
Full Retirement Sum in 2025: \$213,000	Estimated Full Retirement Sum ⁹ in 34 years (based on an increase of 3.5% annually): \$686,000
Estimated CPF LIFE payout under the Escalating Plan at 65 years old: \$1,360 ¹⁰ monthly (Assume that only the FRS is in Yusof's RA at age 55)	Estimated CPF LIFE payout under the Escalating Plan at 65 years old: \$4,060 ¹¹ monthly (Assume that only the estimated FRS is in Future Kate's RA at age 55)
Estimated CPF LIFE payout under the Escalating Plan when Yusof reaches 85 years old: \$2,035 monthly	Estimated CPF LIFE payout under the Escalating Plan when Future Kate reaches 85 years old: \$5,760 ¹¹

⁹ The figure for the estimated Full Retirement Sum has been rounded off to the nearest thousand.

¹⁰ To obtain this figure, we apply a factor to the estimated CPF LIFE payout under the Standard Plan at 65 years old in 2025 (i.e. \$1,730). This factor represents the difference between the CPF LIFE Standard Plan and the CPF LIFE Basic Plan, as calculated by the CPF Board's Monthly Payout Estimator for a male CPF member born in 1970, with a Retirement Account balance of \$213,000.

¹¹ This estimation is based on the figures from Provident Ltd's proprietary CPF Projector.

CHAPTER SUMMARY

About CPF LIFE

- When you turn 55, the savings in your Ordinary and Special Accounts will be transferred to your Retirement Account, up to your cohort's Full Retirement Sum.
- By setting aside more savings in your Retirement Account, you will receive a larger payout under CPF LIFE.
- The Savings in your Retirement Account will be used to purchase CPF LIFE.
- CPF LIFE is our national longevity insurance annuity scheme.
- CPF LIFE is designed to ensure its members and/or the members' beneficiaries receive at least the amount of their CPF LIFE premiums, either through payouts and/or bequests.
- Under CPF LIFE, you can choose to start to receive lifelong payouts from the payout eligibility age of 65 to 70.
- The interest pooled from the CPF LIFE premiums of all the CPF members allows everyone to enjoy the lifelong payouts under the scheme.

About the CPF LIFE plans

You can choose from three CPF LIFE plans – the Basic Plan, the Standard Plan, and the Escalating Plan. All

three plans share the following similarities:

- You will receive a monthly payout for as long as you live.
- For each year of deferment, your payout will increase by up to 7% for each year of deferment.
- When you pass away, your CPF LIFE premium balance (if any) will be distributed to your beneficiaries. Any remaining CPF savings will also be distributed to your beneficiaries.

In general, the CPF LIFE premium and payout levels depend on factors such as:

1. The amount of Retirement Account savings used to join CPF LIFE;
2. Gender;
3. Age;
4. CPF interest rate; and
5. Mortality rates.

To ensure the sustainability of the CPF LIFE fund, CPF LIFE payouts may be adjusted to account for long-term changes in interest rates or life expectancy. However, such adjustments (if any) are expected to be small and gradual.

THE CPF PLAYBOOK: A HOLISTIC GUIDE TO USING CPF FOR RETIREMENT

	Basic Retirement Sum	Full Retirement Sum	Enhanced Retirement Sum
Overview	To cover basic living needs, excluding rental expenses	An ideal reference for how much a retiree needs in retirement	The maximum amount that you can top up to your Retirement Account
Amount at 55 years old in 2025	\$106,500	\$213,000	\$426,000
CPF LIFE payout from 65 years (in 2035)	\$860 to \$930	\$1,610 to \$1,730	\$3,100 to \$3,300

	Basic Plan	Standard Plan	Escalating Plan
Retirement Account (RA) Savings	Around 80% to 90% stays in RA; 10% to 20% becomes CPF LIFE premium	100% of RA becomes CPF LIFE premium	100% of RA becomes CPF LIFE premium
Starting payout	Lower payout than the Standard Plan by about 10%	Highest starting payout	Lower starting payout than the Standard Plan by about 20% (i.e., lowest among the three plans)
Type of payout	Payouts get progressively lower slightly, and do not keep pace with inflation	Steady and level monthly payouts that do not keep pace with inflation	Growing payouts (by 2% annually) to keep pace with inflation
Bequest	The highest bequest amount	The lowest bequest amount	Higher bequest amount than the Standard Plan, but lower than the Basic Plan

Table: Comparison between the three CPF LIFE plans

	Monthly Payout at Age 65	Monthly Payout at Age 75	Monthly Payout at Age 85	Monthly Payout at Age 95
Standard Plan	\$1,590 to \$1,700	\$1,590 to \$1,700	\$1,590 to \$1,700	\$1,590 to \$1,700
Basic Plan	\$1,500 to \$1,560	\$1,500 to \$1,560	\$1,500 to \$1,560	\$1,500 to \$1,560
Escalating Plan	\$1,220 to \$1,340	\$1,490 to \$1,640	\$1,820 to \$2,000	\$2,200 to \$2,440
	Bequest at Age 65	Bequest at Age 75	Bequest at Age 85	Bequest at Age 95
Standard Plan	\$315,000	\$111,000 to \$124,000	\$0	\$0
Basic Plan	\$315,000	\$228,000 to \$232,000	\$108,000 to \$119,000	\$0
Escalating Plan	\$315,000	\$139,000 to \$155,000	\$0	\$0

Table: Comparison¹² between the Monthly Payout and the Bequest among the CPF LIFE Plans at different age bands

Source: CPF Board, compiled by Havend Pte Ltd

¹² Refer to the Appendix, "Table Comparing CPF LIFE Standard, Basic and Escalating Plans over Age", for the list of assumptions used to produce this table of comparison.

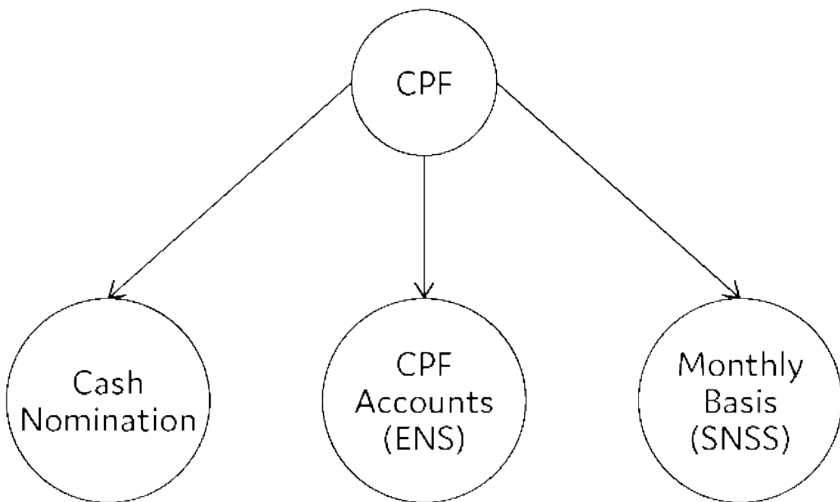
PART V

ESTATE PLANNING FOR CPF

What Happens to Your CPF Savings When You Pass Away

In this chapter, we will learn the **only** method you can use to distribute your CPF savings to your intended beneficiaries.

CPF Nomination Payout methods



Throughout the entire CPF planning journey, Yusof has constantly wondered what will happen to his CPF savings upon his passing. As a responsible adult, Yusof wants to ensure his assets reach his intended beneficiaries promptly after he passes away. While drafting his will, Yusof's lawyer told him that the savings in all his CPF accounts (i.e., balances in his OA, SA, MA, RA, including any remaining CPF LIFE premium balance), and discounted Singtel shares cannot be distributed via a will.

Yusof must make a CPF nomination to distribute his CPF savings to his intended beneficiaries. In its absence, his CPF savings will be distributed according to the intestacy laws or the Muslim Inheritance law in Singapore.

There are three types of CPF nomination:

1. Cash Nomination
2. Enhanced Nomination Scheme (ENS)
3. Special Needs Savings Scheme (SNSS)

Cash Nomination

The Cash Nomination allows Yusof to distribute all his CPF savings **to his intended beneficiaries in cash**. This is also the **default** option for all the CPF members.

Enhanced Nomination Scheme (ENS)

The Enhanced Nomination Scheme allows Yusof to distribute his CPF savings **to his intended beneficiaries' CPF accounts**. Yusof can choose from one of the following two ENS options.

ENS Option 1:

Yusof may credit his CPF savings into his nominee's Special or Retirement Account first. If Yusof's nominee is below 55 years old, this transfer can be made up to the prevailing Full Retirement Sum. If Yusof's nominee is 55 years old and above, this transfer can be made up to the current year's Enhanced Retirement Sum.

After the transfer has reached the respective limits, the CPF Board will transfer the balance into his nominee's MediSave Account, up to the prevailing Basic Healthcare Sum. Yusof's nominee will get any remaining balance in cash.

ENS Option 2:

Yusof may credit his CPF savings into his nominee's MediSave Account first, up to the prevailing Basic Healthcare Sum.

After the transfer has reached the Basic Healthcare Sum, CPF Board will transfer the balance into his nominee's Special or Retirement Account, up to its respective limits. Yusof's nominee will get any remaining balance in cash.

Special Needs Savings Scheme (SNSS)

The Special Needs Trust Company administers the Special Needs Savings Scheme. Through this scheme, Yusof can disburse his CPF savings to his child with special needs **on a monthly basis** until his CPF balance is fully depleted.

Regardless of the type of CPF nomination, Yusof can specify the proportion to allocate to each of his nominees. His nominees can be a person or an organisation he wishes to support. For a nomination to be valid, Yusof must complete the form

in the presence of two witnesses, either in person or at the CPF Service Centre. Alternatively, Yusof may also complete the CPF nomination online for the Cash Nomination (Yusof must complete the ENS or the SNSS in person at the CPF Service Centre).

If Yusof's nominees are under 18 at the time of his death, they will not receive their share until they reach the age of 18. During this period, the Public Trustee will hold the shares on their behalf.

DO YOU KNOW?

Upon marriage, your CPF nomination will be revoked. This means the nomination that you have made before your marriage will no longer be valid.

However, in the event of a divorce, your existing CPF nomination remains valid.

Pro Tip:

Make a CPF nomination online: <https://www.cpf.gov.sg/makecpfnom>

View your nomination details: <https://www.cpf.gov.sg/viewnomdetails>

CHAPTER SUMMARY

Making a CPF nomination is the only way for you to distribute your CPF savings to your intended beneficiaries according to your wishes. Moreover, with a CPF nomination, this enables a more efficient distribution of your CPF savings to your intended beneficiaries without incurring any additional administration cost (as compared to the distribution process via the Public Trustee). Therefore, we will highly encourage you to make a CPF nomination. It's now even more convenient to submit your nomination online!

It is a good practice to review your CPF nomination on a regular basis. This ensures that the details of the nomination remain relevant to your wishes. Generally, you may conduct a review after a life stage update, e.g., change in marital status, additions to your family or the death of a nominee.

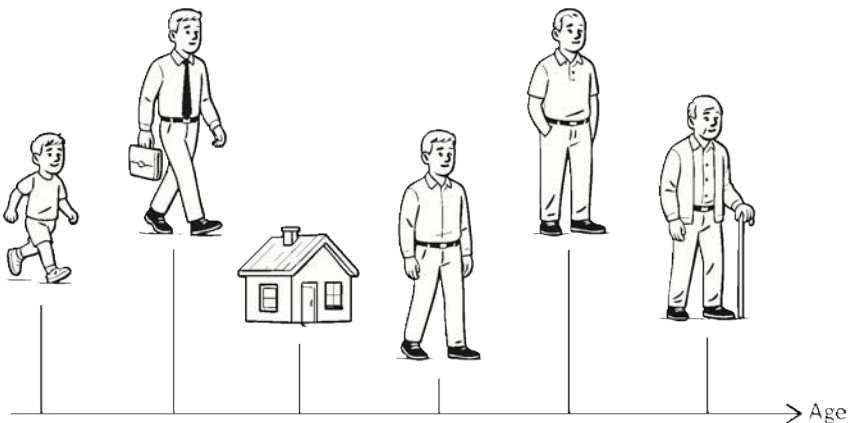
PART VI

PLANNING FOR RETIREMENT USING CPF

CHAPTER 12

Best CPF Tips You Can Use

*In this chapter, we will learn all the best CPF tips
I have learnt over the years.*



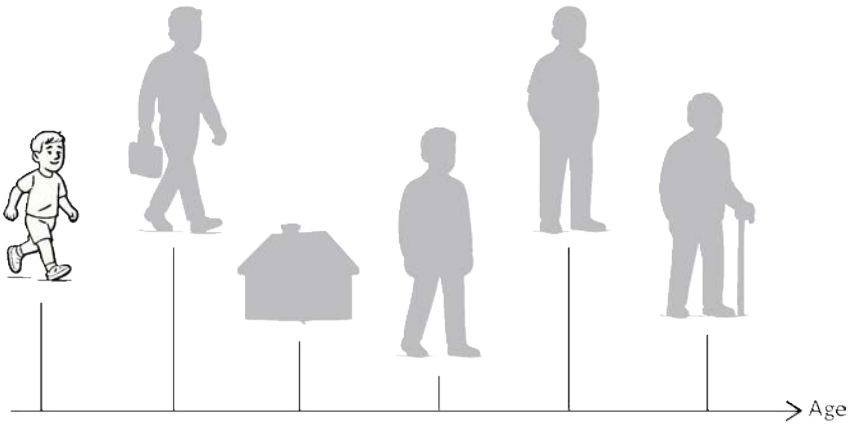
A visual timeline of life stages, highlighting key financial milestones

Before concluding this book, I would like to take a moment to consolidate all the information you have learnt into an easy-to-reference guide. In the following sections, I will highlight some of the actions you can undertake for the savings in your CPF accounts at each life stage. Some of these tips may be applied across different stages of life.

Here are some assumptions that we will make in this chapter:

- You will want to stop earning an income and retire at 65 years old.
- The long-term interest rate of the bank savings remains at 0.45% annually¹ (and this is less than CPF's Ordinary Account's interest rate of 2.5% annually).
- The long-term inflation rate is projected to be at 2% annually.

¹ Based on the average banks' interest rate from February 2025 to April 2025
Source: CPF Board



A visual timeline of life stages, highlighting key financial milestones — with a special focus on your children

For Your Children

As parents, you can build up your children's CPF savings by making a cash top-up to their CPF account(s) by making a direct top-up into their:

1. Special Account via the Retirement Sum Topping-Up Scheme (RSTU);
2. MediSave Account only; and/or
3. Ordinary, Special and MediSave Accounts via the Voluntary Contributions to all three CPF accounts (VC3A).

You are **not** eligible for tax relief when you perform a top-up to your children's CPF accounts.

Retirement Sum Topping-Up Scheme (RSTU)

When you perform a cash top-up to your children's Special Account, it **boosts their retirement savings**. In the time to come, these savings will be used to purchase CPF LIFE, providing your children with a reliable lifelong income stream.

NOTE

For top-ups made to your children's Special Account, your children will have to wait until they are **at least 55 or 65 years old** before they can use these savings. Hence, consider the time horizon factor before topping up your children's Special Account.

Top-Up to MediSave only

When you perform a cash top-up to your children's MediSave Account, it **provides a safety net for your children's healthcare needs**. For example, the savings can be used to pay for medical expenses, including insurance premiums for MediShield Life and approved private Integrated Shield Plans (IPs).

Savings in the Special and MediSave Accounts earn a risk-free interest rate of 4% annually, and up to 5% annually (if the amount in the MediSave Account is within the first \$60,000 combined CPF balances in the Ordinary, Special, and MediSave Accounts).

Voluntary Contributions to all 3 CPF Accounts (VC3A)

When you voluntarily contribute to your children's Ordinary Account (via VC3A), it **boosts their savings to purchase a house**. In the years to come, your children can enjoy paying off the mortgage sooner and owning a fully paid home.

The savings in the Ordinary Account earn a risk-free interest rate of 2.5% annually, and up to 3.5% annually (for the first \$20,000 of savings in the Ordinary Account).

We are confident that you will find tremendous value in topping up or contributing to your children’s CPF accounts (as illustrated in the examples later in this section). Before you do so, ensure that you take care of your own retirement needs first!

Pro Tip:

You can view your child’s CPF statement via the Child Dashboard under the “my cpf Home” menu: <http://cpf.gov.sg/childdashboard>

EXAMPLE 1

Let’s perform a cash top-up of \$200 a month, or \$2,400 yearly, into your newborn’s Special Account. For comparison, let’s include the scenario of leaving the money in the bank instead.

Age	Total Cash Top-Ups	Special Account Balance (At the end of the age)	Bank Balance (earns an interest of 0.45% annually) (At the end of the age)
1	\$2,400	\$2,500	\$2,410
5	\$12,000	\$14,000	\$12,000
10	\$24,000	\$31,000	\$25,000
15	\$36,000	\$53,000	\$37,000
20	\$48,000	\$81,000	\$50,000
25	\$60,000	\$115,000	\$64,000
30	\$72,000	\$157,000	\$77,000

The figures in the above table have been rounded to the nearest thousand.

By topping up the Special Account instead of keeping your money in the bank, the account balance increased 24% faster over 10 years than if you had kept your money in the bank. Thirty years later, the account balance in the Special Account is more than double that of the bank balance.

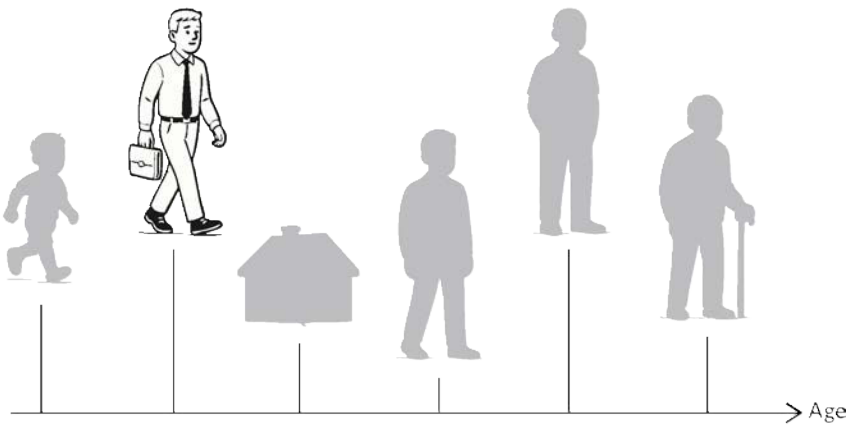
EXAMPLE 2

Let’s consider the scenario in which you top up your newborn’s Special Account with \$8,000 annually.

Age	Total Cash Top-Ups	Special Account Balance (At the end of the age)	Bank Balance (earns an interest of 0.45% annually) (At the end of the age)
1	\$8,000	\$8,200	\$8,000
5	\$40,000	\$46,000	\$41,000
10	\$80,000	\$103,000	\$82,000
15	\$120,000	\$172,000	\$124,000
20	\$160,000	\$257,000	\$168,000
25	\$200,000	\$360,000	\$212,000
30	\$240,000	\$486,000	\$258,000

The figures in the above table have been rounded to the nearest thousand.

At the end of 30 years, your child’s Special Account has doubled in value and is reaching almost half a million dollars, thanks to the hard work of compound interest!



A visual timeline of life stages, highlighting key financial milestones – with a special focus on working adults (employees under 55 years old)

For Working Adults (Employees Under 55 Years Old)

As an employee, you gain the natural advantage of employees' and employers' CPF contributions (up to 37% of your total wages), and this is a good stepping stone.

CPF Transfers

If you **do not foresee any use of the savings in your Ordinary Account**, you may consider transferring the savings from your Ordinary Account to your Special Account. By doing so, these savings earn a risk-free interest rate of 4% annually in your Special Account (as opposed to 2.5% annually in your Ordinary Account). Furthermore, the government gives you an additional interest of 1% annually on your first \$60,000 combined CPF balances (capped at \$20,000 for the savings in the Ordinary Account).

CPF Top-Ups

Next, if you have sufficient cash flow, you may also consider topping up your CPF account via one or more of the following three schemes:

1. Voluntary top-up to MediSave Account only
2. Voluntary top-up to Special Account via the Retirement Sum Topping-Up Scheme (RSTU)
3. Voluntary top-up to all three CPF accounts (VC3A)

Top-Up to MediSave Account only

When you perform a cash top-up to your MediSave Account, it **provides a safety net for your healthcare needs**. For example, the savings can be used to pay for medical expenses, including insurance premiums for MediShield Life and approved private Integrated Shield Plans (IPs). By performing a cash top-up to your MediSave Account, you are eligible for tax relief of up to \$8,000 in each calendar year.

Savings in the MediSave Account earn a risk-free interest rate of 4% annually, and up to 5% annually (for the first \$60,000 combined CPF balances in the Ordinary, Special and MediSave Accounts).

After you have reached the current year's Basic Healthcare Sum (BHS), any working contributions or additional interest earned from your MediSave Account will be transferred to your Special Account to boost your retirement savings.

After you have reached the current year's Full Retirement Sum, any working contributions or additional interest earned from your MediSave Account will be transferred to your Ordinary Account.

Retirement Sum Topping-Up Scheme (RSTU)

Additionally, you can perform a cash top-up to your Special Account through the Retirement Sum Topping-Up Scheme (RSTU). Doing so helps you save towards your retirement. Moreover, you are also eligible for tax relief of up to \$8,000 in each calendar year.

The Retirement Sum Topping-Up Scheme may be considered a “while you can” scheme. Once you have reached the current year’s Full Retirement Sum, any working contributions and annual interest earned will be sufficient to meet the yearly increase in the Full Retirement Sum. Since the maximum top-up is up to the current year’s Full Retirement Sum, you will unlikely make top-ups thereafter.

After you have reached the current year’s Full Retirement Sum, any working contributions or additional interest earned from the Special Account will stay in the Special Account.

Voluntary Contributions to all 3 CPF Accounts (VC3A)

You may also choose to make a voluntary contribution to all three CPF accounts (i.e., Ordinary, Special and MediSave Accounts). The maximum contribution you can make in a calendar year is \$37,740, including your mandatory CPF contributions (as an employee). A voluntary contribution to all three CPF accounts allows you to increase the balance in your Special Account even after reaching the current year’s Full Retirement Sum.

You are not eligible for any tax relief as an employee when you make a voluntary contribution to all three CPF accounts.

EXAMPLE

Kate is 21 years old and has \$3,000 in her Special Account. She earns \$4,500 monthly and makes a cash top-up of \$5,000 to her Special Account via the Retirement Sum Topping-Up Scheme (RSTU) each year. Assuming that her income increases by 3% annually, this is how her Special Account balance looks over time.

Year	Age	FRS (increases at 3.5% p.a.)	SA Balance (without any RSTU)	SA Balance (with \$5k RSTU)	SA Balance (with \$8k RSTU)
2025	21	\$213,000	\$6,600	\$12,000	\$15,000
2030	26	\$253,000	\$30,000	\$64,000	\$85,000
2035	31	\$300,000	\$62,000	\$132,000	\$173,000
2040	36	\$357,000	\$106,000	\$218,000	\$285,000
2045	41	\$424,000	\$166,000	\$331,000	\$429,000 (no more RSTU after this year)
2050	46	\$503,000	\$240,000	\$468,000	\$560,000
2053	49	\$558,000	\$300,000	\$567,000 (no more RSTU after this year)	\$655,000
2055	51	\$598,000	\$353,000	\$632,000	\$727,000
2058	54	\$663,000	\$446,000	\$746,000	\$853,000

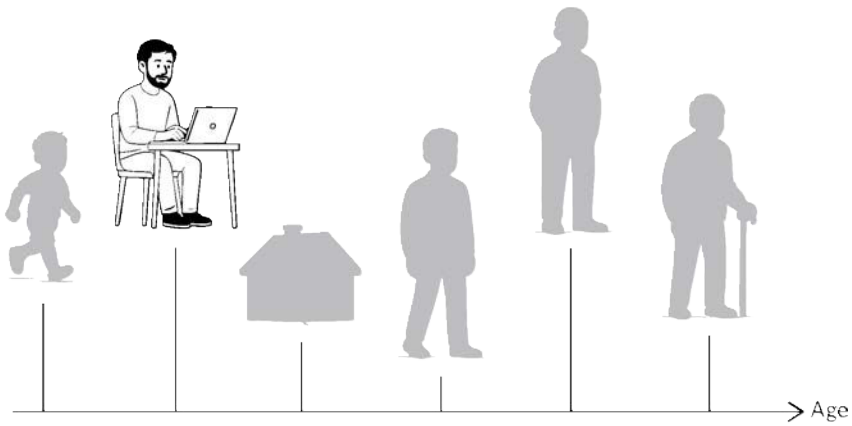
The figures in the above table have been rounded to the nearest thousand.

Assume that the Full Retirement Sum increases by 3.5% annually. When Kate is 55 (in the year 2059), her cohort’s estimated Full Retirement Sum will be \$686,000.

If Kate does not perform any cash top-ups to her Special Account, her Special Account balance will be \$446,000 at age 54. In this case, relying on her working contributions alone will be insufficient to meet her cohort’s Full Retirement Sum.

If Kate performs a cash top-up of \$5,000 annually to her Special Account (total capital of \$145,000 over 29 years), her Special Account balance will be \$567,000 at age 49 (in the year 2053). Since the estimated prevailing Full Retirement Sum for 2053's cohort is \$558,000, Kate cannot perform any further top-ups to her Special Account via RSTU. However, with her top-ups, even without future working contributions, Kate would be able to meet her cohort's Full Retirement Sum six years later because of compound interest.

If Kate performs a cash top-up of \$8,000 annually to her Special Account (\$168,000 over 21 years), her Special Account balance will be \$429,000 by the time she is 41 (in the year 2045). Since the estimated prevailing Full Retirement Sum for 2045's cohort is \$424,000, Kate cannot perform any further top-ups to her Special Account via RSTU. However, with her top-ups, even without future working contributions, because of compound interest, Kate would be able to meet her cohort's Full Retirement Sum when she turns 55 in 14 years time. This is half the time taken as compared to performing an RSTU of \$5,000 annually.



A visual timeline of life stages, highlighting key financial milestones – with a special focus on working adults (self-employed persons under 55 years old)

For a Working Adult (Self-employed Persons Under 55 Years Old)

Generally, the list of tips for a self-employed person is similar to that of an employee (as shared in the earlier section). There are two exceptions.

As a self-employed person, you do not have any mandatory employees' or employers' CPF contributions. As a result, you tend to "lose out" on up to 17% of your total wages (the total CPF contributions from the employer).

Next, when you make a voluntary contribution to all three CPF accounts, you **are eligible** for tax relief as a self-employed person. The amount of tax relief is based on the lower of:

- 37% of assessable income; or
- CPF Annual Limit of \$37,740; or
- Actual amount contributed by you.

Similarly, when you perform a cash top-up to your

MediSave Account, you are also eligible for tax relief (just like a regular employee).

As a self-employed person, we encourage you to build your medical safety net by topping up your MediSave Account. This is because you may not have access to a staff benefit, such as a group medical insurance scheme. As a result, it becomes more imperative for you to purchase a suitable hospital and surgical plan and to have savings in your MediSave Account to cover the cost of certain costly medical treatments.

Should you top up your Special Account or MediSave Account first?

We all work with a limited set of financial resources. Consequently, you may wonder whether you should top up your Special or MediSave Account first. Here are two perspectives to consider:

Advantages of topping up your MediSave Account first

The savings in your MediSave Account are meant to meet your healthcare needs. For example, the savings can be used to cover medical expenses, including insurance premiums for certain hospital and surgical plans, as well as long-term care insurance policies. Similarly, these savings can also be used to pay for your parents or children's healthcare expenses.

Given its uses, you may consider topping up your MediSave Account first. By doing so, you are eligible for tax relief, and the cash top-ups **help to negate** some of the MediSave deductions that will occur throughout the year. Together with your working contributions, your MediSave Account balance can continue to grow and reach the prevailing Basic Healthcare Sum (\$75,500 for 2025) earlier.

Once you have reached the prevailing Basic Healthcare Sum, any contributions or interest earned on the balance in your MediSave Account will be transferred to your Special Account. This overflow effect helps build up your retirement savings.

Advantages of topping up your Special Account first

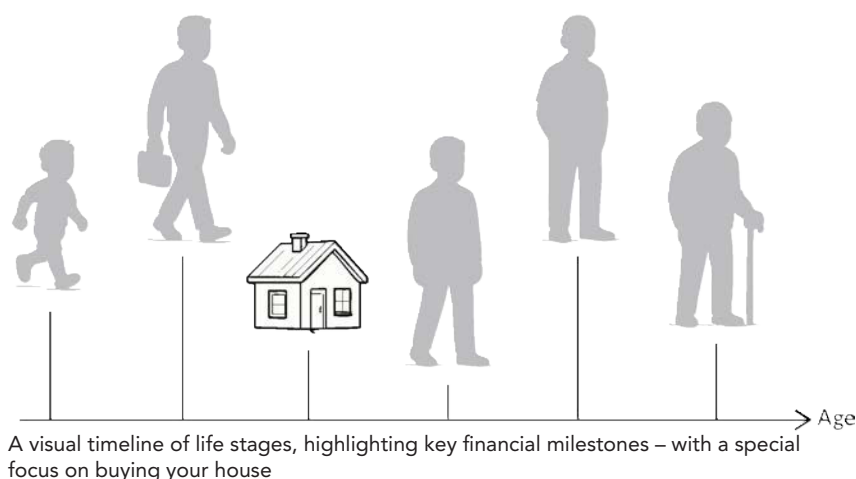
Meanwhile, the savings in your Special Account are intended for use in retirement. By topping up your Special Account, you are eligible for tax relief, and your account balance can grow and reach the prevailing Full Retirement Sum earlier.

After you have reached the prevailing Full Retirement Sum, any working contributions or additional interest earned from the Special Account will stay in the Special Account. At the same time, the working contributions and annual interest earned will be sufficient to meet the yearly increase in the Full Retirement Sum. Since the maximum top-up is up to the current year's Full Retirement Sum, you will unlikely make top-ups thereafter.

Given this limitation, it may be better to top up your Special Account first. This is opposed to allowing your MediSave Account to reach the current year's Basic Healthcare Sum and the excess funds to be transferred into your Special Account, as the latter would **reduce the room for direct top-ups**.

In summary, here is a comparison table that you may find helpful:

	Special Account	MediSave Account
Primary Purpose	Savings for retirement	Savings to meet healthcare needs
Current Floor Rate	4% annually	4% annually
Common Uses	Can invest for potentially higher returns (although we don't recommend that you do so!)	Pay for medical expenses, insurance premiums for certain insurance policies
Top-Up Limit (for 2025)	Full Retirement Sum of \$213,000	Basic Healthcare Sum of \$75,500
What happens to the working contributions and interest earned after reaching the limit?	Stays in the Special Account	Will be transferred to the Special Account, up to the prevailing Full Retirement Sum. Thereafter, the excess will be transferred to the Ordinary Account.



Buying Your House

Under the CPF Housing Scheme, you can use the savings in your Ordinary Account to buy an HDB flat or buy or build private and residential properties in Singapore. The savings in the Ordinary Account can be used for downpayment and repayment of the mortgage, stamp and legal fees and the Home Protection Scheme premiums (for HDB flats only).

As an employee, you may be inclined to use only the savings in your Ordinary Account to repay your home's mortgage. After all, in the early working years, most of your CPF contributions are allocated to the Ordinary Account. Despite that natural inclination, you may also choose to use cash to pay for a portion, or even the entire monthly mortgage repayment, and there are advantages to this approach. To decide between the two or a combination of both payment methods, here are four points to consider:

- Do you have sufficient cash flow to repay the mortgage in cash (as opposed to using the savings in your Ordinary Account)?

- Can your cash consistently earn a risk-free interest rate of at least 2.5% annually?
- Do you intend to sell your residential home in the future?
- In the event of a medical crisis or if you lose your job, have you set aside an emergency fund in your Ordinary Account (or in cash) to repay the mortgage?

Firstly, if you do not have sufficient cash savings and ongoing cash flow at this point, there is not much for us to consider. In this situation, use the savings in your Ordinary Account to repay the mortgage. After all, as an employee, you should have accumulated a sum of savings in your Ordinary Account. That being said, we can always revisit this decision in the future when you have accumulated more cash savings.

Next, **consider the opportunity cost of holding onto idle cash.** If the savings in your bank earn an interest rate of less than 2.5% annually, you may be better off using cash to repay the mortgage. This is because the savings in your Ordinary Account earn a risk-free interest of at least 2.5% annually. Using cash to repay your mortgage instead of your savings in your Ordinary Account allows the savings in your Ordinary Account to grow by at least 2.5% annually. In this case, the primary consideration is **your willingness to forgo the liquidity for your cash.**

Meanwhile, some savvy investors may wish to invest their cash for potentially higher returns instead. Consider whether your investment can generate a **consistent** return of at least 2.5% every year.

If you wish to enjoy a higher return but not undertake any volatility risk, consider repaying your mortgage in cash and **transferring the idle savings from your Ordinary Account to your Special Account.** By doing so, your savings can earn a

higher risk-free interest of at least 4% annually. In this case, the downside is that the CPF transfer is irreversible; you cannot use the transferred savings to repay your mortgage in the future. In this case, the primary consideration is **your willingness to forgo the uses of the savings in your Ordinary Account for a higher risk-free interest**. Therefore, be sure to conduct your cash flow planning before making this CPF transfer.

Thirdly, if you use the savings in your Ordinary Account to repay the mortgage, consider the **long-term repercussions of the accrued interest**. If you sell your property in the future, the sales proceeds would be used to repay the housing loan, and to make good the balance in your Ordinary Account of what it would have been like if no withdrawals had been made. This amount consists of the principal amount withdrawn from the Ordinary Account and the accrued interest that the savings in your Ordinary Account would have earned. As a result, with more accrued interest, you will receive less of your property's sales proceeds in cash. In this case, the primary consideration is **your willingness to want less of your sales proceeds in cash should you sell your property in the future**. That being said, you can always choose to use the savings in your Ordinary Account to pay for your property first, and make a voluntary housing refund later. By doing so, you can reduce the amount you need to make good on your Ordinary Account when you sell the property.

In summary, when purchasing a house, you can repay the mortgage using cash, the savings in your Ordinary Account, or a combination of both. Moreover, it can also be a situation where you start repaying your mortgage using the savings in your Ordinary Account first. In the latter years, you can gradually switch to cash or vice versa. It is also prudent to preserve some of the balances in your Ordinary Account for emergencies such as a medical crisis or if you lose your job.

After all, the savings earn a relatively high risk-free interest.

Choice of Action	Advantages	Disadvantages
Holding onto idle cash and using the savings in the Ordinary Account to repay the mortgage	Cash is more versatile and can be used for more purposes	Cash sitting in the bank may be earning an interest rate of less than 2.5% annually When invested, cash may not generate a consistent return of at least 2.5% every year
Earn a higher risk-free interest by transferring the idle savings in the Ordinary Account to the Special Account	The transferred savings earn a higher risk-free interest of at least 4% annually	The transferred savings cannot be used to repay your mortgage in the future
Refund the amount used for your property to your Ordinary Account	Can hold onto more cash, which is generally more versatile	Receive less cash proceeds upon the sale of your property

EXAMPLE

Kate is deliberating between using the savings in her Ordinary Account or the surplus in her bank to pay for her mortgage in the future. As part of her illustration, Kate made the following assumptions:

- At age 30, Kate will have \$100,000 in savings in her Ordinary Account and her bank account, respectively.
- At age 30, Kate has \$0 savings in her Special Account (this assumption is made for the ease of calculating the compounding effect from conducting a CPF transfer in Scenario 2 and Scenario 3).
- Kate will pay \$300 monthly for her mortgage over the next 25 years.
- During the mortgage repayment period, there are no contributions to both her Ordinary Account and her bank account.

- The savings in her bank account earn an interest rate of 0.45% annually.

Scenario 1: Using only the savings in the Ordinary Account to repay the mortgage

End of Age	OA Balance (use \$300 monthly from OA for mortgage)	Bank Balance (use \$0 monthly from the bank for mortgage)	Total Savings Balance (OA + Bank)
30	\$99,000	\$100,500	\$199,500
35	\$93,000	\$103,000	\$196,000
40	\$86,000	\$105,000	\$191,000
45	\$78,000	\$107,500	\$185,500
50	\$69,000	\$110,000	\$179,000
54	\$61,000	\$112,000	\$173,000

The figures in the above table have been rounded to the nearest thousand.

Table 1: The impact of the savings in Kate’s Ordinary Account and bank account (a full deduction of \$300 monthly from Kate’s Ordinary Account)

By repaying her mortgage using only the savings from her Ordinary Account, Kate’s Ordinary Account balance decreased by 39% at the end of 25 years. Meanwhile, her bank savings increased by 11%. Overall, the total savings balance (OA + Bank) decreased by 14%.

Scenario 2: Using both the savings in the Ordinary Account

and the bank to repay the mortgage (half each)

End of Age	OA Balance (use \$150 monthly from OA for mortgage)	Bank Balance (use \$150 monthly from the bank for mortgage)	Total Savings Balance (OA + Bank)
30	\$101,000	\$98,500	\$199,500
35	\$104,000	\$92,000	\$196,000
40	\$108,000	\$85,000	\$193,000
45	\$113,000	\$78,000	\$191,000
50	\$118,000	\$70,000	\$188,000
54	\$123,000	\$64,000	\$187,000

The figures in the above table have been rounded to the nearest thousand.

Table 2: The impact of the savings in Kate's Ordinary Account and bank account (a deduction of \$150 monthly from Kate's Ordinary Account and her bank account, respectively)

By repaying half of her mortgage in cash, Kate's Ordinary Account balance increased by 23%. Meanwhile, her bank savings decreased by 35%. Overall, the total savings balance (OA + Bank) decreased by 6%, less than half of what it was in the first scenario.

Recognising that she may not need as much savings in her Ordinary Account, Kate may transfer part of these savings into her Special Account to enjoy a higher risk-free interest rate. For example, the total repayment from her Ordinary Account is \$45,000 (being $150 \times 12 \text{ months} \times 25 \text{ years}$). Kate sets aside \$45,000 in her Ordinary Account and transfers \$55,000 into her Special Account. 25 years later, her combined CPF balance (OA + SA) will be \$192,784, an increase of over 56% from \$123,142.

Scenario 3: Using only the savings in the bank to repay

the mortgage

End of Age	OA Balance (use \$0 monthly from OA for mortgage)	Bank Balance (use \$300 monthly from the bank for mortgage)	Total Savings Balance (OA + Bank)
30	\$102,500	\$97,000	\$199,500
35	\$116,000	\$81,000	\$197,000
40	\$131,000	\$64,000	\$195,000
45	\$148,000	\$48,000	\$196,000
50	\$168,000	\$30,000	\$198,000
54	\$185,000	\$16,000	\$201,000

The figures in the above table have been rounded to the nearest thousand.

Table 3: The impact of the savings in Kate’s Ordinary Account and bank account (a full deduction of \$300 monthly from Kate’s bank account)

By repaying her mortgage using cash only, Kate’s total savings balance increased by 0.9% after 25 years.

Next, suppose Kate has transferred her entire balance from her Ordinary Account to her Special Account. In that case, her Special Account balance will become \$291,571, a 57% increase over keeping these savings in her Ordinary Account.

Accordingly, these examples illustrate the impact of using a lower-yield account for expenses first and the power of compound interest.

Selling Your House

Assume that you have used the savings in your Ordinary Account to pay for your property. Upon selling your house, you will need to refund the:

- Housing grants received and their accrued interest;
- CPF principal amount you have withdrawn to pay for the property; and
- Accrued interest you would have earned if these savings were left in your Ordinary Account.

The primary purpose of your CPF savings is to meet your retirement needs. Consequently, if you have used the savings in your Ordinary Account to purchase a home, you will have less money available for your retirement. By using the sales proceeds to restore your Ordinary Account balance to what it would have been if no withdrawals had been made for your property, it preserves your retirement funds.

If you are below age 55, your housing refunds will be credited to your Ordinary Account. If you do not foresee any use for these savings, you may transfer them to your Special Account and enjoy higher risk-free interest of at least 4% annually.

If you are 55 or older, your housing refunds will first be used to top up your Retirement Account to your cohort's Full Retirement Sum. Any remaining balance from the housing refunds will be credited to your Ordinary Account. Once you have fulfilled your cohort's Full Retirement Sum, you may withdraw the balance in your Ordinary Account in cash.

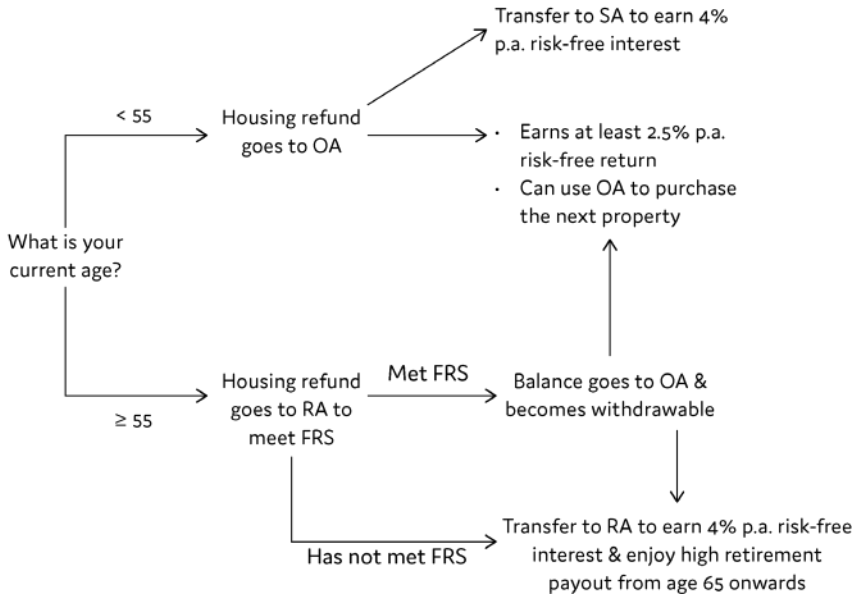
Alternatively, if you prefer higher payouts during retirement, you may transfer these savings from your Ordinary Account

to your Retirement Account. Moreover, by doing so, these savings earn a higher risk-free interest of at least 4% annually. In addition, if you had pledged your property to withdraw from your Retirement Account, you must also refund the pledged amount.

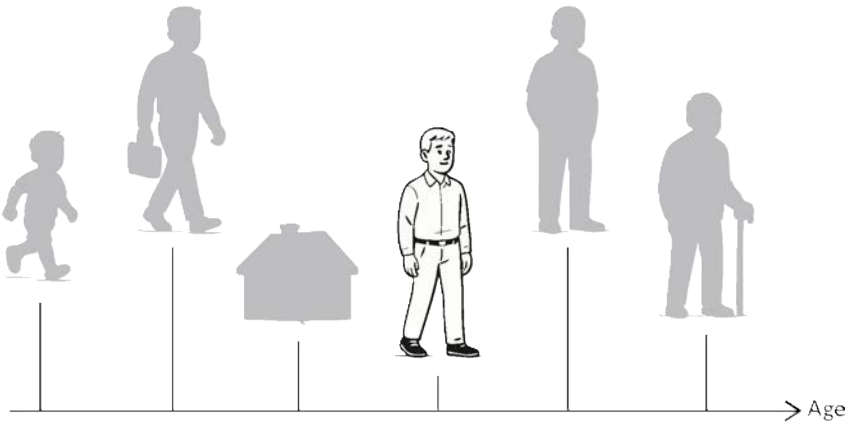
In both cases, these refunds (to your Ordinary Account) continue to earn risk-free interest of at least 2.5% annually. Moreover, you may use these savings to purchase another property or to pay for another housing loan.

Let's assume the case where the property's sales proceeds are insufficient to cover the housing refunds. In this case, if you have sold the property at market value, you **do not need** to top up the shortfall in cash.

Finally, suppose you wish to reduce the housing refunds upon selling your property. In that case, you may consider making a voluntary housing refund (Strategy 7 in Chapter 9, "Ten Strategies to Accumulate Your Wealth Using CPF"). Using cash to repay a portion of your CPF savings used to purchase your house reduces the accrued interest on the CPF amount used for the home. As a result, when you sell the house, you won't need to refund as much money to your Ordinary or Retirement Account. Instead, you may receive more cash.



Flowchart: Flow of CPF Housing Refund
Source: Havend Pte Ltd



A visual timeline of life stages, highlighting key financial milestones – with a special focus on pre-retirees nearing 55 years old

For Pre-Retirees Nearing 55 Years Old (Three Core Needs in Retirement)

At the book's beginning, we identified three core needs for peace of mind among retirees. Let's review these three needs again in this section.

- ☐ A fully paid home
- ☐ A medical safety net
- ☐ A reliable income stream

Fully Paid Home

Firstly, let's look at your home. At this life stage, your house will likely be fully paid or will be fully paid by the time you retire. If not, review your finances and craft a mortgage repayment plan to **complete the repayments before retirement**. Doing so alleviates the stress of having to repay your mortgage during your golden years. Moreover, take this opportunity to evaluate whether your house is the **right-sized home** for your

retirement. If not, consider right-sizing to a 3-room or smaller flat. By doing so at 55 years old or above, you may be eligible to receive a cash bonus of up to \$30,000 (and this amount will be enhanced to up to \$40,000 from 1 December 2025) under the Silver Housing Bonus.

Next, consider making a **voluntary housing refund** if you have an idle cash surplus. By doing so, your savings earn a risk-free interest of at least 2.5% annually. This helps to build a larger retirement nest. Furthermore, after you have met your cohort's Full Retirement Sum, the savings in your Ordinary Account will be readily withdrawable.

Once your house has been fully paid and you do not foresee any use for the savings in your Ordinary Account, consider **transferring these savings to your Special Account**. By doing so, your savings enjoy a higher risk-free interest of at least 4% annually, and in the future, you will enjoy higher retirement payouts under CPF LIFE.

Medical Safety Net

Rather than relying solely on your savings, we believe there are two types of insurance policies you can rely on during retirement: **a hospital and surgical plan** (e.g., MediShield Life, Integrated Shield Plan) and **a long-term care insurance policy** (e.g., ElderShield, CareShield Life).

Choosing a suitable hospital and surgical plan depends on your specific healthcare needs and expectations. In general, there are five factors to consider:

1. Insurer's track record and claims experience
2. The preferred hospital type and ward class
3. Affordability of the insurance premium

- 4. Coverage benefits and claim limits
- 5. Choice of doctors or consultants

For instance, if your healthcare expectation exceeds subsidised care, you may need to consider a private Integrated Shield Plan. At the time of writing, seven insurers offer an Integrated Shield Plan. In summary, this is how the average total capital changes between the ages of 65 and 100.

Types of hospital and surgical plans	Total Capital (CPF + Cash)
MediShield Life	\$81,103
Integrated Shield Plan (covers Private Hospitals)	\$581,906
Integrated Shield Plan (covers Public Hospitals, Class A ward)	\$184,262
Integrated Shield Plan (covers Public Hospitals, Class B1 ward)	\$124,362

Table: Average total capital of the respective hospital and surgical plans between age 65 and age 100

Source: Havend Pte Ltd, data is accurate as of 3 June 2025

After understanding your healthcare expectations and their associated costs, you should ensure that you have sufficient retirement income to cover these expenses.

Next, according to the Ministry of Health², one in two Singaporeans who are healthy at age 65 could become severely disabled at some point in their lifetime and require long-term care. There is also uncertainty on the duration a person remains severely disabled. Although the median duration of disability is four years, 30% of the individuals could remain severely disabled for 10 years or more.

² <https://www.moh.gov.sg/newsroom/opening-speech-by-mr-gan-kim-yong-minister-for-health-for-the-parliamentary-debate-on-eldersshield-review-committee-report-10-july-2018>

Meanwhile, the average cost³ of long-term care is \$2,952 per month (a study by Singlife). This far exceeds the monthly payout of \$662 from CareShield Life in 2025. This means that in the event of severe disability, retirees must rely on either their savings or consider a CareShield Life supplement plan from insurers such as Great Eastern Life, Income Insurance, or Singlife to bridge the gap.

Reliable Income Stream

Finally, securing a reliable income stream during retirement is imperative. If not, you may be forced to delay your retirement or reduce your standard of living, both of which are undesirable.

While building your retirement income streams, **match the nature of your expenses with a suitable financial instrument.** For your essential spending needs, use financial instruments with a higher degree of payout certainty. In Singapore, CPF LIFE is by far the most reliable annuity programme. According to the Mercer CFA Institute Global Pension Index 2024⁴, our retirement system maintains its top position in Asia and ranks 5th worldwide. Therefore, first use it as the foundation to secure a reliable income stream. If that's insufficient or incapable of meeting your essential spending needs, consider alternative safe instruments such as certain insurance annuity products to supplement CPF LIFE.

For your discretionary spending, you may also consider certain investments which take on market risks to potentially achieve a higher return. This may be suitable, as you have some flexibility to adjust your discretionary spending depending on market conditions.

³ <https://singlife.com/en/blog/money/2024/are-young-families-prepared-for-their-long-term-care-needs>

⁴ <https://www.mercer.com/en-sg/about/newsroom/mercercfa-institute-global-pension-index-2024/>

For Pre-Retirees Nearing 55 Years Old (Considerations for the Retirement Sums)

In our CPF system, you may choose from three levels of retirement sums (or any amount in between):

1. Basic Retirement Sum (\$106,500 in 2025)
2. Full Retirement Sum (\$213,000 in 2025, which is twice the BRS)
3. Enhanced Retirement Sum (\$426,000 in 2025, which is four times the BRS)

Generally, the higher your retirement sum, the higher your CPF LIFE payout during retirement. Of course, this also means you must set aside a higher amount in your Retirement Account.

	Retirement Sum at Age 55 in 2025	Estimated monthly payouts provided by the respective Retirement Sums at Age 65
Basic Retirement Sum	\$106,500	\$860 to \$930
Full Retirement Sum	\$213,000	\$1,610 to \$1,730
Enhanced Retirement Sum	\$426,000	\$3,100 to \$3,300

Table: Breakdown of the respective Retirement Sums in 2025 and their estimated CPF LIFE payouts from 65 years old onwards
Source: CPF Board

For example, let's look at the current year's Full Retirement Sum, \$213,000. If you are turning 55 this year and can only set aside the Full Retirement Sum, you may expect to receive between \$1,610 and \$1,730 monthly from CPF LIFE from 65 years old onwards.

Let's assume the long-term inflation rate is 2% annually. In this case, the monthly payout of \$1,610 and \$1,730 (from age 65) is equivalent to a monthly payout of \$1,321 to \$1,419 today

(at age 55). Accordingly, if you were to retire today, would a monthly payout between \$1,321 and \$1,419 be sufficient to meet your retirement needs?

	Retirement Sum at Age 55 in 2025	Future Value of the CPF LIFE payout at Age 65	Present Value at Age 55, based on an inflation rate of 2% p.a.	Present Value at Age 55, based on an inflation rate of 3% p.a.
Basic Retirement Sum	\$106,500	\$860 to \$930	\$705 to \$760	\$640 to \$690
Full Retirement Sum	\$213,000	\$1,610 to \$1,730	\$1,320 to \$1,420	\$1,200 to \$1,290
Enhanced Retirement Sum	\$426,000	\$3,100 to \$3,300	\$2,540 to \$2,730	\$2,310 to \$2,480

Table: Breakdown of the estimated CPF LIFE payouts in Present Value, based on an inflation rate of 2% and 3% annually

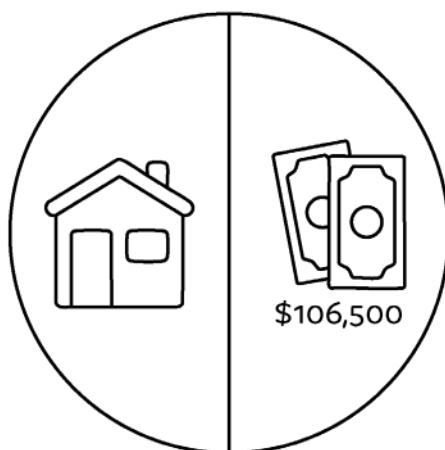
Source: CPF Board, compiled by Havend Pte Ltd

Should You Set Aside the Basic Retirement Sum Only?

The default option is to use the savings in your Special Account to set aside your cohort's Full Retirement Sum in your Retirement Account. If the savings in your Special Account are insufficient, then the savings in your Ordinary Account will be used to make up the difference.

Despite that being the default option, you can also choose to set aside the Full Retirement Sum using a combination of the savings in your Ordinary and Special Accounts and your property. Doing so **provides more liquidity** for you to withdraw more savings from your Retirement Account in cash.

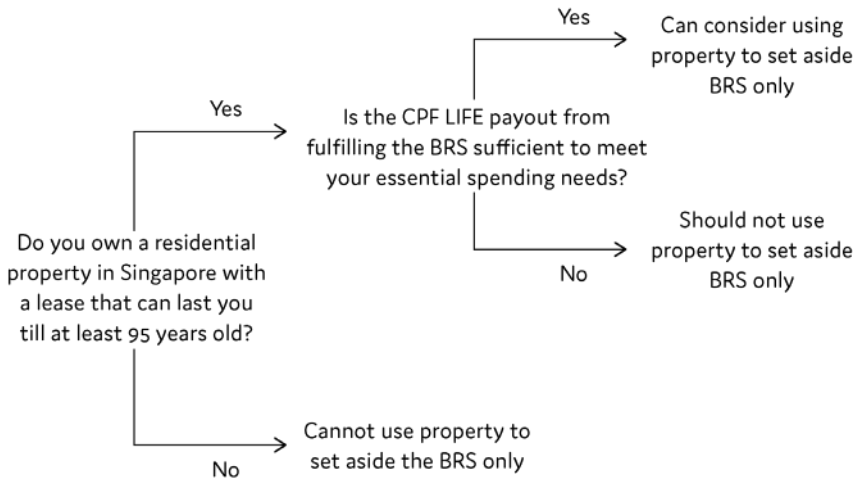
To do this, you need to own a residential property in Singapore with a lease that can last you till at least 95 years old. In this case, depending on the additional liquidity that you require, you can use the property to set aside any amount up to the Basic Retirement Sum. Thereafter, you will use the savings in your Ordinary and Special Accounts to set aside the remaining difference. (Recall: The Full Retirement Sum is double the Basic Retirement Sum)



As a property owner, you do not need to worry about rent during retirement and have fulfilled one of the three core needs by having a roof over your head in retirement. Accordingly, you have the option to withdraw part of the savings in your Retirement Account, down to your Basic Retirement Sum, in cash.

To determine whether you should use your property to set aside only the Basic Retirement Sum in your Retirement Account, ask yourself the following two questions:

1. Do you own a residential property in Singapore with a lease that can last you till at least 95 years old?
2. Is the CPF LIFE payout from fulfilling the Basic Retirement Sum sufficient to meet your essential spending needs?



Flowchart: Should you set aside the Basic Retirement Sum only?
Source: Havend Pte Ltd

In 2025, the Basic Retirement Sum at age 55 is \$106,500, and the estimated monthly payout under CPF LIFE will be between \$860 and \$930 from age 65 onwards.

Let's assume the long-term inflation rate is 2% annually. In this case, the monthly payout of \$860 to \$930 (from age 65) is equivalent to a monthly payout of \$705 to \$763 today (age 55). Accordingly, if you were to retire today, would a monthly payout between \$705 and \$763 be sufficient to meet your retirement needs today?

If not, you should not use your property to set aside only the Basic Retirement Sum. Instead, consider fulfilling the Full Retirement Sum or the Enhanced Retirement Sum in your Retirement Account for a higher payout under CPF LIFE.

Let's take the case where you have already set aside an amount equivalent to FRS in your Retirement Account but realised that the monthly CPF LIFE payout based on setting aside the Basic Retirement Sum is sufficient to meet your essential spending needs. In this case, there isn't a rush to withdraw the excess savings of up to BRS from your Retirement Account. Afterall, these savings earn a risk-free return of at least 4% annually. To this end, you can withdraw any amount up to your cohort's BRS whenever you need these funds.

DO YOU KNOW?

The amount of Retirement Account savings that you can withdraw excludes the interest earned, any government grants received, and top-ups to your Retirement Account.

CPF Ordinary Account + Special Account Shielding (Before Turning 55)

Pro Tip 1: Deposit idle cash into the CPF system

Just before you turn 55 (e.g., a couple of months before your birthday), consider this “hack” to deposit your idle cash into the CPF system to earn higher risk-free interest while maintaining liquidity after turning 55.

Under the CPF Investment Scheme (CPFIS), you can invest the savings above \$20,000 and \$40,000 from your Ordinary and Special Accounts, respectively. Let's do that – invest all amounts above the minimum account balance in a **low-risk financial instrument with minimal volatility**. Popular choices for such investments include T-bills or Money Market Funds (a type of unit trust).

At age 55, the CPF Board will create the Retirement Account for you. Since your combined CPF balance (in your Ordinary and Special Accounts) of \$60,000 (\$20,000 from OA + \$40,000 from SA) is less than the current year's Full Retirement Sum (of \$213,000), the entire balance will be transferred to your Retirement Account.

Next, let's **use the spare cash in your bank account** to top up your Retirement Account by \$153,000. By doing so, these monies will earn risk-free interest of at least 4% annually. At the same time, it also helps to meet your cohort's Full Retirement Sum.

After your Retirement Account has been formed, and whenever appropriate, liquidate your CPF investment (or in the case of T-bills, you may want to wait for it to mature) and return the funds to their respective accounts. With the closure of the

Special Account, the liquidated investment from the Special Account will be transferred to your Ordinary Account instead. Since you have fulfilled your cohort's Full Retirement Sum, the balance in your Ordinary Account is fully withdrawable. Now, you have a liquid account earning a risk-free interest of at least 2.5% annually!

EXAMPLE

Yusof will be turning 55 years old this year, and this is his CPF account balance:

- OA: \$258,000
- SA: \$247,000
- MA: \$75,500

Step 1: Invest \$238,000 from his Ordinary Account and \$207,000 from his Special Account

After investing, this is Yusof's updated CPF balance:

- OA: \$20,000
- SA: \$40,000
- MA: \$75,500

When Yusof turns 55 (in the same year), this is what his CPF account balance looks like:

- OA: \$0*
- MA: \$75,500
- RA: \$60,000

¹ For the purpose of this illustration, Yusof will voluntarily transfer the \$5,000 that would have otherwise remained in his Ordinary Account to his Retirement Account.

Step 2: Yusof performs a cash top-up of \$153,000 to his Retirement Account:

- OA: \$0
- MA: \$75,500
- RA: \$213,000

Step 3: Yusof liquidates his investment, which was previously from both his Ordinary and Special Accounts:

- OA: \$445,000
- MA: \$75,500
- RA: \$213,000

The Ordinary Account balance consists of the investment of \$238,000 from Yusof's Ordinary Account and \$207,000 previously from his Special Account (assuming minimal gains or losses). As Yusof has reached his cohort's Full Retirement Sum, after the closure of the Special Account, the liquidated investment (of \$207,000) flows to Yusof's Ordinary Account. In this case, the full balance in his Ordinary Account is withdrawable at any time.

NOTE

Suppose Yusof has not reached his cohort's Full Retirement Sum in his Retirement Account. In that case, the liquidated investment will be transferred to his Retirement Account to meet his cohort's Full Retirement Sum first. Thereafter, the balance would flow to his Ordinary Account and would also be withdrawable at any time.

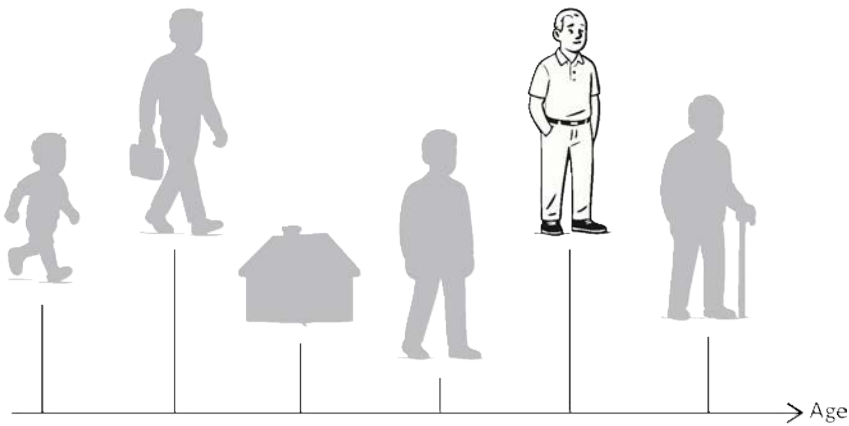
Pro Tip 2: Retain the savings in your Ordinary Account

Just before you turn 55 (e.g., a couple of months before your birthday), consider this “hack” to retain the savings in your Ordinary Account to earn higher risk-free interest while maintaining liquidity after turning 55.

Similar to Pro Tip 1, invest all amounts above the minimum account balance in your Special Account in a low-risk financial instrument with minimal volatility. Popular choices for such investments include T-bills or Money Market Funds (a type of Unit Trust).

At age 55, set aside the Full Retirement Sum using your property and cash (half each).

After your Retirement Account has been formed, and whenever appropriate, liquidate your CPF investment (or in the case of T-bills, you may want to wait for it to mature) and return the funds to their respective accounts. With the closure of the Special Account, the liquidated investment from the Special Account will be transferred to your Ordinary Account instead. Since you have fulfilled your cohort’s Full Retirement Sum, the balance in your Ordinary Account is fully withdrawable. Now, you have a liquid account earning a risk-free interest of at least 2.5% annually!



A visual timeline of life stages, highlighting key financial milestones – with a special focus on pre-retirees at 55 years old

Pre-Retirees at 55 Years Old

At 55 years old, the CPF Board will create your Retirement Account and transfer the savings from the Special Account to the Retirement Account, up to your cohort's Full Retirement Account. Any remaining balance (from the Special Account) will be transferred to your Ordinary Account.

You may refer to Chapter 5, "How the CPF Accounts Work", under the section "CPF Retirement Account (CPF RA)", to learn more about the CPF transfers that will occur when you turn 55.

After setting aside the Full Retirement Sum in your Retirement Account, you can withdraw **any amount** in your Ordinary Account. Before doing so, first consider drawing down your savings from sources with a lower interest rate. After all, the savings in the Ordinary Account earn a risk-free interest of at least 2.5% annually.

	Savings in the bank earn an interest of 0.45% annually	Savings in the Ordinary Account earn an interest of at least 2.5% annually
Initial Balance	\$100,000	\$100,000
Annual interest	0.45%	2.5%
Ending Balance	\$100,450	\$102,500

Table: Comparison between the savings in the bank and the Ordinary Account (without any spending)

Source: Havend Pte Ltd

	Savings in the bank earn an interest of 0.45% annually	Savings in the Ordinary Account earn an interest of at least 2.5% annually
Initial Balance	\$95,000	\$95,000
Annual interest	0.45%	2.5%
Ending Balance	\$95,428	\$97,375

Table: Comparison between the savings in the bank and the Ordinary Account (after spending \$5,000)

Source: Havend Pte Ltd

As can be seen, the opportunity cost of spending \$5,000 from the bank is \$22.50 in lost interest. By comparison, the opportunity cost of \$5,000 from the Ordinary Account is \$125 in lost interest, more than five times the difference. Therefore, you should first draw down from the savings that provide a lower interest rate.

Next, at **55 years old**, the maximum amount of top-ups that you can receive in your Retirement Account is increased to the current year’s Enhanced Retirement Sum. By topping up your Retirement Account further, you can receive even higher monthly payouts in retirement.

	Retirement Sum at Age 55 in 2025	Estimated monthly payouts provided by the respective Retirement Sums at Age 65
Basic Retirement Sum	\$106,500	\$860 to \$930
Full Retirement Sum	\$213,000	\$1,610 to \$1,730
Enhanced Retirement Sum	\$426,000	\$3,100 to \$3,300

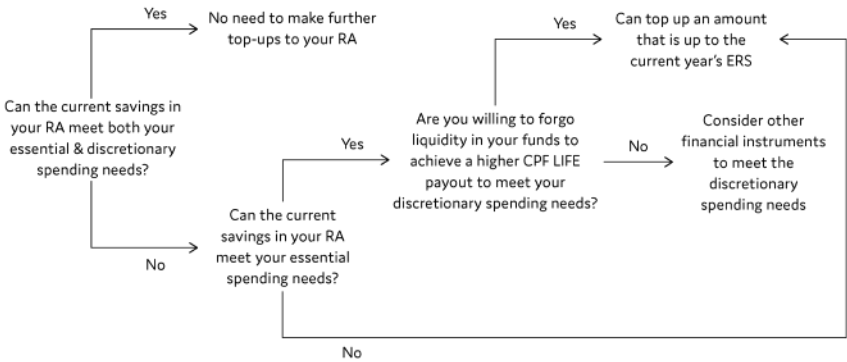
Table: Breakdown of the respective Retirement Sums in 2025 and their estimated CPF LIFE payouts from 65 years old onwards

Source: CPF Board

Should You Top up Your Retirement Account to the Enhanced Retirement Sum?

To determine whether you should top up your Retirement Account to the current year's Enhanced Retirement Sum, ask yourself the following three questions:

- 1. Can the existing savings in your Retirement Account meet your essential and discretionary spending needs?
- 2. Can the current savings in your Retirement Account meet at least your essential spending needs?
- 3. Are you willing to forgo the liquidity in your funds to achieve a higher retirement payout to meet your discretionary spending needs?



Flowchart: Should you top up your Retirement Account up to the current year's Enhanced Retirement Sum?

Source: Havend Pte Ltd

In 2025, the Enhanced Retirement Sum at age 55 is \$426,000, and the estimated monthly payout under CPF LIFE will be between \$3,100 and \$3,300 from age 65 onwards.

Let's assume the long-term inflation rate is 2% annually. In this case, the monthly payout of \$3,100 to \$3,300 (from age 65) is equivalent to a monthly payout of \$2,543 to \$2,732 today

(at age 55). Accordingly, if you were to retire today, would a monthly payout between \$2,543 and \$2,732 be sufficient to meet your retirement needs today?

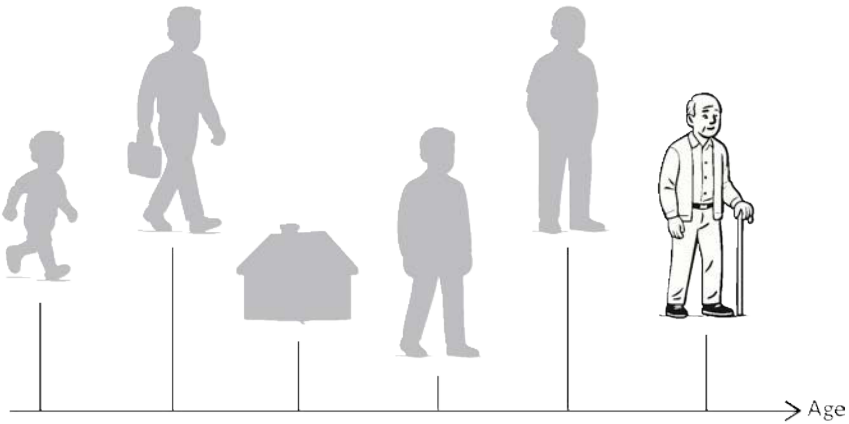
Future Value of the CPF LIFE payout at 65 years old	Present Value at 55 years old, based on an inflation rate of 2% p.a.	Present Value at 55 years old, based on an inflation rate of 3% p.a.
\$3,100	\$2,543	\$2,307
\$3,300	\$2,707	\$2,456

Table: Present Value of the CPF LIFE at 55 years old
Source: Havend Pte Ltd

Let's take the case where the CPF LIFE payout from setting aside your cohort's Full Retirement Sum is sufficient to meet **both** your essential and discretionary spending needs. In this case, there might not be many compelling reasons to top up your Retirement Account further, up to the current year's Enhanced Retirement Sum. This is because topping up your Retirement Account is irreversible, and you cannot withdraw the top-up amount later on. Therefore, the primary consideration is your willingness to **forgo the liquidity for an additional monthly payout that you do not need.**

In the second case, the CPF LIFE payout from setting aside your cohort's Full Retirement Sum is sufficient to **meet your essential spending needs only.** In this case, you must evaluate whether you wish to use CPF LIFE to meet your discretionary spending needs. If you are **willing to forgo the liquidity in your funds,** then top up your Retirement Account (either using cash savings from the bank, or the savings in your Ordinary Account) up to the current year's Enhanced Retirement Sum. By doing so, you will enjoy the risk-free interest of up to 6% annually. Therefore, consider topping up early and let compound interest work magic! If not, you can also consider using other financial instruments to meet your discretionary spending needs.

For the third case, the CPF LIFE payout from setting aside your cohort's Full Retirement Sum is **insufficient** to meet your essential spending needs. In this case, you should **top up your Retirement Account** to an amount that can meet your essential spending needs, up to the current year's Enhanced Retirement Sum. If the CPF LIFE payout from meeting the current year's Enhanced Retirement Sum is still insufficient to meet your essential spending needs, consider other safe financial instruments like certain insurance annuity products to meet your essential spending needs.



A visual timeline of life stages, highlighting key financial milestones – with a special focus on retirees nearing 65 years old

Retirees Nearing 65 Years Old

As you approach 65 years old, let's answer the following three questions on CPF LIFE planning:

1. How much CPF LIFE payout do you want to receive?
2. Which CPF LIFE plan is suitable for you?
3. When do you want to start receiving your CPF LIFE payout?

The earlier sections should have helped you to answer the first question. So, let's focus on the other two questions now.

	Basic Plan	Standard Plan	Escalating Plan
Retirement Account (RA) Savings	Around 80% to 90% stays in RA; 10% to 20% is used to join CPF LIFE	100% of RA is used to join CPF LIFE	100% of RA is used to join CPF LIFE
Starting payout	Lower payout than the Standard Plan by about 10%	The highest starting payout amongst the three CPF LIFE Plans	Lower starting payout than the Standard Plan by about 20% (i.e., the lowest among the three CPF LIFE Plans)
Type of payout	Payouts get progressively lower slightly, and do not keep pace with inflation	Steady and level monthly payouts that do not keep pace with inflation	Growing payouts (by 2% annually) to keep pace with inflation
Bequest	The highest bequest amount amongst the three CPF LIFE Plans	The lowest bequest amount amongst the three CPF LIFE Plans	A higher bequest amount than the Standard Plan, but lower than the Basic Plan

Table: Comparison between the three CPF LIFE plans
Source: CPF Board, compiled by Havend Pte Ltd

Which CPF LIFE plan is suitable for you?

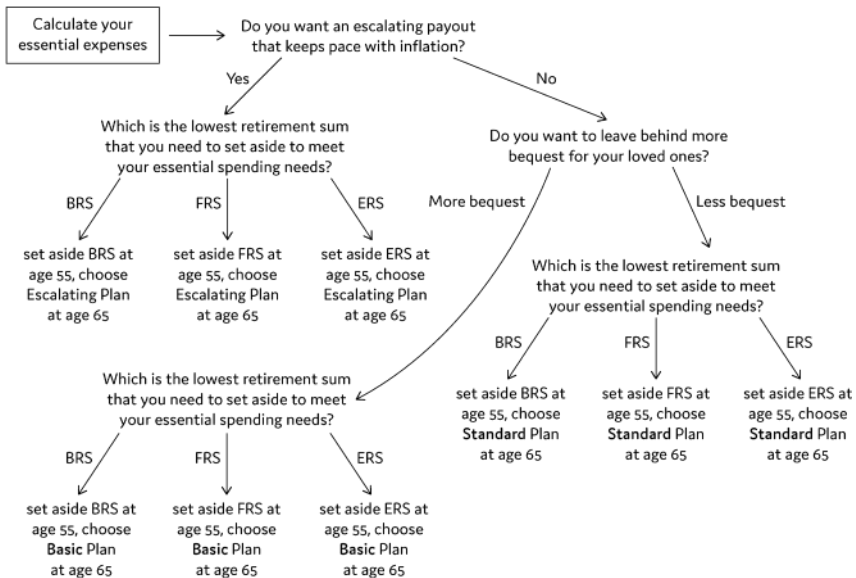
To determine which plan you should select, answer the following three questions:

1. Do you prefer a payout that keeps pace with inflation?
2. Do you prefer a higher payout from the beginning?
3. Do you prefer to leave more bequests for your beneficiaries?

If you prefer a plan that **keeps pace with inflation**, choose the **Escalating Plan**. Although the starting payout is less than the Standard Plan, the increasing payout feature eventually allows the Escalating Plan's payout to surpass the Standard Plan's payout. This feature helps mitigate inflation risk, one of the five risks that retirees face.

If you prefer a plan with the **highest starting payout**, choose the **Standard Plan**. Compared to the Basic and the Escalating Plan, you will need lesser savings in your Retirement Account to reach your desired monthly payout.

If you prefer a plan that **leaves behind more bequest** for your beneficiaries, choose the **Basic Plan**. Although the monthly payout is less than the Standard Plan, you can potentially leave behind more bequest for your loved ones.



Flowchart: Choosing a suitable CPF LIFE plan to meet your essential spending needs during retirement

Source: Havend Pte Ltd

My thoughts on choosing a suitable CPF LIFE Plan to meet my retirement needs

As can be seen, each of the three CPF LIFE plans has its advantages and disadvantages. Choosing the most suitable plan will depend on your unique needs. Personally, I feel that the Standard Plan provides a good balance among the three CPF LIFE plans. Here are my thoughts on why:

The primary basis of retirement income planning is to **provide sufficient retirement income for my retirement**. To this end, I'm not concerned about the bequest amount given to my beneficiaries. Instead, I'm more interested in the retirement income I can receive when I retire at 65. Let's assume I am 55 years old this year and need a monthly retirement income of \$1,730 when I retire at 65. By setting aside \$213,000 in my Retirement Account at age 55, CPF LIFE would give me a lifelong income equivalent to \$1,730 from age 65 onwards.

If I choose the Basic Plan, I will **need to set aside approximately 10% more capital** in my Retirement Account. This also means I have 10% less capital to spend today. If I prefer to spend this capital today, then the Basic Plan may not be the ideal choice

Although the Escalating Plan's feature is enticing (i.e., keeping pace with inflation), I'm **forced to wait for the higher payout in the future**. As shared in Chapter 10, "Mitigating Longevity Risk with CPF LIFE", under the section "The Escalating Plan", the break-even point for the cumulative monthly payouts is approximately 23 years. That's a very long time, and I am unwilling to wait that long. Instead, I would prefer to enjoy a higher payout as early as possible.

When do you want to start receiving your CPF LIFE payout?

Next, let's answer the question on when to start receiving your CPF LIFE payout. At this time, you have the option to start your payout anytime between 65 and 70 years old. And in general, **for each year of deferment, your CPF LIFE payout will increase by 7%**. To illustrate, if you choose to start your CPF LIFE payout only when you reach 70 years old, your payouts will potentially increase by 35%!

For example, let's assume that your CPF LIFE payout is \$790 monthly from 65 years old onwards. If you defer and start your CPF LIFE payout at 70 years old, the monthly payout will increase to \$1,050 instead.

Accordingly, if you are still working at 65 years old, or do not need to rely on your CPF LIFE payout for retirement income, consider deferring the monthly payout. Otherwise, it is time to reap the well-deserved reward as soon as you reach 65 years old.

THE CPF PLAYBOOK: A HOLISTIC GUIDE TO USING CPF FOR RETIREMENT

	Monthly Payout at Age 65	Monthly Payout at Age 75	Monthly Payout at Age 85	Monthly Payout at Age 95
Standard Plan	\$1,590 to \$1,700	\$1,590 to \$1,700	\$1,590 to \$1,700	\$1,590 to \$1,700
Basic Plan	\$1,500 to \$1,560	\$1,500 to \$1,560	\$1,500 to \$1,560	\$1,500 to \$1,560
Escalating Plan	\$1,220 to \$1,340	\$1,490 to \$1,640	\$1,820 to \$2,000	\$2,200 to \$2,440
	Bequest at Age 65	Bequest at Age 75	Bequest at Age 85	Bequest at Age 95
Standard Plan	\$315,000	\$111,000 to \$124,000	\$0	\$0
Basic Plan	\$315,000	\$227,600 to \$232,000	\$108,000 to \$119,000	\$0
Escalating Plan	\$315,000	\$139,000 to \$155,000	\$0	\$0

Table: Comparison⁵ between the Monthly Payout and the Bequest among the CPF LIFE Plans at different age bands

Source: Figures derived from CPF Board's Monthly Payout Estimator, compiled by Havend Pte Ltd.

⁵ Refer to the Appendix, "Table Comparing CPF LIFE Standard, Basic and Escalating Plans over Age", for the list of assumptions used to produce this table of comparison.

CHAPTER SUMMARY

Children:

- You can perform a cash top-up to your children's MediSave Account only, Special Account only (via the RSTU), or all three CPF accounts (via the VC3A).
- Topping up your children's CPF accounts allows the savings to grow faster. For example, by topping up your child's Special Account, the savings will increase 26% faster over 10 years than if you had kept your money in the bank.
- There is no tax relief for topping up your children's CPF accounts.

Employees under 55 years old:

- You can perform a cash top-up to your MediSave Account only, Special Account only (via the RSTU), or all three CPF accounts (via the VC3A).
- As an employee, by topping up your MediSave or Special Account, you are eligible for tax relief of up to \$8,000 in each calendar year.
- If you do not foresee any use of the savings in your Ordinary Account, transfer them over to your Special Account to earn a higher risk-free interest of at least 4% annually.

Self-Employed Individuals under 55 years old:

- You can perform a cash top-up to your MediSave Account only, Special Account only (via the RSTU), or all three CPF accounts (via the VC3A).
- As a self-employed individual, by topping up your MediSave or Special Account, you are eligible for tax relief of up to \$8,000 in each calendar year.
- As a self-employed individual, by topping up your three CPF accounts (via the VC3A), you can enjoy a tax relief of up to \$37,740 in each calendar year.

Pre-Retirees nearing 55 years old:

- Review your finances to ensure that your home is fully paid by the time you retire.
- If you have an idle cash surplus, make a voluntary housing refund to let your savings earn a risk-free interest of at least 2.5% annually. This helps you to build a larger retirement nest.
- Once your house has been fully paid, if you do not foresee any use for the savings in your Ordinary Account, transfer the excess savings to your Special Account to earn a risk-free interest of at least 4% annually. This helps you to enjoy higher retirement payouts under CPF LIFE.
- Build a medical safety net with two types of insurance policies, a hospital and surgical plan (e.g., MediShield Life, Integrated Shield Plan), and a long-term care insurance policy (e.g., ElderShield, CareShield Life).

- Use financial instruments with a higher degree of payout certainty to meet your essential spending needs. This is because we cannot lower our basic living standards during a market downturn.
- For your discretionary spending, you may also consider certain investment vehicles to potentially achieve a higher return.
- As you approach 55, consider which retirement sum to set aside in your Retirement Account. The more you set aside, the higher your CPF LIFE payouts will be in the time to come.

Pre-Retiree at 55 years old:

- After setting aside the Full Retirement Sum in your Retirement Account, you can withdraw any amount in your Ordinary Account at any time.
- You can top up your Retirement Account up to the current year's Enhanced Retirement Sum. By topping up your Retirement Account further, you can receive even higher monthly payouts in retirement.
- If you own a property, you can also choose to set aside the Basic Retirement Sum and withdraw the remaining balance in cash. However, in this case, your CPF LIFE payouts will be reduced accordingly.

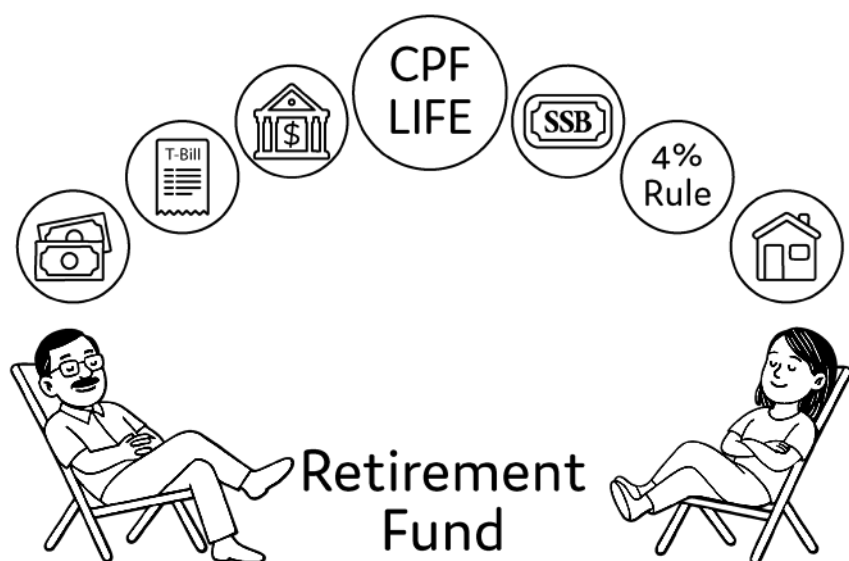
Retiree nearing 65 years old:

- Evaluate and decide the most suitable CPF LIFE plan to meet your retirement income needs.
- If necessary, top up your Retirement Account up to the current year's Enhanced Retirement Sum to enjoy higher retirement payouts.
- Decide when you wish to start receiving your CPF LIFE payouts (between the ages of 65 and 70).

CHAPTER 13

Alternatives to CPF LIFE

In this chapter, we will learn about the standard financial instruments that you can use to complement the retirement payout under CPF LIFE.



CPF LIFE is well regarded as the best annuity programme in Singapore – it earns a relatively high yield, is risk-free, and can provide a reliable lifelong income. Moreover, it provides the highest payout per dollar of premium (see the following table). However, we also recognise and understand that CPF LIFE may not be suitable for everyone and thus may not meet everyone's needs completely.

	CPF LIFE	Private Insurer A	Private Insurer B	Private Insurer C
Suitable Financial Instruments	Standard Plan @ FRS of \$213,000 in 2025 @ age 55	Retirement Income Plan Premium of \$213,000 @ age 55	Retirement Income Plan Premium of \$211,000 @ age 55	Retirement Income Plan Premium of \$210,000 @ age 55
Returns from the CPF LIFE / Participating Fund from the Private Insurer	At least 4% annually guaranteed currently	Projected up to 4.25% annually		
Credit Rating	AAA	AA-	A	A+
Monthly payout from age 65	\$1,610 to \$1,730 per month for life	Up to \$1,307 per month till age 100	Up to \$1,234 per month till age 100	Up to \$1,091 per month till age 120+ (Lifetime)
Annual payout per dollar of premium	\$0.10	\$0.07	\$0.07	\$0.06
Projected surrender value at the end of (cash paid out option)	Cannot be surrendered	Age 65 – \$205,841 Age 75 – \$122,059 Age 85 – \$39,385 Age 90 – \$0	Age 65 – \$245,882 Age 75 – \$171,743 Age 85 – \$97,603 Age 90 – \$60,534	Age 65 – \$218,452 Age 75 – \$147,993 Age 85 – \$76,973 Age 90 – \$42,592

The income payouts from age 65 as well as the surrender values for Private Insurer A to C are based on the projections taken from one of the insurers in Singapore. Different insurers may have different income payouts and surrender values.

Table: Comparison between CPF LIFE and retirement income plans from three other insurers
Source: Provident Ltd

For example, some individuals may prefer an annuity that begins payouts before age 65, say from age 50 onwards.

Similarly, others may wish to have the flexibility to surrender their retirement income plan for a lump sum payout if they are diagnosed with a major illness and are likely to have a shortened life expectancy. Although CPF LIFE does not explicitly offer such liquidity and surrender options, annuity plans from insurers may provide this flexibility. The following are some standard financial instruments that can be used in conjunction with CPF LIFE, along with their advantages and disadvantages, and how they can be utilised to complement CPF LIFE.

Fixed Deposit

A fixed deposit is considered a safe investment – deposit a lump sum of money over a fixed period and earn guaranteed interest on your deposit. In most cases, fixed deposits have a maturity period of less than a year, although some can last up to three years.

To determine its suitability for retirement planning, let's first **establish your investment time horizon**. If you need the money in the short term, a fixed deposit is a considerable option. This is because it can generate a higher yield than regular bank savings. Moreover, it is relatively liquid (only a handful of banks charge a penalty fee for early withdrawals and terminations).

On the other hand, you may not need the cash flow in the short term. In this case, consider the reinvestment risk – when your fixed deposit matures, can you find another fixed deposit that can generate a similar yield? Moreover, the interest earned on fixed deposits is unlikely to keep pace with inflation every year. As a result, a fixed deposit may not be an effective instrument to mitigate inflation risk and longevity risk. Therefore, consider a fixed deposit only if you need the cash flow in the short term.

Investing in Higher-Risk Financial Instruments

Since the beginning of the book, we have emphasised one crucial element for your retirement income – reliability. And the reason is simple: you don't want to run out of retirement savings during your old age.

When planning retirement income for essential and non-negotiable expenses (e.g., food, transportation, medical expenses), **consider using a financial instrument to anchor the reliability factor.**

No investment provides a risk-free return. As we have learnt earlier, even if the investment portfolio generates a positive annualised return, the retiree may still run out of money during their retirement (due to a negative sequence of returns¹). With this in mind, investing tends to be unsuitable to meet a retiree's essential spending needs. After all, we cannot negotiate with your non-negotiable expenses.

That being said, investing may be considered to meet your discretionary spending needs, since these expenses are flexible. In this way, your essential expenses are unaffected by market volatility. At the same time, you enjoy a bigger budget for your discretionary expenses when the market performs well.

Before investing, consider your needs, ability, and willingness to take on risk. When investing, consider a globally diversified portfolio and select one that best suits your risk tolerance and profile.

¹ Read More: Chapter 2, "The Five Potential Risks Retirees Face During Retirement", under the section, "4. Investment Risk".

Insurance Annuity Plans

Certain insurance annuity plans are suitable candidates for creating a reliable income stream. Such plans provide a guaranteed income stream and can be used to meet your essential expenses. Moreover, most (if not all) plans distribute non-guaranteed bonuses. The reversionary bonus can be used to supplement your essential expenses or to meet your discretionary expenses. The terminal bonus boosts your surrender value, allowing you to meet any unexpected changes in your liquidity or to give this money to your loved ones.

The flexibility in the insurance annuity plan's configurations allows you to customise the plan to fit your needs. For example, you may want your annuity payouts to start much earlier, say at age 50.

When configured correctly and utilised effectively, an insurance annuity plan can complement CPF LIFE. The main determinants are:

1. Your willingness to forgo a higher monthly payout for liquidity;
2. The age at which you need the annuity payout to begin; and/or
3. Your intention to set aside a bequest for your loved ones.

EXAMPLE

Yusof is currently 54 years old and will turn 55 later this year. He wants to retire at 65 years old and have an annuity payout to support his retirement.

Based on his calculations, Yusof wants a monthly retirement income of \$5,000 until he reaches the age of 85. This retirement income will cater to both his essential and lifestyle spending needs, together with a 10% buffer for any unexpected expenses.

After Yusof reaches 85, his lifestyle will slow down, and he is comfortable relying solely on the monthly payout from CPF LIFE. Moreover, by remaining prudent, Yusof will also have savings that he can utilise to cater to any unexpected expenses during his later years of retirement.

Yusof's CPF Account balance upon turning 55 years old:

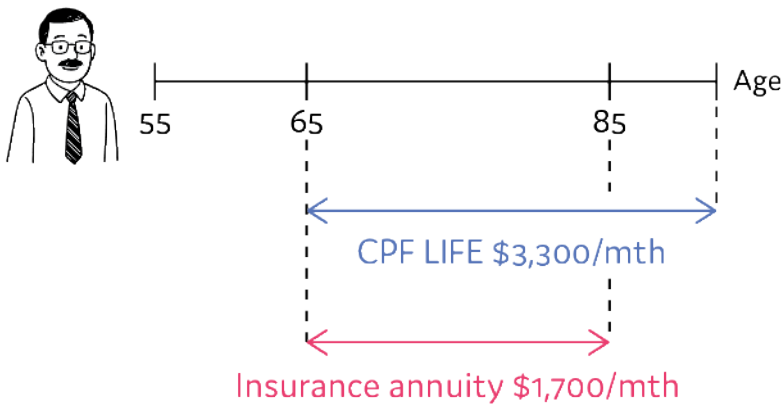
- OA: \$292,000
- RA: \$213,000
- MA: \$75,500

As Yusof has set aside the Full Retirement Sum in his Retirement Account, the entire balance in his Ordinary Account is withdrawable. If necessary, these savings can also be used to supplement his retirement needs.

For example, Yusof can transfer \$213,000 from his Ordinary Account to his Retirement Account. Topping up his Retirement Account to the current year's Enhanced Retirement Sum boosts his CPF LIFE payout (under the Standard Plan) from approximately \$1,730 to \$3,300 monthly.

Alternatively, Yusof can also use the savings in his bank to top up his Retirement Account. In this way, Yusof preserves the balance in his Ordinary Account, earning a risk-free interest of at least 2.5% annually.

Next, Yusof can use either the savings in his bank or his Ordinary Account to fund a suitable insurance annuity plan. In this case, the insurance annuity plan shall supplement CPF LIFE by providing a monthly payout of \$1,700 for the first 25 years of his retirement.



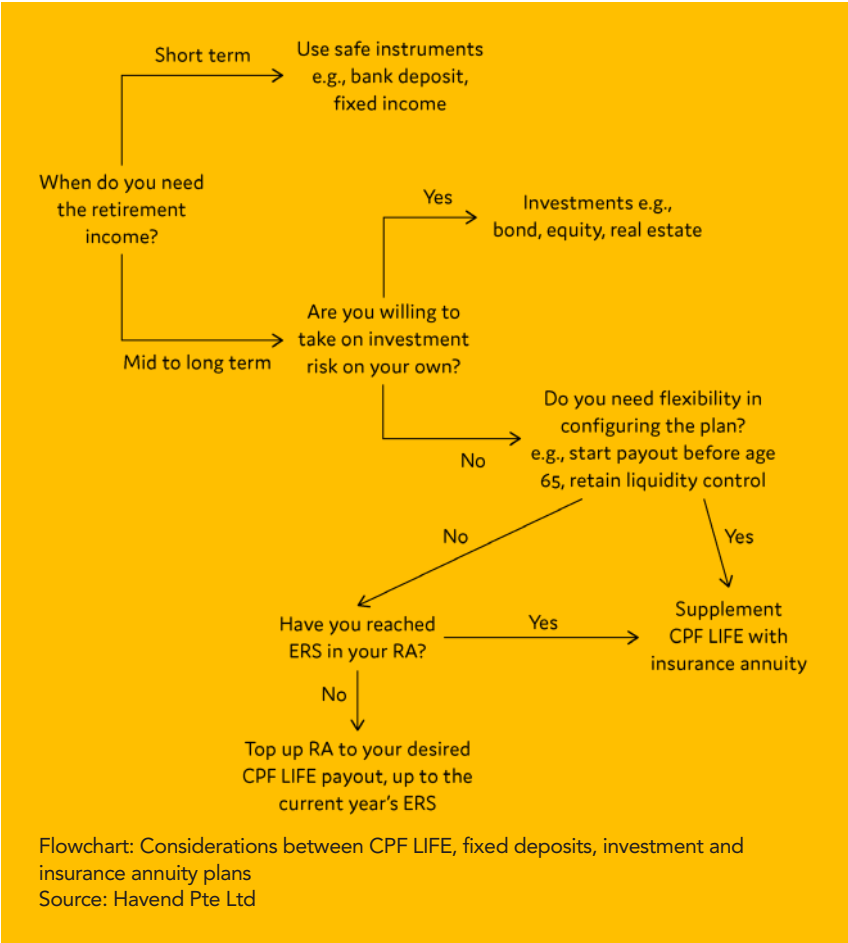
Total income from 65 to 85: \$5,000/mth

Total income from 85 onwards: \$3,300/mth

CHAPTER SUMMARY

	CPF LIFE	Fixed Deposit	Investing in higher-risk financial instruments	Insurance Annuity
Product Specification				
Capital Contribution	A lump sum from age 55	A lump sum, usually with no upper age limit	Either a lump sum or a regular contribution, usually with no upper age limit	Either a lump sum or a regular contribution, the last entry age is typically 70
Waiting Period	10-year waiting period	Up to 3 years	No waiting period	Minimum 3-year waiting period
Effective Interest Rate (EIR)	At least 4% annually, risk-free	Varies, typically does not keep pace with inflation. Currently lower than CPF LIFE (as of June 2025)	Non-guaranteed return (potentially higher than CPF LIFE), may also suffer from capital losses	Projected returns of up to 4% annually, of which less than 2% is guaranteed
Risk Level	Considered to be risk-free, backed by the Singapore Government	Low risk, backed by the bank, up to the Singapore Deposit Insurance Corporation (SDIC) limit	Low to high risk, depending on the underlying assets	Considered to be low to moderate risk, as the insurer undertakes the investment risk
Payout Information				
Payout Age	Can choose to start the payout between 65 to 70 years old	Flexibility in selecting the payout age (e.g., before 65 years old)		
Payout Period	Monthly lifelong payouts	Lump sum payout upon maturity	No fixed payout period, depends on how long the fund can sustain the withdrawal rate	Typically, over a limited period (e.g., 20 years), some plans provide lifelong payouts
Payout Components	Considered to be guaranteed, subject to policy changes	Principal and interest are guaranteed when held to maturity	Returns are non-guaranteed	Consists of guaranteed and non-guaranteed components
Capital Guarantee	Guaranteed by the Singapore Government	Guaranteed by the bank upon maturity, up to the SDIC limit, some banks charge a penalty fee for early termination	Capital is not guaranteed from losses	Capital is guaranteed after a specific period; the bonuses are guaranteed once declared and credited into the plan

Death Benefit	Zero by age 85 or age 90 (depends on the chosen CPF LIFE plan)	Typically, the same as the capital contributed	Depends on the market value of the underlying funds at the point of liquidation	A pre-determined sum assured amount
Management Effort	Fully automated, no management required	Requires effort to source the right fixed deposit and reinvest	Requires effort to monitor and manage the investment	Requires minimum effort as the insurer manages the investment
Liquidity	Illiquid once the payout starts	High liquidity, the fixed deposit can be terminated at any time, but an early termination fee may apply	High liquidity, the investment can be sold at any time at the prevailing market value	Some liquidity, the plan can be terminated for a surrender value
Risk Management				
Mitigating Inflation Risk	Effective for the Escalating Plan, as the payout gradually increases over time	Not effective, as the interest typically lags behind inflation	The effectiveness depends on the portfolio allocation and management	Effective for the plans that offer an escalating payout
Mitigating Longevity Risk	Most effective, as all the CPF LIFE plans offer a lifelong payout	Not effective, as the capital can run out	Not effective, as the capital can suffer from losses	Very effective for plans that provide a lifelong payout
Mitigating Investment Risk	Very effective, considered to be risk-free, backed by the Singapore Government	Effective, as the principal and interest are guaranteed when held to maturity	Not effective, as the portfolio is exposed to market volatility	Effective, as the insurer provides a guarantee for a part of the policy's cash value
Mitigating Overspending Risk	Very effective, the fixed monthly payout from the CPF LIFE plan prevents overspending	Not effective, the deposit can be withdrawn and spent easily	Not effective, the investment can be liquidated and spent easily	Fairly effective, the fixed monthly payout from the plan prevents overspending; though the plan can be terminated and the policy's surrender value can be spent thereafter

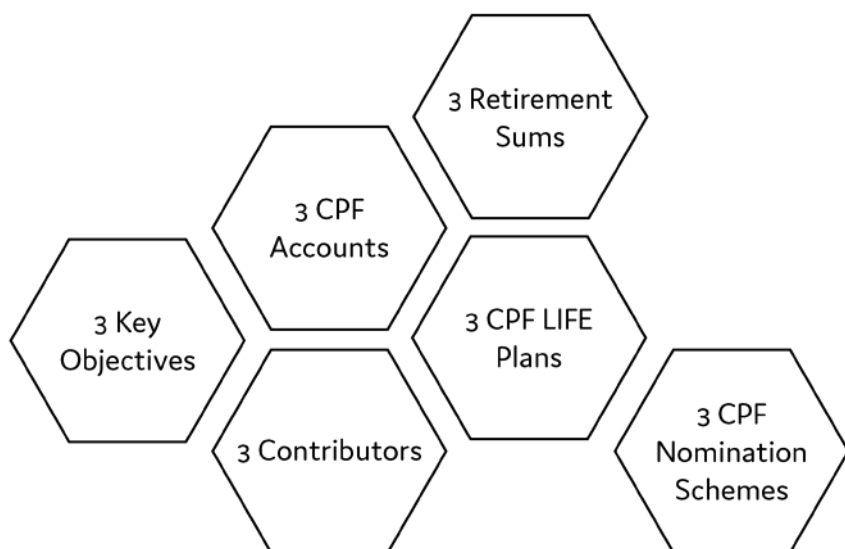


PART VII

SUMMARY OF THIS BOOK

The Only Chapter You Should Not Skip!

*Let's consolidate all your learnings from reading
this book into this chapter!*



I hope you are enjoying this book so far. With so much to learn about our CPF system, let's consolidate everything into this chapter using six "threes".

3 Key Objectives of CPF

As our social security system, CPF helps you to set aside funds to build a strong foundation for retirement by taking care of these three needs:

1. A fully paid-up home;
2. Insurance and savings for healthcare; and
3. A steady stream of lifelong retirement income.

3 CPF Accounts

There are three CPF accounts to help you build a strong foundation for retirement:

1. Ordinary Account – for housing
2. Special / Retirement Account – for retirement
3. MediSave Account – for healthcare

3 Contributors

Three parties contribute to your CPF accounts:

1. Your employee's contribution (makes up to 20% of your monthly wages);
2. Your employer's contribution (makes up to 17% of your monthly wages); and
3. The government's contribution (in the form of interest, up to 6% annually).

3 Retirement Sums

As we accumulate more savings in your CPF accounts, the CPF retirement sum serves as a reference for determining how much you need to maintain your desired retirement lifestyle. There are three levels of retirement sums:

1. Basic Retirement Sum (BRS) – for monthly payouts in retirement to cover basic living needs, excluding rental expenses
2. Full Retirement Sum (twice the BRS) – for monthly payouts in retirement that also cover rental expenses. This is the ideal point of reference for how much you need in retirement
3. Enhanced Retirement Sum (four times the BRS) – for an even higher monthly payout. This is suitable for those who might want more retirement income

3 CPF LIFE Plans

CPF LIFE is our national longevity insurance annuity scheme, and it provides you with monthly payouts for as long as you live. When you are ready to receive your lifelong monthly payouts, you can choose from one of the following three CPF LIFE plans:

1. Basic Plan – For those who want to leave behind more for their loved ones
2. Standard Plan – For those who want the highest level starting payouts
3. Escalating Plan – For those who are concerned about inflation and want payouts to increase to keep pace with inflation

3 CPF Nomination Schemes

The only way to distribute your CPF savings to your beneficiaries according to your wishes is via a CPF nomination. There are three types of nominations:

1. Cash Nomination – Your beneficiaries will receive your CPF savings in cash.
2. Enhanced Nomination Scheme (ENS) – Your beneficiaries will receive your CPF savings in their CPF accounts.
3. Special Needs Savings Scheme (SNSS) – Your beneficiaries will receive your CPF savings monthly.

PART VIII

BONUS!

1M65 (Accumulate One Million Dollars by Age 65!)

In this chapter, we will learn how to accumulate one million dollars in CPF savings by age 65!



1M65 is a personal finance strategy and movement started by Mr Loo Cheng Chuan to teach couples to reach \$1 million in savings by age 65. To achieve this, Mr Loo projects that a couple will need at least \$130,000 each in their respective Special and MediSave Accounts by their early 30s. Thereafter, let the power of compound interest work its magic for you.

For example, if you are 30 years old this year and have \$70,000 and \$60,000 in your Special and MediSave Account, respectively. At 65, your total CPF account balance will be \$502,910. When you combine this with your partner's CPF account balance, you would have reached over one million dollars in savings.

However, the reality is not so straightforward, of course. For instance, you may have CPF contributions and deductions for insurance, among other things. Generally, based on Mr Loo's concept, there are four key requirements to be successful in reaching 1M65:

1. Focus on achieving \$500k in your own CPF account balance, likewise for your partner.
2. To do this, perform cash top-ups into your Special and MediSave accounts as early as possible (the goal is to reach \$130,000 in your Special and MediSave accounts by your early 30s).
3. Each individual earns a monthly salary of at least \$6,000 till retirement.
4. Do not overspend on property.

Here are a few examples of how to accumulate your wealth using CPF:

EXAMPLE 1

In this example, we will demonstrate that it is possible for Kate's friend, Shilpa, a 25-year-old clerk earning a modest salary and with no savings in her CPF accounts, to accumulate \$1 million in CPF savings by the time she reaches age 65.

Kate's friend, Shilpa, is 25 years old this year and has no savings in her CPF accounts. She earns a monthly salary of \$3,000. Let's assume the following:

Salary increment @ 3% p.a.	Shilpa will earn \$7,070 monthly at age 54
Planned retirement age	65
MediShield Life	Premiums (before subsidies) are based on the rate as of 1 April 2025. The annual premiums are deducted from the MediSave Account.
CareShield Life	To be enrolled at age 30. The annual premiums (estimated) are deducted from the MediSave Account.
Planned \$400,000 HDB BTO Purchase at age 30 (co-share with her partner)	Downpayment – \$20,000 from the Ordinary Account (10% downpayment) Monthly installment of \$817 for 25 years from the Ordinary Account.
Full Retirement Sum at Shilpa's age 55 (based on an increase of 3.5% p.a.)	\$598,000
Basic Healthcare Sum at Shilpa's age 65 (based on an increase of 5% p.a.)	\$532,000
CPF balances at age 54	OA: \$117,000 SA: \$245,000 MA: \$182,000 Total: \$544,000
CPF balances at age 55	OA: \$5,000 MA: \$195,000 RA: \$384,000 Total: \$584,000

The figures in the calculation have been rounded off to the nearest thousand.

As the compounding effect from her CPF accounts continues, Shilpa’s total CPF account balance will reach \$1,104,455 when she turns 65. At this time, Shilpa can choose to start her CPF LIFE payout. Under the Standard Plan, she will receive approximately \$3,300 monthly for life.

EXAMPLE 2

Siva is 41 years old and has \$32,000, \$34,000, and \$28,000 in his Ordinary, Special and MediSave Accounts, respectively. Siva earns a monthly salary of \$5,000. Let’s assume the following:

Salary Increment	3% annually
Planned Retirement Age	65
MediShield Life	Premiums (before subsidies) are based on the rate as of 1 April 2025. The annual premiums are deducted from the MediSave Account.
Private Integrated Shield Plan	An annual deduction of \$600 from the MediSave Account
CareShield Life	Was enrolled at age 30. The annual premiums (estimated) are deducted from the MediSave Account.
CareShield Life Supplement	An annual deduction of \$600 from the MediSave Account
Mortgage	A monthly deduction of \$1,000 from the Ordinary Account until age 55
Full Retirement Sum at Siva’s age 55 (based on an increase of 3.5% p.a.)	\$345,000
Basic Healthcare Sum at Siva’s age 65 (based on an increase of 5% p.a.)	\$244,000
Current CPF Balances	OA: \$32,000 SA: \$34,000 MA: \$28,000
CPF Balances at age 55	OA: \$5,000 MA: \$125,000 RA: \$270,000 Total: \$400,000

As the compounding effect from CPF continues, Siva's total CPF account balance will be \$557,187 when he turns 65. Under the Standard Plan for CPF LIFE, Siva will receive approximately \$2,630 monthly for life.

EXAMPLE 3

Let's consider another case where Siva makes an annual top-up of \$8,000 to his Special Account under the Retirement Sum Topping-Up Scheme (RSTU). By doing so, Siva will reach the prevailing Full Retirement Sum when he turns 54 (SA balance will be \$334,000, prevailing FRS is \$333,000). In total, Siva makes 14 top-ups, amounting to \$112,000.

Current CPF Balances	OA: \$32,000 SA: \$34,000 MA: \$28,000
Annual Top-ups Under RSTU (from age 41 to 54)	\$8,000 annually
SA Balance at Age 54	SA: \$334,000
CPF Balances at Age 55	OA: \$86,000 MA: \$125,000 RA: \$345,000 Total: \$556,000

When Siva reaches 65 years old, his CPF LIFE payout under the Standard Plan will be approximately \$3,200 monthly. This marks a 21% increase in his monthly payout for life.

EXAMPLE 4

At age 55, if Siva transfers all the savings in his Ordinary Account to his Retirement Account, his CPF LIFE payout under the Standard Plan will be approximately \$3,860 monthly, marking a 46% increase over his original CPF LIFE payout.

Afterword

In 2023, there were 4.4 million CPF members, and the total balance of CPF members stood at \$571 billion. \$21 billion was credited to the CPF members' accounts as interest, including \$1.9 billion in additional interest. This confirms the financial soundness of our social security system, as it¹ maintains its top position in Asia and ranks fifth worldwide.

With CPF LIFE, it effectively mitigates the key risks retirees face, i.e., longevity risk through lifelong annuity payouts, investment risks by providing risk-free returns and payouts, and overspending risk by providing a reliable and predictable income stream. Currently, CPF LIFE remains the best annuity plan in Singapore. Therefore, you can confidently use CPF as the cornerstone of your retirement plan.

Despite those merits, you must provide one crucial element to CPF to make it work: CPF contribution. Your CPF contributions are heavily reliant on your ability to work; you

¹ <https://www.mercer.com/en-sg/about/newsroom/mercercfa-institute-global-pension-index-2024/>

contribute to your CPF accounts by working. Your retirement plan will not work out if you are unable to work and contribute to your CPF accounts.

Now, what are some of the factors that could affect your ability to work and earn an income? Well, these possibilities include a medical crisis or a disability. In these instances, having appropriate health insurance and a long-term care plan helps manage medical treatment costs. Additionally, consider purchasing an affordable term life insurance policy to help cover your loss of income. This ensures that your retirement plan remains intact in the event you are unable to work.

In addition to having the right insurance policies, stay prudent by striving to live below your means, not just within them. To do this, make your spending decisions based on your actual needs, rather than your ability to afford the goods or services. When purchasing a home, find one that is the right size and avoid overleveraging.

Finally, as I conclude this book, I wish to share one more thing – whether using CPF or any other financial instruments to meet your accumulation needs, learn to live in the moment and enjoy the journey. Remember, retirement is a journey and not a destination. Therefore, I feel that you should not be overly prudent at the expense of living a decent and purposeful life. Instead, learn to strike a balance between both – save and invest while enjoying the present moments with your loved ones. I hope you will find your ikigai goals and have a fulfilling life journey ahead.

Appendix

The 80FD:20SD Formula

Here is how to calculate the three-month average interest rate of three local banks.

Firstly, we will calculate the average 12-Month Deposit Rate:

$$\text{Average 12-Month Deposit Rate} = (0.05 + 0.10 + 1.50) / 3 = 0.55$$

Next, we will calculate the average Savings Rate:

$$\text{Average Savings Rate} = (0.05 + 0.05 + 0.05) / 3 = 0.05$$

Finally, we will apply the 80FD:20SD ratio, i.e., $0.55 \times 80\% + 0.05 \times 20\% = 0.45$

As of Date	12-Month Deposit Rate (% annually)			Saving Rate (% annually)			Average (% annually)
	DBS ¹	OCBC ²	UOB ³	DBS ⁴	OCBC ⁵	UOB ⁶	Using the 80FD:20SD formula ⁷
28 Feb 2025	0.05	0.10	1.50	0.05	0.05	0.05	0.45
31 Mar 2025	0.05	0.10	1.50	0.05	0.05	0.05	0.45
30 Apr 2025	0.05	0.10	1.50	0.05	0.05	0.05	0.45

¹ Balances of \$20,000 to < \$50,000

² Balances > \$20,000 to \$50,000

³ Balances < \$50,000

⁴ Balances > \$10,000 to \$100,000 (AUTO-SAVE Account)

⁵ Entire Account Balance (EASI-SAVE Account)

⁶ Balances > \$15,000 to \$100,000 (UNIPLUS Account)

⁷ Refer to the Appendix, The 80FD:20SD Formula to learn its derivation.

Basic Healthcare Sum (BHS)

Since 2016, the Basic Healthcare Sum has increased by an average of 4.73% annually.

Age in 2025	The year when the cohort turns 65 years	Cohort Basic Healthcare Sum	Percentage increase (YoY)
65	2025	\$75,500	5.59%
66	2024	\$71,500	4.38%
67	2023	\$68,500	3.79%
68	2022	\$66,000	4.76%
69	2021	\$63,000	5.00%
70	2020	\$60,000	4.90%
71	2019	\$57,200	4.95%
72	2018	\$54,500	4.81%
73	2017	\$52,000	4.42%
74 and above	2016 or earlier	\$49,800	

Table: Change in Basic Healthcare Sum since 2016

Source: CPF Board

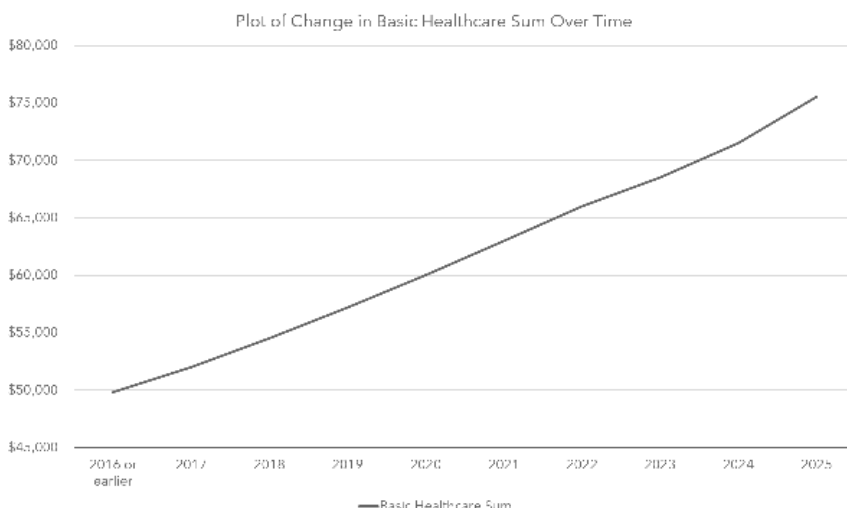


Chart: Plot of Change in Basic Healthcare Sum Over Time

Source: CPF Board

Basic Retirement Sum (BRS)

Since 1995, the Basic Retirement Sum has increased by an average of 5.81% annually. Over the past decade, the Basic Retirement Sum has risen by an average of 3.23% annually.

55 th birthday on or after	Basic Retirement Sum
1995	\$20,000
1996	\$22,500
1997	\$25,000
1998	\$27,500
1999	\$30,000
2000	\$32,500
2001	\$35,000
2002	\$37,500
2003	\$40,000
2004	\$42,250
2005	\$45,000
2006	\$47,300
2007	\$49,800
2008	\$53,000
2009	\$58,500
2010	\$61,500
2011	\$65,500
2012	\$69,500
2013	\$74,000
2014	\$77,500
2015	\$80,500
2017	\$83,000
2018	\$85,500
2019	\$88,000
2020	\$90,500
2021	\$93,000
2022	\$96,000
2023	\$99,400
2024	\$102,900
2025	\$106,500
2026	\$110,200
2027	\$114,100

Note: From 1995 to 2016, changes took effect on 1 July each year; from 2017 onwards, on 1 January.

Table: Change in Basic Retirement Sum since 1995

Source: CPF Board

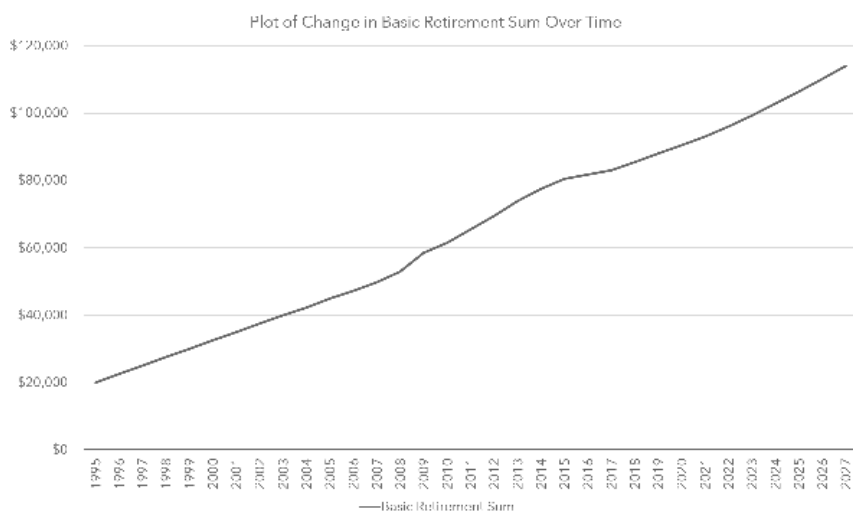


Chart: Plot of Change in Basic Retirement Sum Over Time
Source: CPF Board

Full Retirement Sum (FRS)

55 th birthday on or after	Full Retirement Sum
1995	\$40,000
1996	\$45,000
1997	\$50,000
1998	\$55,000
1999	\$60,000
2000	\$65,000
2001	\$70,000
2002	\$75,000
2003	\$80,000
2004	\$84,500
2005	\$90,000
2006	\$94,600
2007	\$99,600
2008	\$106,000
2009	\$117,000
2010	\$123,000
2011	\$131,000
2012	\$139,000
2013	\$148,000
2014	\$155,000
2015	\$161,000
2017	\$166,000
2018	\$171,000
2019	\$176,000
2020	\$181,000
2021	\$186,000
2022	\$192,000
2023	\$198,800
2024	\$205,800
2025	\$213,000
2026	\$220,400
2027	\$228,200

Note: From 1995 to 2016, changes took effect on 1 July each year; from 2017 onwards, on 1 January.

Table: Change in Full Retirement Sum since 1995

Source: CPF Board, <https://www.cpf.gov.sg/service/article/what-are-the-basic-retirement-sum-full-retirement-sum-and-enhanced-retirement-sum-applicable-to-me>

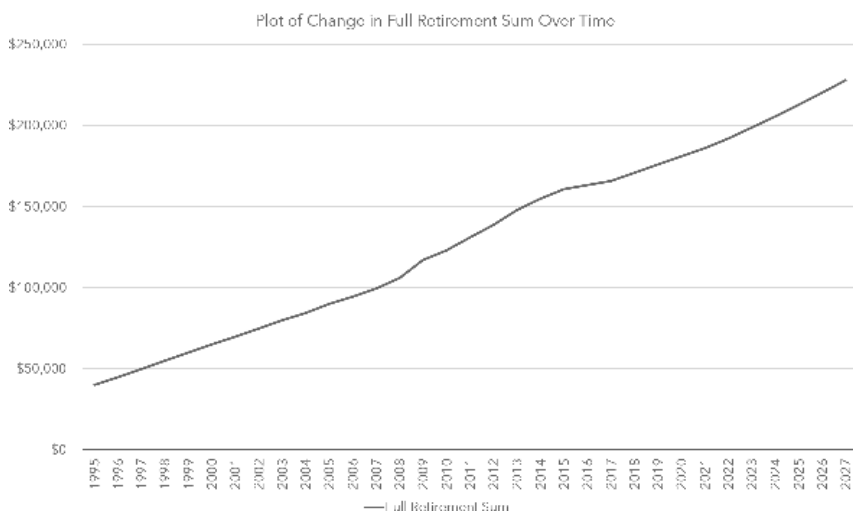


Chart: Plot of Change in Full Retirement Sum Over Time

Source: CPF Board

Using the Full Retirement Sum

According¹ to a 2019 publication from the Lee Kuan Yew School of Public Policy, the study found that Singapore seniors require at least \$1,379 per month to meet their basic needs.

Meanwhile, the cohort's Full Retirement Sum in 2019 was \$176,000. If you are 55 years old in 2019 and have set aside the cohort's Full Retirement Sum, it is estimated that you will receive between \$1,350 and \$1,450 monthly under CPF LIFE from age 65 onwards. As can be seen, these payouts from CPF LIFE align with the results from the study.

¹ <https://lkyspp.nus.edu.sg/research/publications/details/1-379-a-month-needed-for-basic-needs-this-is-how-singapore's-seniors-agree-on-this-baseline>

Enhanced Retirement Sum (ERS)

Year	Enhanced Retirement Sum
2017	\$249,000
2018	\$256,500
2019	\$264,000
2020	\$271,500
2021	\$279,000
2022	\$288,000
2023	\$298,200
2024	\$308,700
2025	\$426,000
2026	\$440,800
2027	\$456,400

Table: Change in Enhanced Retirement Sum since 2017

Source: CPF Board

Changes in CPF Salary Ceilings

	CPF Ordinary Wage ceiling	CPF annual salary ceiling
From 1 Jan 2016 to 31 Aug 2023	\$6,000	\$102,000 (no change)
From 1 Sep to 31 Dec 2023	\$6,300 (+\$300)	
From 1 Jan to 31 Dec 2024	\$6,800 (+\$500)	
From 1 Jan to 31 Dec 2025	\$7,400 (+\$600)	
From 1 Jan 2026	\$8,000 (+\$600)	

Table: Changes in CPF Salary Ceilings
Source: CPF Board

CPF Contribution Table

The full details of the CPF contribution rate table can be found at this link: https://www.cpf.gov.sg/content/dam/web/employer/employer-obligations/documents/CPF_contribution_rates_from_1_Jan_2025.pdf

CPF Allocation Rates for 2025

Employee's Age (Years)	Percentage of Contribution Allocated to		
	Ordinary Account	Special Account	MediSave Account
35 & below	62.17%	16.21%	21.62%
Above 35 – 45	56.77%	18.91%	24.32%
Above 45 – 50	51.36%	21.62%	27.02%
Above 50 – 55	40.55%	31.08%	28.37%
	Ordinary Account	Retirement Account	MediSave Account
Above 55 – 60	36.94%	30.76%	32.30%
Above 60 – 65	14.90%	40.42%	44.68%
Above 65 – 70	6.07%	30.30%	63.63%
Above 70	8.00%	8.00%	84.00%

Table: CPF Allocation Rates for 2025

Source: CPF Board

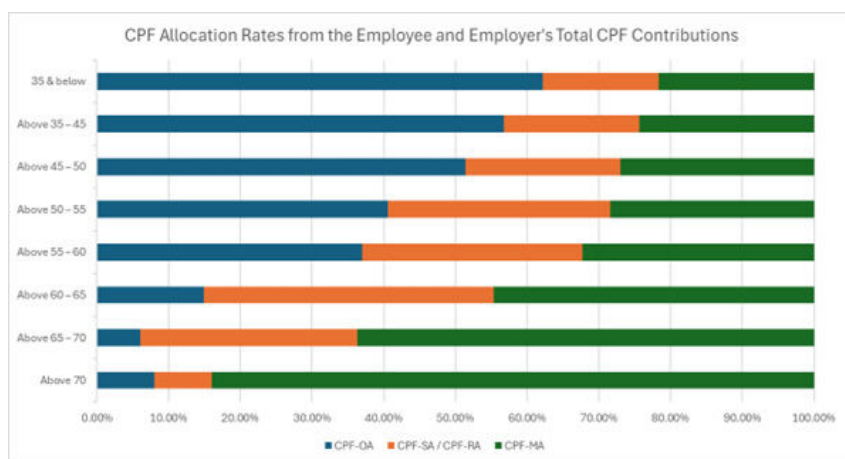


Chart: CPF Allocation Rates from the Employee and Employer's Total CPF Contributions

Source: CPF Board, compiled by Havend Pte Ltd

Estimating the Monthly Payouts Under CPF LIFE (a Quick Calculation)

I learned this hack from my colleague, Lena Teng, the former Deputy Director of the CPF Board and currently a Learning & Development and CPF Specialist at Providend. I feel this is a speedy and helpful hack for you to learn how to estimate the monthly payout under CPF LIFE.

To estimate the monthly payout under CPF LIFE, take the savings in your Retirement Account at age 55 and divide it by either 120 (for males) or 132 (for females). The result will be the estimated monthly payout under CPF LIFE, Standard Plan, from age 65 onwards.

For example, at age 55, the savings in your Retirement Account are \$213,000. For a male CPF member, the estimated monthly payout under CPF LIFE, Standard Plan, from age 65 onwards will be \$1,775 (i.e., \$213,000 divided by 120). For a female CPF member, the amount is \$1,614 (i.e., \$213,000 divided by 132).

For the Basic Plan, the monthly payout under CPF LIFE will be 10% less than the Standard Plan. For example, for a male CPF member, the estimated monthly payout under CPF LIFE, Basic Plan, from age 65 onwards will be \$1,598 (90% of \$1,775).

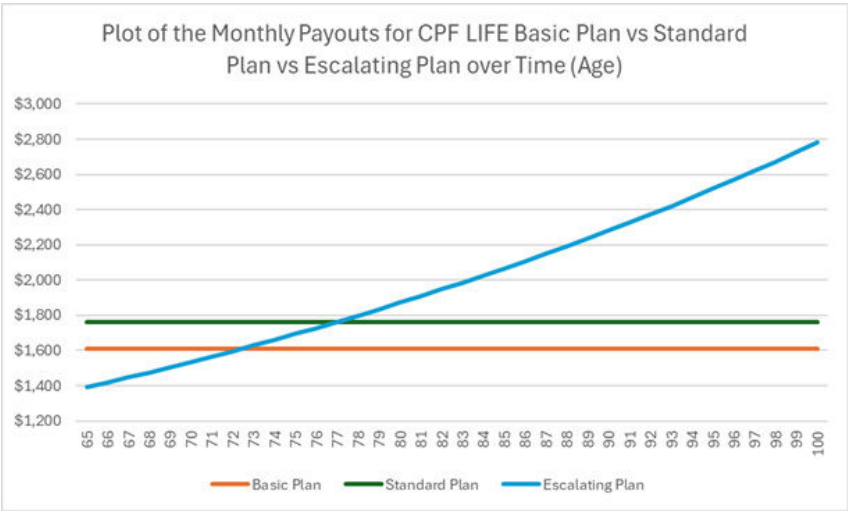
For the Escalating Plan, the monthly payout under CPF LIFE will be 20% less than the Standard Plan. For example, for a male CPF member, the estimated monthly payout under CPF LIFE, Escalating Plan, from age 65 onwards will be \$1,420 (80% of \$1,775).

However, for the Escalating Plan, the payout increases at 2% annually. After receiving one year of payout, the second year's monthly payout will become \$1,448 (102% of \$1,420).

When you defer your CPF LIFE payout at age 65, the monthly payout will increase by 7% annually. For example, the monthly payout at age 65 is \$1,775. If you choose to start your monthly payout at age 66, the monthly payout will become \$1,899 (107% of \$1,775).

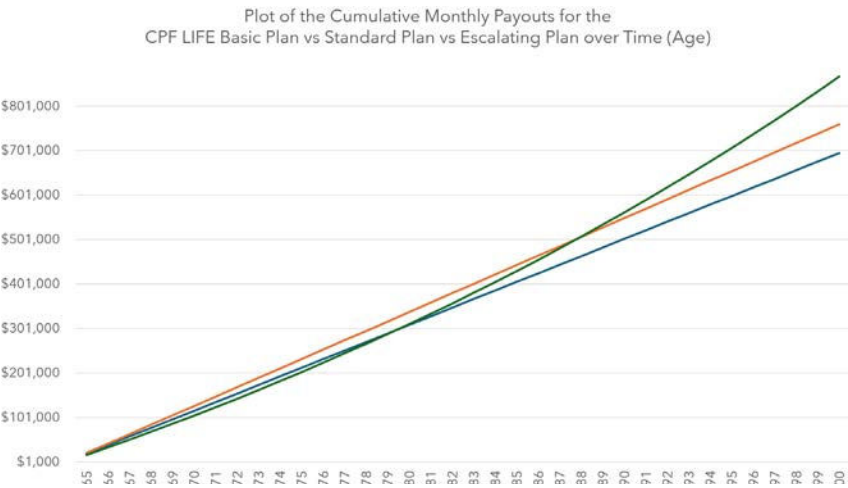
You can also use the Monthly Payout Estimator tool, from the CPF Board, to help you estimate your monthly payouts based on your CPF balances and desired payout start age: <https://www.cpf.gov.sg/member/tools-and-services/calculators/monthly-payout-estimator>

CPF LIFE Plans' Break-even Points



Graph 1: Plot of the Monthly Payouts for CPF LIFE Basic Plan vs Standard Plan vs Escalating Plan over Age
Source: Source: Figures derived from the CPF Board's Monthly Payout Estimator

As shown in Graph 1, the break-even points for the Escalating Plan, the Basic Plan and the Standard Plan are at ages 73 and 77, respectively.



Graph 2: Plot of the Cumulative Monthly Payouts for CPF LIFE Basic Plan vs Standard Plan vs Escalating Plan over Time (Age)
Source: Source: Figures derived from the CPF Board's Monthly Payout Estimator

As shown in Graph 2, the break-even points for the Escalating Plan, the Basic Plan and the Standard Plan are at ages 80 and 88, respectively.

Table Comparing CPF LIFE Standard, Basic and Escalating Plans over Age

	Monthly Payout at Age 65	Monthly Payout at Age 75	Monthly Payout at Age 85	Monthly Payout at Age 95
Standard Plan	\$1,590 to \$1,700	\$1,590 to \$1,700	\$1,590 to \$1,700	\$1,590 to \$1,700
Basic Plan	\$1,500 to \$1,560	\$1,500 to \$1,560	\$1,500 to \$1,560	\$1,500 to \$1,560
Escalating Plan	\$1,220 to \$1,340	\$1,490 to \$1,640	\$1,820 to \$2,000	\$2,200 to \$2,440

	Bequest at Age 65	Bequest at Age 75	Bequest at Age 85	Bequest at Age 95
Standard Plan	\$315,000	\$111,000 to \$124,000	\$0	\$0
Basic Plan	\$315,000	\$227,600 to \$232,000	\$108,000 to \$119,000	\$0
Escalating Plan	\$315,000	\$139,000 to \$155,000	\$0	\$0

Table: Comparison between the Monthly Payout and the Bequest among the CPF LIFE Plans at different age bands

Source: Figures derived from CPF Board's Monthly Payout Estimator, compiled by Havend Pte Ltd.

Certain assumptions were used to produce this comparison table. Firstly, the monthly payout is based on a male and female CPF member born in 1970, with \$213,000 in their Retirement Account at age 55, respectively.

At age 65, it is estimated that they will join CPF LIFE with \$315,000 in their Retirement Accounts (this figure is taken from the CPF Board's Monthly Payout Estimator). The monthly payout will also begin at age 65, and the amount is extracted from the Monthly Payout Estimator.

For the bequest, the calculations are computed and compounded annually.

For the Basic Plan, it is estimated that 10% and 12% of the Retirement Account balance are used for CPF LIFE for male and female CPF members, respectively.

Monthly Payout Estimator: <https://www.cpf.gov.sg/member/tools-and-services/calculators/monthly-payout-estimator>

PRAISES FOR THE CPF PLAYBOOK

"I commend Zhe Liang for writing this easy-to-read guide on CPF. While CPF is important for Singaporeans, it is a "complexity monster" that has befuddled many. This guide serves a useful role in helping Singaporeans navigate their CPF for their financial decisions."

— **Soh Chin Heng, Former Deputy Chief Executive Officer (Services), Central Provident Fund Board**

"The CPF system can feel very daunting to truly understand with its many accounts, different rates, tiers and acronyms. With this book though, you have a warm and intelligent companion to help you make the most of the system. This is a powerful resource. You have in the palm of your hand, all the information you need to make smart choices towards a peaceful retirement no matter what your age dear reader. Every home needs this."

— **Michelle Martin, Broadcaster, Money FM 89.3**

"Pang Zhe Liang and Havend have crafted a remarkably clear, practical, and potentially life-changing "Financial Kung Fu Manual" on how to master the CPF system. This book simplifies the CPF policies and offers practical strategies that are easy to understand and, more importantly, powerful when applied consistently.

If followed faithfully, the insights shared here can help every Singaporean and Permanent Resident build lasting wealth and achieve long-term financial security.

This is an essential read for anyone serious about taking charge of their financial future.

I'm also deeply grateful for the dedicated chapter on the 1M65 Movement.

May this book empower all Singaporeans and PRs to make wiser choices and lead more financially fulfilling lives."

— **Loo Cheng Chuan, Founder, 1M65 Movement (Founded in 2015)**

"A comprehensive, down-to-earth guide for personal financial planning using the 3 "Cs" available to all – and that doesn't refer to cash, car and condo. Most savers are familiar with using the CPF to fund a home purchase, premiums for medical cover and eventually, for retirement itself. But especially for retirement income planning, it remains confusing for many. This is required reading for those who want to make better decisions for their financial future."

— **Genevieve Cua, Wealth Editor, The Business Times**

"CPF is the foundation of retirement planning.

The book goes into detail about Singapore's national pension scheme and breaks it down into easy to understand nuggets of information.

A must-read for everyone who wants to find out more about the CPF and how to plan for retirement."

— **Chor Khieng Yuit, Senior Business Correspondent, The Straits Times**