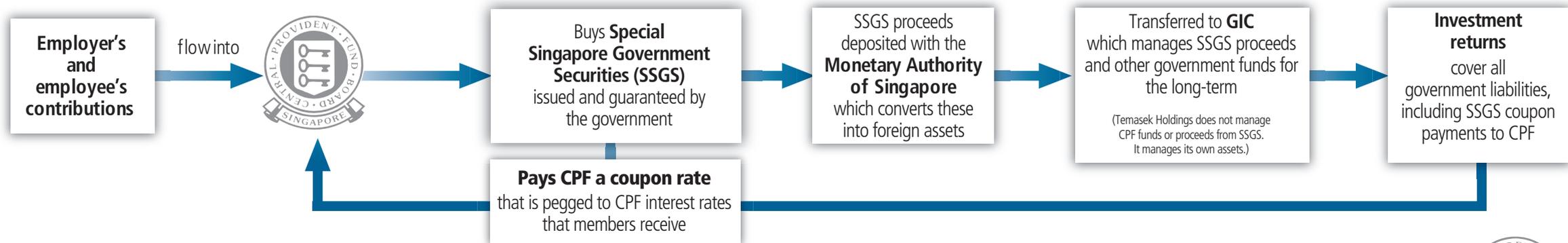


CPF: How it works



How the interest rates are set

Ordinary Account (OA)

Computed CPF interest rate derived from 12-month fixed deposit and savings rates of major local banks OR

2.5% whichever is higher

Special Account (SA) & Medisave Account (MA)

12-month average yield of 10-year Singapore Government Securities +1% OR

4% whichever is higher

Retirement Account (RA)

Weighted average interest rate of the entire portfolio of SSGS, adjusted yearly in January.

Interest currently earned

For Feb-April 2014, the computed CPF interest rate =

0.21%

This is lower than the legislated minimum of 2.5% per annum, so the OA interest rate stays at 2.5%

2.19%* + 1% = 3.19%

Since 4% is more than 3.19%, the SA and MA earn the minimum 4%

Weighted average interest rate =

4%

2.5% per annum
(July 1- Sept 30, 2014)

4% per annum
(April 1- June 30, 2014)

4% per annum
(Jan 1 - Dec 31, 2014)

The CPF accounts

Ordinary Account (OA)

Special Account (SA)

Medisave Account (MA)

Retirement Account (RA)

An additional **1%**

interest is paid on the first \$60,000 of a member's combined balances, with up to \$20,000 from the OA. The additional interest received on the OA will go into the member's SA or RA.

When CPF members turn 55, their RA is created by transferring the savings from their SA, OA, and any savings above the Medisave Minimum Sum in their MA to form the Minimum Sum (MS). The MS is \$155,000 for members turning 55 on or after July 1, 2014.



CPF members had total balances of

\$260b

3.53m members;

1.88m

are active

(at least one contribution in the last three months)

As at March 2014

- Returns that CPF members receive are risk-free, guaranteed by the Singapore government which has a triple-A credit rating.

- The government takes the investment risk in managing SSGS proceeds.

- CPF returns are not dependent on, or linked to, GIC's performance, but determined by rates paid on, or linked to, government securities and market rates.

Source: Central Provident Fund Board and Ministry of Finance

BT Graphics: Joyce Hooi, Jamie Lee & Simon Ang

The CPF Investment Scheme (CPFIS)

Under this scheme, individuals bear the investment risk, and there is no guarantee the investments will be profitable.

Two ways CPF members can use CPF funds to invest

Ordinary Account
(must have more than \$20,000)

Special Account
(must have more than \$40,000)

CPFIS-OA
(CPF Investment Scheme-Ordinary Account)

CPFIS-SA
(CPF Investment Scheme-Special Account)

Choice of investments under CPFIS

Include but are not limited to: shares, property funds, corporate bonds, gold**

Include but are not limited to: fixed deposits, Singapore government bonds, Singapore government treasury bills, annuities, endowment insurance policies

** Subject to an investment cap based on a certain percentage of investible savings (sum of the member's Ordinary Account balance and the amount of CPF withdrawn for investment and education)