



Save & Sound

70 YEARS OF CPF



▼ A birthday celebration at Madam Suppiah Sivarani's Ang Mo Kio flat, which she moved into in 1987. (Source: Courtesy of Madam Suppiah Sivarani)

A STAKE IN SINGAPORE



Madam Suppiah Sivarani's eyes welled up with tears as she opened the door to her newly renovated home for the first time back in 1987. The factory worker's son Karthik, then a one-year-old infant and ever so active, toddled freely into the four-room flat in Ang Mo Kio.

Standing next to her in hushed silence was her husband, Mr Kuhanesan, a self-employed handyman, who was beaming as he admired

the interior of their first matrimonial home. Though he was grateful to his parents for giving them a space in their flat for the past few years, nothing compared to being a homeowner himself.

"It was really wonderful. My child could have his own room," recalled 70-year-old Madam Suppiah of their move almost 40 years ago, facilitated by the use of CPF savings to purchase the flat.

“

It was quite expensive, but we knew we could depend on our CPF to pay the downpayment and the monthly payments. When paying from my CPF, I didn't feel the pain.”

Madam Suppiah Sivarani

They used their CPF savings to pay the downpayment, equivalent to \$15,000 or 20 per cent of their \$75,000 resale flat. They also paid their monthly mortgage of less than \$200 with their CPF.

It was a literal elevation of her standard of living, from her days as a child growing up in a *kampung* in Lorong Halus, near Tampines. She no longer had to deal with leaky zinc roofs and the threat of flooding. Instead, she had the convenience of public transport and amenities in her new neighbourhood. The family now had more space, which was useful when they welcomed another child.

This was the story of humble to high-rise living for millions of

Singaporeans. A turning point was the Public Housing Scheme, launched in 1968, which opened up the use of the CPF to pay for homes. It was a major change from the original purpose of CPF, which was solely intended to build retirement savings when it started in 1955. But as the country developed, the scope of the CPF evolved.

The tremendous implications of the change meant that it was discussed vigorously in Parliament.

SQUATTER TO STAKEHOLDER

Brows knitted and with his usual force of character, founding Prime Minister Mr Lee Kuan Yew had one key message for a packed House in July 1968: In newly independent Singapore, everyone had to pull their weight.

Mr Lee had good reasons to be concerned. The biggest was the imminent withdrawal of the British military, a key engine of the economy. Broad swathes of manufacturing processes, factories, and jobs would disappear in a couple of years.

► The CPF Public Housing Scheme, launched in 1968, opened up the use of CPF to pay for homes. This gave many Singaporeans the chance to own a home. (Source: CPF Board)

30 YEARS OF
CPF
1955-1985



Owning an HDB home through CPF savings



One way to overcome this potential setback was to expand industries and attract foreign investments to Singapore with skilled, motivated workers. Those who worked hard had to be duly rewarded. “The Government does not expect its workers to put in more effort for nothing. So, we are putting more into the kitty,” he noted.¹

Besides promising higher wages and bonuses, he also knew that people needed to have a personal stake in the country. This was not the case at that time, as migrants formed most of the population.

A crucial solution to ensure residents had a stake in the country was letting them own a piece of real estate – their home.

Home ownership had been a goal for years. The Housing & Development Board (HDB) was set up in 1960 to build thousands of public housing flats quickly as many were resettled from overcrowded slums and squatter settlements.

In 1964, the HDB introduced the Home Ownership for the People

Scheme to help Singaporeans own their HDB homes, instead of rent public homes, so that they could have a stake in the country. But there was a problem: the take-up rate was lower than expected as many could not afford the 20 per cent downpayment on the homes.²

Could the use of CPF funds be the elusive key to unlocking higher home ownership rates?

THE GREAT HOUSING DEBATE

Yet, opening up the use of CPF was far from straightforward. There had been calls to use it for purposes beyond retirement, such as unemployment assistance and healthcare. But the Government held firm for the initial 13 years as its sole focus was ensuring the retirement adequacy of Singaporeans.

The July 1968 Parliament sitting was among the first instances when then-Prime Minister Mr Lee mentioned using CPF for home purchases, under what was known as the Public Housing Scheme.



▲ Flats in Kallang Basin in 1970. The HDB, set up in 1960, built thousands of flats in the early years to resettle people from overcrowded slums. (Source: Housing and Development Board Collection, courtesy of National Archives of Singapore)



◀ Today, many families use their CPF savings to pay for their HDB flats. (Source: CPF Board)

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With the home ownership plan for the mass of our workers, and not just the higher-salaried groups, more and more of our working population will have a growing personal stake in the continuing prosperity and stability of our society.”³

Mr Lee Kuan Yew
Former Prime Minister

In fact, the Government had been studying ways to see how CPF savings could be used to purchase HDB flats for months.

There were clear arguments in favour of liberalising the use of CPF for housing:

1. It would transform thousands of Singaporeans into stakeholders of the country. Uplifting their living conditions would boost the political, economic, and social stability of the nascent nation.⁴
2. Securing a home would alleviate concerns during retirement.
3. A final argument was the knock-on effect it would have in spurring the economy.⁵

Just a month after Mr Lee spoke in Parliament about the CPF proposal, Mr Eric Cheong, then-Member of Parliament for Toa Payoh, said the move would accelerate property sales. “This in turn would create the demand for the construction of more houses and flats,” noted Mr Cheong. “With increased building activity, there will also be a greater demand for

building materials such as steel, cement, bricks, and tiles.”⁶

Despite the benefits, there were understandable concerns. The main argument was that if a substantial portion of retirement funds were used for homes, there could be little left for retirement.

There was also a worry that some people could have an emotional attachment to their home and refuse to monetise it, resulting in an asset-rich, cash-poor situation.⁷

A RUSH FOR FLATS

After much public discussion, the CPF (Amendment) Act came into effect on September 1, 1968, to allow CPF savings to be used for housing.

To avoid the pitfall of Singaporeans spending too much of their retirement funds on homes, the scheme was implemented in a calibrated manner. It began by allowing only low-income members to tap CPF funds for subsidised HDB flats – and only for a portion of the flat’s purchase price.

The new scheme proved extremely popular. “Rush for Board flats gains momentum,” *The Straits Times* headline proclaimed on September 9, about a week after the change.⁸ It reported how 900 people – or more than 100 a day – had applied for flats, more than twice the 40 daily applications before.

The next year in 1969, about 8,000 people registered to buy flats.⁹ This figure in a single year was comparable to the 8,500 flats HDB sold in five years from 1964 to 1968,¹⁰ before the CPF Public Housing Scheme kicked in.

By the end of the decade, about a third of Singaporeans were living in public homes.¹¹

The scheme was a resounding success, and there were plans to take it further to benefit more Singaporeans. The initiative was subsequently extended to allow middle-income Singaporeans to use their CPF savings to buy larger, non-subsidised flats built by the Housing and Urban Development Company (HUDC).

► Then-Prime Minister Mr Lee Kuan Yew looking at models of public flats in 1963. A priority for Singapore in the early days was building homes quickly to house a growing population. (Source: Ministry of Information and the Arts Collection, courtesy of National Archives of Singapore)



A VERY 'SPECIAL' ACCOUNT

The Special Account (SA) was set up in 1977 to set aside money for retirement purposes in a dedicated account. This is unlike the Ordinary Account (OA), which is primarily used for housing purposes.

When the CPF Minimum Sum Scheme was introduced in 1987 to ensure that members had a regular stream of monthly income during retirement to support a basic standard of living, the Retirement Account (RA) was also created.

Savings from the SA and/or OA would be transferred to the RA to set aside the Minimum Sum at age 55, from which members would receive monthly payouts for about 20 years.

This further boosted Singaporeans' use of CPF funds for homes.

To safeguard members' retirement savings, the CPF Special Account (SA) was created in 1977 to help members set aside funds strictly for retirement purposes. Monies in the SA could not be used for housing.

A few years later, the use of CPF for home financing was further liberalised. In 1981, the Residential Properties Scheme was introduced, which allowed the use of CPF savings to buy private homes, helping families achieve greater social mobility.

By 1982, a total of \$3.7 billion was withdrawn from CPF to pay for residential properties.¹²

HOUSING AS A RETIREMENT NEST EGG

It was clear that the CPF housing scheme had elevated the quality of life for many members and changed the fabric of the nation.

"The CPF has been invaluable in transforming us into a home-owning society," said then-Prime Minister Mr Lee at the 1985 National Day Rally.¹³

"Had we depended on voluntary savings, 400,000 would not have become home-owners. We would not have built modern Singapore in the same way. We would also have been a very different society, more rootless."

About 30 years later, then-Prime Minister Mr Lee Hsien Loong also described the CPF and home ownership as the "twin pillars of our retirement adequacy." In the 2014 National Day Rally, he pointed to how the home was a "valuable little pot of gold to draw on" in one's golden years.¹⁴

In February 2025, Prime Minister Mr Lawrence Wong shared with *The Straits Times* how having a home gives people peace of mind. "Housing in some ways is also a form of assurance for one's retirement, because having your

A SHELTER IN THE STORM

Even as the Government liberalised the use of CPF savings to finance a wide range of housing types, it also introduced new schemes to protect members from unforeseen circumstances.

In 1982, the Home Protection Scheme (HPS) was launched, offering insurance coverage for outstanding HDB flat mortgages in the event of a member's incapacity or death. The aim was to ensure families who experienced an unexpected tragedy could continue to live in the flat without the financial burden of outstanding housing loans. Madam Ang Gek Lung, a homemaker, was a beneficiary of this scheme. Her husband, a lorry driver, died in a traffic accident in 1994, leaving her and their two toddler sons behind.¹⁵

The HPS paid the balance of the loan on their two-room flat. Madam Ang also received \$30,000 under the Dependents' Protection Scheme, a term-life insurance scheme which provides insured members and/or their families with some money to get through the first few years should the insured member suffer from incapacity, terminal illness or pass away.

own home as you grow old is a very important form of assurance for every family," he said. "It also means you don't have to pay rent, so you have security as you get older. But this does not mean we can overspend on housing either."¹⁶

While many can see the benefits of home ownership and how it is a good store of value, opinions still differ on how much CPF savings should be used for purchasing homes.

In an interview for this book, Mr Lim Boon Heng, former labour chief and Cabinet Minister, candidly shared his views: "I felt that the proportion of CPF savings that could be used was too high, while the proportion safeguarded for retirement in the Special Account or Retirement Account was too low."

"It had two effects: a faster rise in housing prices, and insufficient cash for retirement. When people have more money they can deploy, the demand for housing and the type of housing rises; so prices rise. It is the fundamental law of economics. So people are happy when they see the value of their homes rise. But when

people retire, they find themselves asset-rich but cash-poor. It is a social problem today."

There are safeguards within the CPF system to prevent members from overextending themselves. For instance, there are limits to the amount of Ordinary Account savings that can be used for housing. Members are also required to refund the CPF monies used to purchase the flat, plus the interest it would have accrued, when selling the flat.

Members can also choose to retain \$20,000 in their Ordinary Account, when purchasing a home, as a safety net. The CPF remains a work in progress. To gauge its success, perhaps it is best to envision its absence, as Mr Lee Kuan Yew once put it in his 1985 National Day Rally Speech.

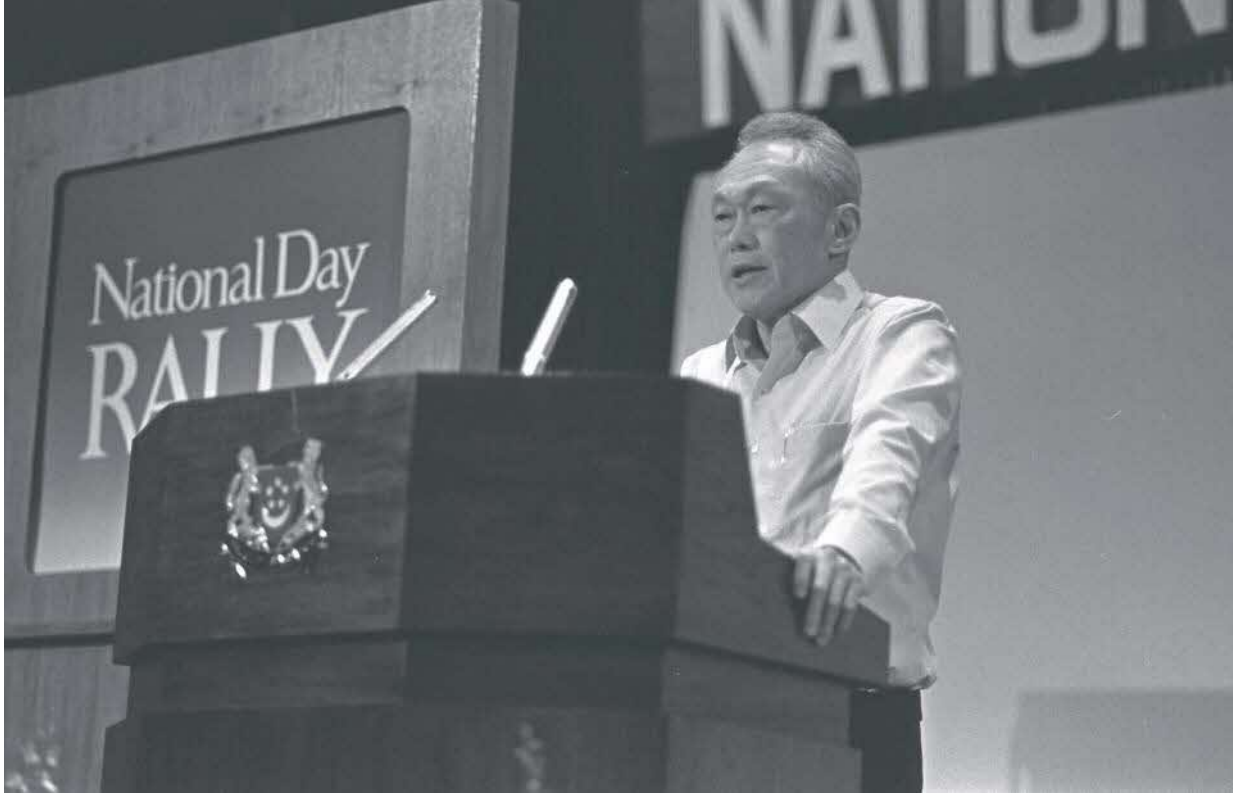
The importance of the CPF system was also seen in how it helped Singapore survive its first major recession.

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Imagine the alternative of a Singapore without CPF? As we made high economic growth in the 1960s and 70s, like workers in Hong Kong, they would have high disposable incomes which would go into consumer durables. They will pay high rents to the landlords for tiny rooms. They will buy enormous quantities of clothes, shoes, furniture, television sets, radios, tape-recorders, hi-fis, washing machines, motor cars. They would have no substantial or permanent asset to show for it.”¹⁷

Former Prime Minister Mr Lee Kuan Yew,
in his 1985 National Day Rally speech

► At the 1985 National Day Rally, then-Prime Minister Mr Lee Kuan Yew asked the audience to imagine a Singapore without the CPF system, as a measure of its success. (Source: Ministry of Information and the Arts Collection, courtesy of National Archives of Singapore)



STORY SPOTLIGHT

“YOU DON’T THINK ABOUT CPF WHEN YOU ARE DATING!”

It was finally time to have the conversation. After a few years of dating, Ms Esther Ang and her boyfriend, Mr Ashraf Azman, were ready to talk numbers.

The big question: Could they afford a Build-to-Order (BTO) flat from the HDB?

After all, Ms Ang, 29, was still in her final year of university in 2017. Mr Ashraf, who is five years older than her, had been working in the aviation industry for a few years by then. After a quick check of his CPF account, they found that there was enough for a downpayment, which was about \$20,000 for their desired flat type.

“It was a huge relief. You don’t think about CPF when you are dating!” Ms Ang said with a laugh. But when it was time to take a significant step in the relationship, the ability to use their CPF

savings for their first home meant that they could have peace of mind.

This was especially important as they needed their cash savings for their wedding and home renovation, which amounted to a six-figure sum in total.

Thanks to the Public Housing Scheme, they could buy a \$385,000 four-room BTO flat in Tampines North, which they moved into in April 2023 with their infant son, Ansel. Now, they each pay about \$450 monthly from their CPF savings to service the mortgage.

Ms Atiqah Nadzirah Ishak and her fiancé, Mr Azreel Dini Mohammad Najmuddin Mohdar, were another young couple that could happily move into a new BTO home because of their CPF savings.

The monthly CPF contributions provided a good estimate of their



▲ Ms Atiqah Nadzirah Ishak and her fiancé, Mr Azreel Dini Mohammad Najmuddin Mohdar, with the keys to their new BTO home. (Source: CPF Board)

next step financially. “(Having contributions) gave us some numbers to work with, to budget properly,” said Mr Azreel, 26, a logistics executive. “It was quite exciting for me, and it also gave both of us more clarity.”

Now that Ms Atiqah, 25, is furthering her studies, the couple is also relieved that they could make their downpayment for their flat with their CPF savings.

As first-time home buyers, they also benefited from the Enhanced CPF Housing Grant, which was raised to up to \$120,000 for families and up to \$60,000 for singles in August 2024. Other schemes include the CPF Housing Grant for Resale Flats, which gives a subsidy of up to \$80,000 for eligible first-timer families purchasing a resale flat, and up to \$40,000 for singles.

MULTIPLE CPF USES FOR A SINGLE

Ms Georgina Gao, 43, remembered the frustrations of her home-hunting journey in 2018 as a single. With only two-room BTO flats available to singles, she had to look for a resale flat so her mother could stay over when she visited her.

“I wanted to stay near where my mum used to live in Bugis, but the listed prices there were around \$700,000 for a 40-year-old four-room resale flat,” she said. “I told myself to keep my options open.”

Eventually, she bought a four-room resale flat in Punggol for \$398,000. The CPF Housing Grant subsidised \$25,000 of her home’s cost.

“I may sell my place to downgrade to a two-room (flat) when I am older,” said the civil servant. “It’s nice to know that the \$25,000 will go back to my CPF account and I can use it for the next purchase.” As she plans a career switch and sets aside savings for a part-time course, she is thankful for how CPF has helped her in her life goals. She is thinking long-term about her post-work years too.

“In terms of retirement planning, I view CPF as a foundational element,” she said. “I have reached the current Full Retirement Sum in the Special Account, which should provide a reliable base for my retirement funds. With compounding interest, I am confident I will be able to receive a good payout at age 65.”



▲ Source: Shutterstock