



A Guide to CPF in Singapore

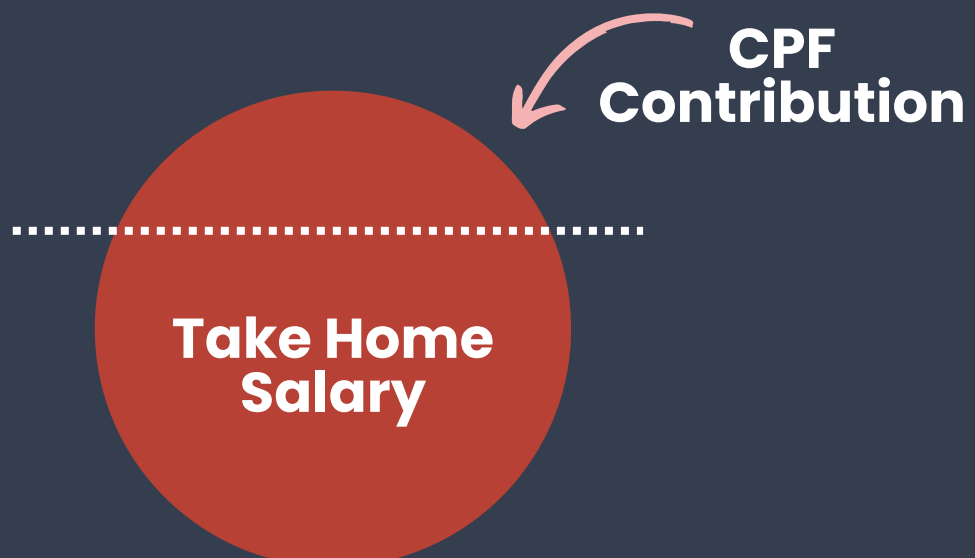
Central Provident Fund (CPF)

The Central Provident Fund (CPF) is a mandatory savings scheme for Singaporeans, aimed at addressing housing, healthcare, and retirement needs. It involves regular contributions, with each individual having their own CPF account earning interest. Only Singaporean Citizens and Permanent Residents are eligible, and withdrawals are restricted to special circumstances.

How It Works

Employees earning over \$500 per month must contribute a portion of their income to their CPF account, with contribution rates varying by age.

Employers are also required to make contributions to their employees' CPF accounts, with rates similarly dependent on age.



Age of Employee	CPF Contribution Rates from 1 Jan 2024		
	By employee (% of wage)	By employer (% of wage)	Total (% of wage)
Below 55	20	17	37
Above 55 to 60	16	15	31
Above 60 to 65	10.5	11.5	22
Above 65 to 70	7.5	9	16.5
Above 70	5	7.5	12.5

The 3 CPF Accounts

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

Age of Employee	Allocation Rates (% of Total Wages)		
	Ordinary Account Allocation Rate	Special Account Allocation Rate	Medisave Account Allocation Rate
≤35	23	6	8
>35 - 45	21	7	9
>45 - 50	19	8	10
>50 - 55	15	11.5	10.5

>55 - 60	12	8.5	10.5
>60 - 65	3.5	8	10.5
>65 - 70	1	5	10.5
>70	1	1	10.5

Ordinary Account



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



Housing

Most Singaporeans utilise their Ordinary Account for buying public or private housing properties. Funds withdrawn from the Ordinary Account for private property purchases must be repaid upon property sale, unlike for HDB purchases where repayment is not needed.



Insurance

The Ordinary Account is commonly used to pay premiums for insurance plans providing CPF members with basic life protection



Education

The Ordinary Account is also often used to pay premiums for the insurance plan that gives CPF members some basic life protection.



Investment

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

Special Account

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

First \$60,000

**5% /
annum**

Above \$60,000

**4% /
annum**

Interest

The Special Account earns up to 5% interest annually but decreases to 4% when the balance exceeds \$60,000.

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

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

The Special Account interest rates are evaluated and adjusted quarterly.

Medisave Account

The Medisave Account (MA) is designed for medical expenses, including coverage under Medishield Life, a national health insurance program supporting various healthcare services.

Interest

The Medisave Account earns up to 5% interest annually, decreasing to 4% over \$60,000.

Funds are invested in Special Singapore Government Securities (SSGS), yielding either 4% annually or the 12-month average yield of 10-year Singapore Government Securities plus 1%, whichever is higher.

Interest rates are reviewed quarterly.

First \$60,000

**5% /
annum**

Above \$60,000

**4% /
annum**

Retirement Account

At 55, individuals receive a Retirement Account (RA) for CPF Life payouts, a lifelong annuity for retirement needs. Funds from Ordinary and Special Accounts are transferred to RA, earning interest. At 65, monthly payouts start. Ordinary and Special Accounts remain active, with contribution rates subject to adjustment.

Interest

The Retirement Account earns up to 6% interest annually, invested in Special Singapore Government Securities (SSGS) yielding either 4% annually or the higher of the 12-month average yield of 10-year Singapore Government Securities plus 1%. Interest rates are reviewed and adjusted annually.

	For members below age 55	For members aged 55 and above
Ordinary Account (OA)	2.5%	2.5%
Special Account (SA)	4%	4%
Medisave Account (MA)	4%	11.5%
Retirement Account		4%
	Up to 5% On the first \$60,000 of combined CPF Balances (capped at \$20,000 for OA)	Up to 6% On the first \$30,000 of combined CPF balances (capped at \$20,000 for OA)

