Information is accurate as at May 2020.

Your journey starts here.

This is the story of an egg.

Not just any egg, mind you. It is *your* nest egg – your Central Provident Fund (CPF) savings that support you through key stages of your life.

Just like the first step of any journey, you may wonder what's in store and what you'll need to do.

In this little book, we'll tell you all you need to know about your CPF savings and how you can make the most of it.

Before you know it, you will see your CPF savings grow into what it was intended for – a retirement nest egg.

Let's get cracking!

What is CPF?

CPF is our national social security savings plan that helps you save for *your* future.

Both you and your employer contribute monthly to your CPF. The Government also helps to supplement the CPF savings of lower-wage workers through schemes such as Workfare and MediSave top-ups for senior citizens.

In your golden years, this nest egg provides you with a steady stream of income so you can retire with peace of mind.

What can you use your CPF savings for?

Retirement may be a long way off for you, especially if you have just started working. However, there's more to your CPF savings than simply being a retirement nest egg.

It can also be used for other basic needs such as buying a home, paying for healthcare expenses, and taking care of your loved ones. We're on a roll, so stay with us!

Why plan early for retirement?

It takes time to grow your nest egg. Beginning early gives you a head start on your retirement.

In fact, with CPF, you start planning for your retirement from the day you start working. The CPF contributions that both you and your employer make earn attractive compound interest rates of up to 5%* per year to help your nest egg grow.

You can tap on your CPF savings to buy your home as well as healthcare insurance. Our hope is that you will retire mortgage-free, with your hard-earned savings protected against large medical bills, and with a stream of lifelong income to pay for your daily living expenses in retirement.

So start early, stay informed and empower yourself to retire on your own terms.

* Includes extra interest. Your CPF savings in the Ordinary Account (OA) earn a guaranteed interest rate of 2.5% per year, while savings in the Special, MediSave and Retirement accounts currently earn interest rates of 4% per year. You are paid an extra interest of 1% per year on the first $60,000 of your combined balances (with up to $20,000 from the OA). From the age of 55, you will earn an extra interest of 2% per year on the first $30,000 and an extra 1% per year on the next $30,000 of your combined balances (with up to $20,000 from the OA).

What's inside your CPF accounts?

Your CPF nest egg is made up of three accounts, each of which serves a different and important function.

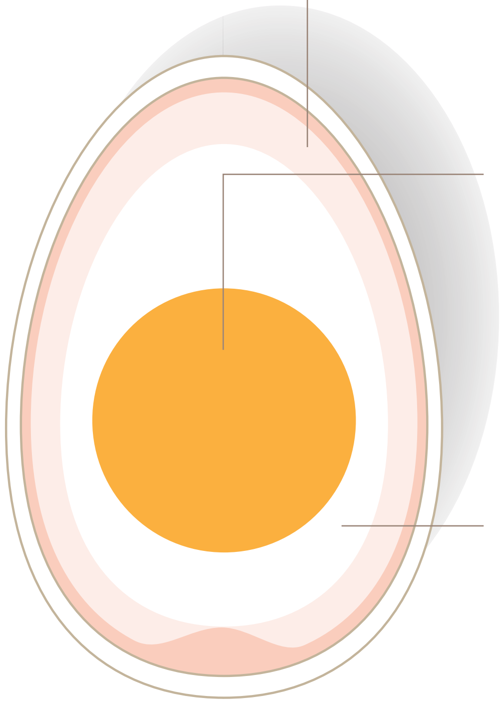
CPF contribution rates for employees aged 55 and below

(applicable for monthly wages of $750 to $6,000)

Contributions by Employer		Contributions by Employee		Total Contributions
17% (of wages)	+	20% (of wages)	=	37% (of wages)

Hard-boiled facts

- The distribution of CPF contributions across the three accounts changes for different age groups.
- Your total CPF contributions decrease as you get older.
- You should receive CPF contributions from your employer as long as you earn more than $50 a month.



Ordinary Account (23% of wages)

Most of your CPF contributions go into this account. You can use your Ordinary Account savings to buy a home and pay for CPF insurance premiums. So, it's actually quite extraordinary!

Special Account (6% of wages)

It's not called a Special Account for nothing. Your savings here are meant for old age and since they are meant for retirement, you earn a long-term interest rate that is higher than that earned by your Ordinary Account.

MediSave Account (8% of wages)

Isn't it a relief to know that when the unexpected happens to you or your dependants' health, you can fall back on your MediSave savings to defray the healthcare expenses? You can use your savings for hospital bills, selected outpatient treatments and approved health insurance.

Allocation rates for employees aged 35 years old and below. Refer to cpf.gov.sg for details.

How do we help you grow your nest egg?

We help you grow your CPF nest egg through risk-free and attractive interest rates.

Your CPF Ordinary Account (OA) savings earn interest rates of up to 3.5%* per year, while savings in the Special and MediSave accounts earn up to 5%* interest per year. This includes the extra 1% interest paid on the first $60,000 of your combined CPF balances (with up to $20,000 from the OA). From the age of 55, you will earn an extra 2% interest per year on the first $30,000 and extra 1% per year on the next $30,000 of your combined balances (with up to $20,000 from the OA). Thanks to this, your retirement savings grow at a much faster rate!

* Your CPF savings in the Ordinary Account earn a guaranteed interest rate of 2.5% per year, while savings in the Special, MediSave and Retirement accounts currently earn interest rates of 4% per year.

Did you know?

At current interest rates of up to 5% per year, every dollar in your Special Account will more than double in 20 years' time.

Grow, baby, grow!

Did you know that it takes exactly 21 days for a hen to hatch an egg? It's going to take a while longer to build your nest egg for retirement. So here are a couple of tips to speed things up.

Tip 1: Leaving your savings in CPF means the interest earned gets compounded over time. This means that interest earned is rolled over with the principal amount and your savings grow exponentially over time.

Tip 2: Topping up your CPF accounts with cash lets you enjoy tax relief of up to $7,000 per year.

Now, isn't that eggciting?

Housing

Nesting instincts come naturally and your CPF savings come in handy when you buy your own home.

As buying a home is a long-term financial commitment, make sure you choose a housing loan that suits your lifestyle and needs. This will ensure you have sufficient savings for your retirement after buying a home. Use *Our First Home Calculator* (cpf.gov.sg) to get an estimate of your housing budget.

Just remember this: your CPF savings and your home go hand in hand to provide for your retirement.

You can use your home as an additional source of income when you retire. For example, you can rent it out, right-size or participate in the enhanced Lease Buyback Scheme or the Silver Housing Bonus Scheme.

You can draw on your Ordinary Account savings to purchase your Housing & Development Board (HDB) flat or private property.

However, to ensure that you have sufficient savings for retirement, there are limits to the amount of Ordinary Account savings that you can use for housing. These limits depend on your loan provider, property type, and whether the lease of your property can cover the youngest homeowner till at least age 95. The amount of CPF savings that you can use will also depend on whether this is your second or subsequent property purchase.

Eligible members will also receive the CPF Housing Grant, which is administered by HDB, to partially offset the initial payment or to reduce the housing loan for their flat purchase.

Hard-boiled facts

You can use your Ordinary Account savings for:

- Downpayment and housing loan for your property purchase
- Stamp duties and legal fees
- Home Protection Scheme premiums (applicable for HDB flats only)

Refer to cpf.gov.sg for details.

Healthcare

MediSave is a savings account that can be used for your own and your loved ones' hospitalisation, certain outpatient treatment expenses, and to pay premiums for approved health and long-term care insurance.

Withdrawal limits are in place to ensure that you have sufficient MediSave savings for your future healthcare needs, especially in your old age.

MediShield Life is a basic health insurance scheme designed to help you cope with large hospital bills and selected costly outpatient treatments. MediShield Life covers all Singaporeans for life, including those with pre-existing conditions.

MediShield Life is sized to help with subsidised treatment in Type B2/C wards at public hospitals. If you would like additional coverage, you can consider complementing this with Integrated Shield Plans that are offered by private insurers.

> "Through healthy lifestyle habits, suitable insurance plans and sufficient savings in your MediSave Account, you can be better prepared for unexpected healthcare costs."

Retirement

Singaporeans are living longer, and it is important that you secure a retirement income that will last you for as long as you live. This retirement income should take into consideration your lifestyle as well as the CPF savings you have accumulated during your working years.

You can choose from a range of monthly payouts based on three tiers of retirement sums – Basic, Full or Enhanced Retirement Sum. The retirement sum that you set aside in your Retirement Account will be used to join CPF LIFE, a longevity insurance scheme, which provides you with lifelong monthly payouts from your payout eligibility age (65 years old).

If you own a property, you can set aside the Basic Retirement Sum (BRS), which provides you with lifelong monthly payouts that cover basic expenses in retirement.

For higher lifelong monthly payouts, you can choose to set aside the Full Retirement Sum (2 x BRS) or top up your Retirement Account up to the Enhanced Retirement Sum (3 x BRS) or start your payouts later.

Your CPF savings provide you with a basic foundation in retirement. You can consider supplementing your nest egg with your personal savings, so that you can enjoy your retirement to the fullest.

We hope this booklet has been helpful in giving you an overview of the CPF system.

Here's to great eggventures ahead!

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