



Save & Sound

70 YEARS OF CPF



► Ms Hilary Huang (centre) with her family on her wedding day. She made her CPF nomination in her 20s when her parents were declared bankrupt. (Source: Courtesy of Ms Hilary Huang)

FOR THE NEXT GENERATION



Growing up, John (not his real name), the youngest of three brothers, never felt that his father played favourites. As far as he could remember, the siblings were always treated equally and fairly. That changed when his father passed away, and John found out that he had been left out of his father's CPF nomination.¹

Shocked and upset, John suspected his two brothers had influenced their father's decision. Fortunately, it turned out to be a huge misunderstanding.

The CPF Board later found that his father had made his CPF nomination before John was born. John's story, shared at the CPF Board's Ready for Life Festival in 2023, underscores the importance of reviewing one's CPF nomination at significant milestones in life.

While the CPF is mainly for retirement, it can also provide crucial final support to loved ones after one's passing. It could help a spouse shoulder the financial burden of being a single parent, put a child through university, or care for a relative battling health problems.

For Ms Hilary Huang, her main concern was whether her parents, who were declared bankrupt, would have enough to get by should she pass on. This spurred her to make her CPF nomination when she was only in her 20s, bequeathing all her funds to her brothers.

“At that point in time, the thought process was very simple – making a CPF nomination is free and it speeds up the disbursement process. I trusted that my brothers would make sure my parents’ living expenses and unforeseen needs are paid for should death occur to me such that they would not have to worry about their retirement or medical expenses,” said Ms Huang.

CPF monies do not fall under one’s personal estate and therefore cannot be covered by a legal will. Instead, a CPF nomination is needed to state to whom and how the savings should be distributed, and in what proportions.

This helps to protect against creditors and since a lawyer is not required to go through a court probate process – which is

necessary for wills and typically takes three to six months – it enables CPF nominees to receive the deceased’s CPF monies more quickly and at no cost.

In January 2020, the CPF online nomination service was launched, digitalising the process and enhancing both convenience and privacy for CPF members. Within a month, more than 900 CPF members had used the service.

A key highlight of the service is its remote witnessing feature, which allows witnesses to witness an online nomination remotely without the need to be present with the member.

This feature came timely when Singapore went into a circuit breaker partial lockdown in April 2020 during the COVID-19 pandemic, and strict social distancing measures were enforced on the entire nation. CPF members could still make their nominations via the online nomination service.² As of 2024, more than 400,000 online nominations have been submitted.

“

The reason why CPF could not be distributed with a will was quite simple: we wanted to make sure creditors could not lay their hands on members' CPF. For instance, if you still owe money to the bank when you pass away, the bank will be able to claim from your estate. Therefore, if CPF formed part of your estate, then creditors can claim from your CPF instead of your nominee.”

Mr Augustin Lee
Former CPF Board CEO



◀ Source: CPF Board

Ms Huang, who is a financial consultant, noted that more of her clients and friends are doing their CPF nominations earlier in life, though it remains an uncomfortable subject for some.

“The common reply is ‘yeah, I’ve been wanting to do it.’ Most people don’t consider that death can

happen at any time. I have had people walk away from the dining table when they realise I was going to talk about death,” she said

While planning for death has traditionally been a taboo subject, particularly in Asian cultures, perspectives are changing. As people live longer, often seeing

► An infographic explaining what the CPF Nomination Scheme covers. (Source: CPF Board)

What does the CPF nomination cover?

✔ Covered	✘ Not Covered
<ol style="list-style-type: none"> 1 CPF savings in your Ordinary, Special, MediSave and Retirement Accounts 2 CPF LIFE premium balance 3 Discounted Singtel shares 	<ol style="list-style-type: none"> 1 Properties bought using your CPF savings 2 Payouts from the Dependants’ Protection Scheme (DPS) 3 Cash and investments under the CPF Investment Scheme (CPFIS)




LIFE DECISIONS BEFORE FINAL DECISIONS



▲ Mr Christopher Tan, CEO of wealth advisory firm Providend.
(Source: Courtesy of Mr Christopher Tan)

Should you buy an expensive condominium unit with a great view that is beyond your means, or settle for a more affordable housing option?

To answer that question, people need to ask themselves what their non-negotiable life goals are, said CEO of wealth advisory firm Providend, Mr Christopher Tan.

“Money is at the end of the day an enabler. It would be quite disastrous to adjust our

lives for our financial decisions. Instead, it would be better to adjust our finances to cater to our life decisions,” he said.

Mr Tan, an advocate for long-term financial planning, believes the average Singaporean needs to get these three Cs right – cashflow management through proper budgeting, CPF management by not over-leveraging on property, and coverage by right-sizing their insurance plans.

What makes the CPF unique from other pension systems around the world, he said, is its contribution system involving employees, employers, and the Government. All this ultimately leads to its annuity scheme of CPF LIFE that provides lifelong monthly payouts regardless of financial market conditions and lifespans.

A strong supporter of the CPF, he considers CPF LIFE the best annuity product in Singapore for achieving retirement adequacy. “If there is a job selling CPF, I would take it and be very rich,” he joked.

MAKING SENSE OF RETIREMENT



▲ Minister for Health Mr Ong Ye Kung (centre) at the opening forum of the CPF Board's annual Ready for Life Festival in 2023. (Source: CPF Board)

When the COVID-19 pandemic caused the world to come to a standstill and many to lose their jobs, the importance of financial planning took centre stage.

For the CPF Board and MoneySense – Singapore's national financial education

programme overseen by the Monetary Authority of Singapore (MAS) and Ministry of Manpower (MOM) – it was an opportune time to strengthen their partnership. While the latter focuses on financial education and the CPF is the national social security system, their purposes eventually converge towards one goal – retirement adequacy.

“CPF Board has a very large reach, positive mindshare among Singaporeans, and strong communications and engagement capabilities backed by a passionate volunteer core,” said Mr Jeremy Huang, Director of Financial Planning Programme, and Director of Strategic Planning and Transformation at MOM, on why working together more intensively made sense.

In 2023 and 2024, they jointly organised a national retirement planning campaign, which included the CPF Board’s annual Ready for Life Festival, featuring talks and activities on diverse topics, from money management strategies to overall wellness and legacy planning.

“By joining hands, we strengthen the message that financial planning complements the CPF system. It’s clearer to the public that managing your money well, investing wisely, and adequate insurance protection contribute towards retirement

adequacy,” said Ms Abigail Ng, Executive Director of Markets Policy & Consumer Department at MAS.

Their partnership allows them to reach all demographics and reinforce the CPF’s relevance at different life stages.

Mr Huang pointed out that financial literacy is no less important than literacy in languages, science, and math.

“From the time you first make a purchase in the school canteen until you retire, you need to know how to plan your finances to achieve your goals and targets for yourself and your loved ones. MoneySense, the CPF Board, and the Institute for Financial Literacy have resources available for all and we welcome everyone to take advantage of them as you embark on your financial planning journey,” he said.

As for Ms Ng, she stressed that it is never too early to start thinking about retirement planning. “You will have the advantage of time, which is something you cannot buy back,” she said.

the birth of their grandchildren and perhaps even their great-grandchildren, legacy planning has become not just practical, but also an act of love.

“I want my loved ones to be able to live the life they want, pursue their dreams, and enjoy themselves,” said Ms Huang.

Ensuring peace of mind for both CPF members and their families has always been a priority for the CPF Board, with the CPF Nomination Scheme being one initiative that supports this.

Another big part of the effort is through healthcare support. Years of illness can be draining, both physically and financially, not just for individuals but also for those around them.

ENHANCING HEALTH INSURANCE

At the stroke of midnight on November 1, 2015, 3.9 million Singaporeans and Permanent Residents automatically came under the new compulsory universal health insurance scheme –

MediShield Life – that would cover them for life, regardless of pre-existing conditions.

For around 340,000 people, it was especially welcome news. They had been uninsured under the scheme’s predecessor – MediShield – due to pre-existing medical conditions, their age, and for some, because they had opted out.³

MediShield, introduced in 1990, was meant as a basic health insurance scheme sized for Ward B2/C care to help Singaporeans cope with very large hospital bills. However, over time, the scheme lost its effectiveness.

The low premiums collected could not cover the payouts and MediShield subsequently went into deficit.

“Due to inadequate adjustments to key parameters such as deductibles...MediShield gradually ended up covering too many hospital bills of various sizes, including the smaller bills that MediShield was not intended to cover. Consequently, MediShield

became less effective in protecting against the large hospital bills,” explained Mr Lawrence Wong in 2005, who was the Ministry of Health’s (MOH) Healthcare Finance Director.

MOH also sought feedback from unions, employees, employers, private insurers, and the public to address two key concerns – higher premiums and deductibles.

Taking these views into account, the scheme was reformed in July 2005 with higher claim limits to provide higher payouts for large bills. Co-payment was also halved from 60 per cent of the hospital bill to around 30 per cent.

While the reformed MediShield scheme provided enhanced coverage, there were still people who had fallen through the cracks. This included those who had pre-existing health conditions, or were too old to be covered as the scheme only extended to the age of 92.

At the National Day Rally speech in 2013, then-Prime Minister Mr

Lee Hsien Loong announced that it was time for a change – revamping MediShield to MediShield Life.⁴

“

Why MediShield Life?
Because it will cover you for life...It will cover everybody, every Singaporean, old ones, young ones, those newly born. Even those who are now outside the MediShield network, we will bring them back in. You may be elderly, you may have dropped out, you may have pre-existing illnesses, we will bring you back in. It may cost you a bit more but it can be done.”

Mr Lee Hsien Loong
Former Prime Minister

This was how the Government had incorporated risk-pooling, by spreading the cost of healthcare across a large population. The

On November 1, 2015, 3.9 million Singaporeans and Permanent Residents automatically came under the new compulsory universal health insurance scheme MediShield Life.

collective sharing of financial risk allowed everyone, including those with pre-existing conditions or significant healthcare needs, to receive better protection against large healthcare bills.

When the scheme was launched, then-Health Minister Mr Gan Kim Yong stated that MediShield premiums would be affordable to all and could be fully paid for via MediSave.⁵

The CPF, a 60-year-old senior citizen at this point, was ensuring that its members were supported for as long as possible. Lifelong schemes were becoming the trend. There was CPF LIFE, then MediShield Life, and just five years later, another would join the group – CareShield Life.

In 2020, the national long-term care insurance scheme, CareShield Life, was launched, providing basic, universal financial protection against severe disability to Singaporeans and Permanent Residents born in 1980 or later. For older individuals, CareShield Life

was kept optional. Policyholders would receive monthly cash payouts for as long as they remain in severe disability.

Compared to ElderShield which provided monthly payouts for up to five to six years, CareShield Life offers lifelong coverage and increased monthly payouts in the event of severe disabilities, albeit with higher premiums. CareShield Life payouts would be provided for as long as the member remains unable to perform three or more Activities of Daily Living.

In his second reading of the CareShield Life and Long-Term Care Bill, Mr Gan said: “Our society is ageing and we need to prepare for this ahead of time. CareShield Life is a major step in expanding the role of insurance in the long-term care financing landscape.”⁶

Not only are CPF members able to use MediSave to fully cover their CareShield Life premiums, but family members can also help by either paying from their own MediSave or topping up the

member's MediSave Account with cash.

While intended to be more beneficial to the old and frail, the scheme has also benefitted younger Singaporeans.

An example of a younger beneficiary is single mother Mdm Sutana, who became wheelchair-bound after a fall in 2021 that was worsened by complications from a prior surgery. This eventually forced her to quit her job as a pre-school centre administrator upon the advice of her doctors, despite her employer's best efforts to accommodate her mobility issues.

Without an income and facing mounting healthcare expenses

on top of an unsettled mortgage, she was worried about supporting her three children. Thankfully, she received a letter from the Board in 2022 inviting her to join CareShield Life. She opted to enrol and subsequently got her claim application approved.

Before receiving the letter from the Board, she was unaware about CareShield Life – a long-term care insurance scheme that offers financial support and lifetime monthly

▼ Mdm Sutana receives about \$600 monthly from CareShield Life. (Source: CPF Board)



cash benefits if you have severe disability, regardless of existing medical conditions.

Under CareShield Life, she receives around \$600 per month for as long as her disability conditions remain. “The money certainly helps. It can cover the things I need daily like groceries, personal care items as well as help with my children’s expenses,” said the 47-year-old.

And just like that, the CPF’s support for Singaporeans had gone full circle. From helping young adults to start off on the right financial foot, buying their own home, weathering through poor health, and now leaving behind their legacy.

But, there was something brewing in the air.

A NEW TYPE OF WORKER

Three decades ago, most people used to be full-time employees for most of their career. Today, many are opting for less conventional forms of employment, leading

to the rise of the gig economy. Changing employment patterns are, however, causing retirement funds to grow leaner – instead of fatter.

Take platform workers, for instance. For a long time, they were labelled as self-employed, though this definition failed to take into account their unique circumstances. Unlike freelancers, who decide their own rates and when to work, they depend completely on platforms for their livelihoods and are subject to significantly more management controls.

The tripartite partners recognised that and set out to rectify the situation. “Platform workers are in ‘employee-like’ work arrangements and so should get worker-like compensation,” said Ms Yeo Wan-Ling, Assistant Secretary-General of NTUC.

Their discussions led to the introduction of the Platform Workers Bill, which was passed on September 10, 2024. Under the

Platform Workers Act, workers who provide ride-hailing or delivery services will be recognised as a distinct legal category and be entitled to greater protection and benefits. Among these include legal representation and work injury compensation.

There is also CPF contributions, which is mandatory for younger platform workers born on or after January 1, 1995, and voluntary for older workers to help finance their housing and retirement needs. The CPF contributions from the platform operators will be gradually increased to match that of employees.

The Act is complemented by the Platform Workers CPF Transition Support scheme, which will provide monthly cash payments from 2025 to 2028 to support eligible lower-income platform workers.

“Rather than looking at it as reduced take-home pay, it is an increase in the total package for them,” said Ms Yeo. It is a landmark

achievement, one that makes Singapore one of the first countries in the world to provide statutory protections for platform workers.

Speaking on the Bill, Minister for Manpower Dr Tan See Leng said that it had been in the works for years, through close dialogue with unions, workers, and platform operators, starting with the set up of the Advisory Committee on Platform Workers in August 2021.

With the support of the NTUC, National Private Hire Vehicles Association, and National Delivery Champions Association, multiple dialogues were held with platform workers.

He noted that while platform workers appear to enjoy flexibility, their jobs and incentives are in fact significantly controlled by platform operators. This meant that should they get into an accident, they could lose their income entirely until they are able to resume work. This unpredictability of their earnings

The Platform Workers Act, passed on September 10, 2024, provides ride-hailing and delivery workers greater protection and benefits.

made it difficult to save regularly or plan for the long term.

“

For those who already own their homes, have grown up children, and are doing gig work for some extra income, it may not be an issue if their incomes are disrupted. But what about those who are younger, and are maybe saving for the downpayment for their first BTO flat? That is how we arrived at enhancing housing and retirement adequacy through increased CPF contributions as a key aspect of the Platform Worker Act.

I remember there were some workers who shared that they were more concerned about having enough cash earnings than saving for the future. We understand their concerns, and we respect their wish for flexibility, but we also have a

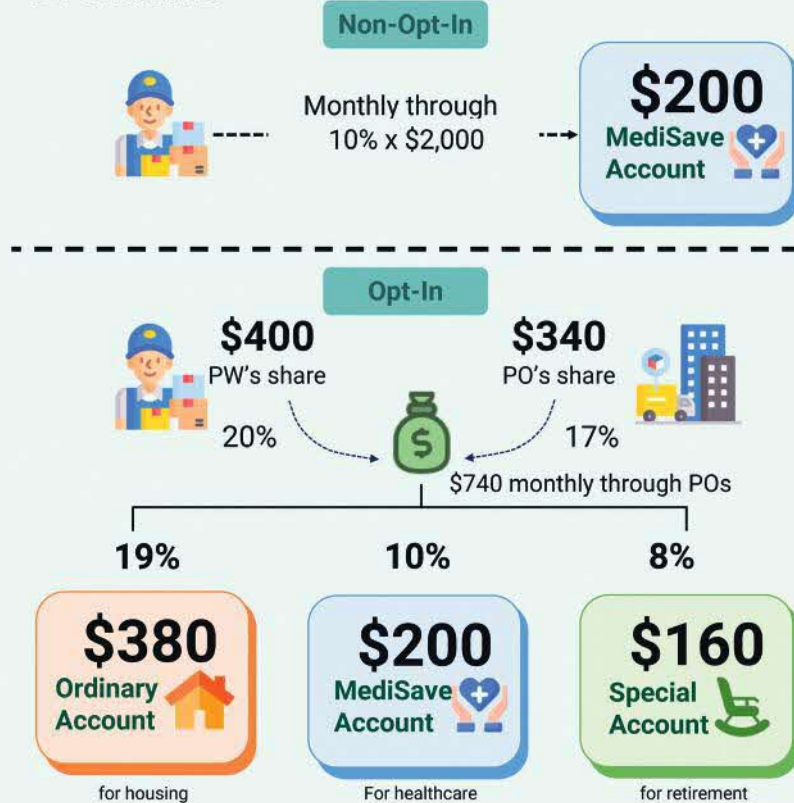
responsibility to help them secure their long-term needs.”

Dr Tan See Leng
Minister for Manpower

On January 1, 2025, the Act took effect, ushering in a new era for the CPF where it will have to navigate new ways of working. But as always, its mission remains – to help every worker build financial security for the future.

Example: Platform worker, aged 50 in 2029, with monthly net earnings of \$2,000

Illustration of a platform worker who opts in to increased CPF contributions



► An infographic explaining how the Platform Workers Act helps platform workers to grow their CPF savings. (Source: CPF Board)

PW: Platform Worker; PO: Platform Operator