The Medisave Scheme is a national savings plan that was introduced in 1984 to help CPF members\(^1\) set aside part of their income in their Medisave Accounts to meet their own and their dependants’\(^2\) healthcare expenses. Medisave has played a vital role in Singapore’s healthcare system by helping members pay for hospitalisation, selected outpatient treatments and premiums for approved medical insurance schemes.

Over the past five years, CPF members’ average Medisave Account balance has increased from $17,000 in 2010 to $22,000 in 2014 (Chart 1).

With effect from 1\(^{st}\) July 2014, the Medisave Minimum Sum was raised to $43,500

The Medisave Minimum Sum (MMS) is the amount a CPF member is expected to need to support his and his dependants’ healthcare expenses in old age. It is also the amount that a CPF member needs to set aside whenever he makes a CPF withdrawal on or after reaching 55 years old. The MMS stands at $43,500 currently\(^3\).

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1 CPF member refers to a person (including self-employed) who has a positive balance in any of the CPF accounts.
2 Dependants refer to children, spouse, parents and grandparents. Grandparents must be Singaporeans or Singapore Permanent Residents.
3 From January 2016, the MMS will be removed and CPF members will no longer be required to top up the Medisave Account when withdrawing their CPF savings from age 55. For details on removal of MMS, please refer to [https://www.cpf.gov.sg/members/News/news-categories-info/cpf-changes/2255](https://www.cpf.gov.sg/members/News/news-categories-info/cpf-changes/2255) (viewed 5 May 2015)
About six in ten active members met the Medisave Minimum Sum when they turned 55 years old in 2014. Although the MMS has been revised upwards progressively to meet rising healthcare costs, the proportion of CPF members meeting the MMS at the age of 55 has remained relatively stable. About six in ten active members who turned 55 years old from 2010 to 2014 were able to meet the MMS. On the other hand, if we look at all CPF members (which include active, inactive and self-employed members), about four in ten met MMS each year. Broadly these trends can be attributed to:

a) an increase in the interest rate earned on Medisave Account balances since 1 October 2001. An extra interest of 1% was also paid on the first $60,000 of members’ balances since 1 January 2008.

b) increases in the CPF contribution rates to the Medisave Account in 2010 and 2012;

c) a longer runway for members to accumulate Medisave balances since the inception of the scheme in 1984.

From 1 January 2015, the CPF contribution rates have been further increased with the allocation to the Medisave Account rising by one percentage point. This will help to further boost healthcare adequacy of CPF members.

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4 Active members refer to persons who have at least one CPF employment contribution paid for them for any of the four months preceding the members’ birth month. Inactive members refer to persons who do not have any CPF employment contribution paid for them for the four months preceding the members’ birth month.

5 The interest rate earned on Medisave Account balances was raised to 4% per annum on 1 October 2001, from the interest rate of 2.5% per annum since 1 July 1999. An extra interest of 1% was also paid on the first $60,000 of members’ balances since 1 January 2008.


Medisave withdrawals rose annually, from $1.6 billion in 2010 to $2.5 billion in 2014.

In 2015, flexibility regarding the usage of Medisave savings was further increased. From 1 January 2015, members can use up to $300 of their Medisave to pay for outpatient scans that they need for diagnosis and treatment. From 1 April 2015, members aged 65 and above can also use up to $200 of their Medisave yearly under the new scheme, Flexi-Medisave, to pay for their medical treatment at public sector Specialist Outpatient Clinics, polyclinics and participating clinics under the Community Health Assist Scheme (CHAS).

In addition, to provide universal coverage for all Singaporeans for life, an enhanced insurance scheme called MediShield Life will be introduced in end 2015. MediShield Life will replace the current MediShield scheme, which is a low cost medical insurance scheme which allows Singaporeans to effectively risk-pool the financial risks of major illnesses. MediShield Life will provide better coverage for large subsidised hospital bills and the assurance that all Singaporeans will receive lifelong protection. MediShield Life premiums can be fully paid using Medisave savings.

With higher life expectancy and rising medical costs, it is important to set aside savings for future medical expenses. Thus, it is important that members spend their Medisave savings wisely, so that they can make their savings last for as long as they live.

About CPF Trends
CPF Trends is a regular series of papers produced by the Management Information Department to disseminate analysis of statistical data and trends on CPF related issues. These papers are generally brief and aimed at a broad audience interested in CPF related issues.

9 Medisave withdrawals include withdrawals for hospitalisations, approved chronic illnesses, ElderShield premiums, Integrated Shield Plans’ premiums and MediShield premiums.

10 For more details on these new Medisave uses, please refer to [https://www.moh.gov.sg/content/moh_web/home/costs_and_financing/schemes_subsidies/medisave/Withdrawal_Limits.html](https://www.moh.gov.sg/content/moh_web/home/costs_and_financing/schemes_subsidies/medisave/Withdrawal_Limits.html) (viewed 5 May 2015).

11 Flexi-Medisave was introduced from 1 Apr 2015 in the outpatient setting to allow the elderly to use Medisave more flexibly and further reduce their out-of-pocket costs for outpatient medical care. The elderly tend to have greater healthcare expenses and their concerns have mostly focused on the cost of outpatient care, especially over the long term. Flexi-Medisave will provide support by allowing Singaporeans aged 65 and above to tap on their Medisave monies more flexibly.