

CPF BOARD ANNUAL REPORT 2015



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ANNUAL REPORT 2015



MISSION, VISION & VALUES

MISSION

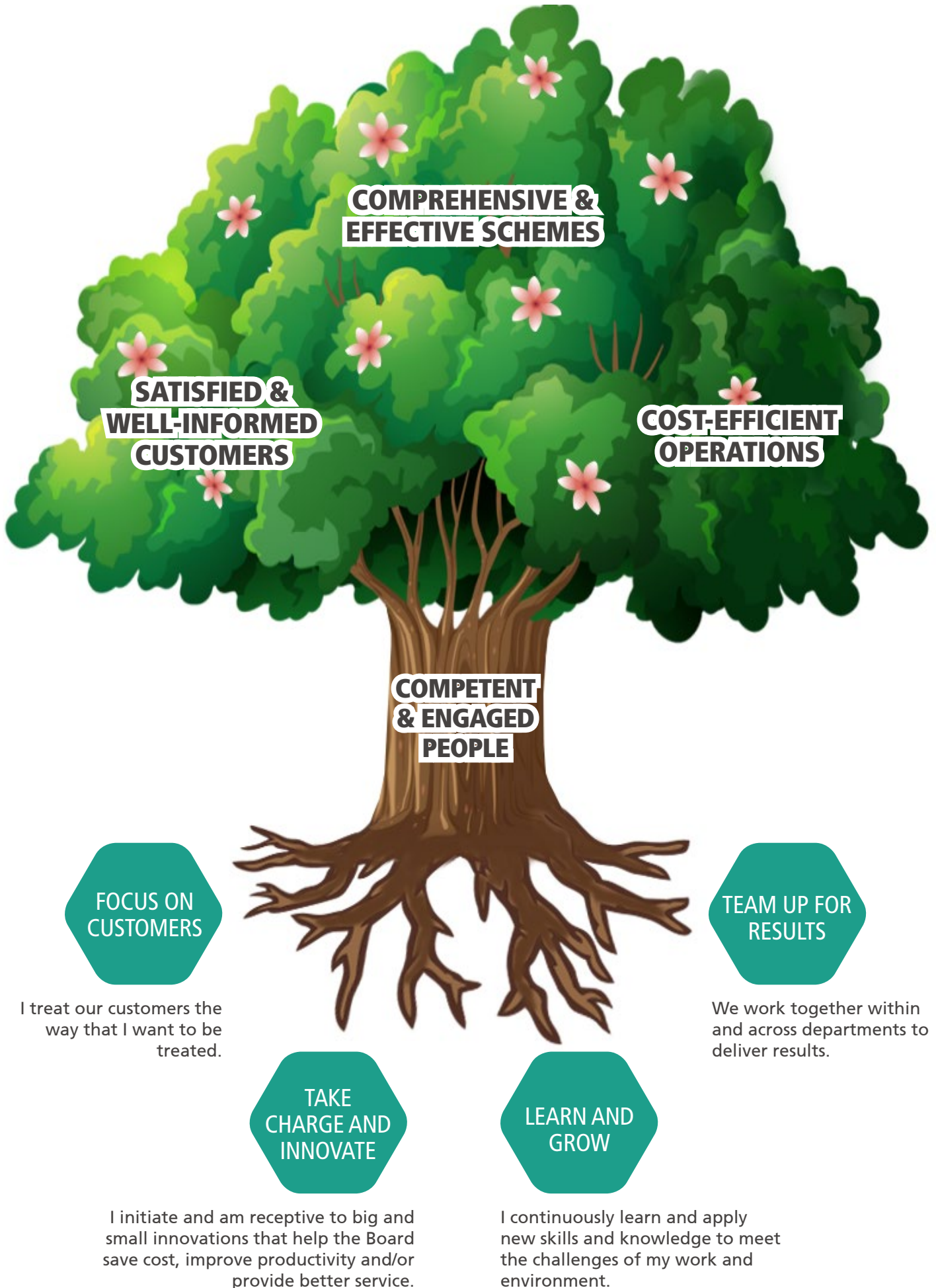
To enable Singaporeans to have a secure retirement, through lifelong income, healthcare financing and home financing

VISION

A trusted and respected social security organisation, committed to enable Singaporeans to have a secure retirement



VALUES





CORPORATE ■

CHAIRMAN'S STATEMENT

“

To make the CPF system more progressive, it was announced at Budget 2015 that an additional 1% Extra Interest will be paid on the first \$30,000 of CPF balances from the age of 55. Together with the existing 1% Extra Interest on the first \$60,000 of CPF balances, older CPF members will be able to earn up to 6% interest on their retirement savings.

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UPDATE ON THE CENTRAL PROVIDENT FUND AND INSURANCE FUNDS

In 2015, the number of CPF members increased by 3% to 3.7 million, and total CPF balances grew by 9% to \$299.5 billion. This excludes the cumulative amount withdrawn for housing and investments, which stood at \$211.1 billion as at end-2015. Members continued to earn an interest rate of up to 5% p.a. on their savings in the Special, Medisave and Retirement Accounts, and up to 3.5% p.a. on Ordinary Account (OA) balances. This includes the additional 1% interest earned on the first \$60,000, with up to \$20,000 from the OA.

As at end-2015, over 600,000 members were insured under the Home Protection Scheme (HPS) and the Home Protection fund stood at \$900.0 million. 917 HPS claims amounting to \$80.3 million were paid out in the course of the year. The MediShield Life fund stood at \$1.3 billion at end-2015, and paid out about 344,000 claims amounting to \$448.1 million in 2015.

MAJOR CPF ENHANCEMENTS IN 2015

Introduction of MediShield Life

From 1 November 2015, MediShield Life has replaced MediShield to provide lifetime healthcare insurance coverage for all Singapore Citizens and Permanent Residents, regardless of age or pre-existing health conditions. Compared to MediShield, MediShield Life offers better protection and higher payouts so that the insured pay less for large medical bills.

Members may use Medisave to fully pay the MediShield Life premiums for themselves and their immediate family members. The Government has provided the assurance that no one will be left out of MediShield Life due to an inability to pay the premiums. It has introduced a range of premium subsidies to keep premiums affordable. Lower-to-middle income Singapore Citizens and Permanent Residents and those in the Pioneer Generation will receive permanent subsidies, with the latter also enjoying Medisave top-ups for the rest of their lives. In addition, all Singapore Citizens who face an increase in their net premiums will receive transitional subsidies until 2019 to ease the shift to MediShield Life. For those who need assistance with their premiums even after the use of Medisave and the subsidies, the Government will provide Additional Premium Support.

Increases in CPF Contribution Rates

At Budget 2014, the Government announced a series of increases in CPF contribution rates to help members save more for retirement and healthcare needs. The employer contribution rate was raised by 1% for all members, with the increase being channelled to the Medisave Account. For self-employed persons with annual net trade income of \$18,000 and above, the Medisave contribution rate was raised by 1%. As part of the Government's commitment to align the contribution rates for workers aged 50 to 55 with that for younger workers, the contribution rates to the Special and Ordinary Accounts for workers aged 50 to 55 were increased by a total of 1.5%. At the same time, the contribution rate to the Special Account for workers aged 55 to 65 was also increased by 0.5%. These were on top of the 1% increase in the Medisave contribution rates. These changes took effect from 1 January 2015.

Supporting Employers

To provide additional support to firms, employers received a higher Temporary Employment Credit (TEC) of 1% to offset the wages of their Singaporean and Permanent Resident employees in 2015, up from 0.5% previously. At the same time, the Special Employment Credit (SEC), which is given to employers who hire older Singaporean workers to offset their wages, was enhanced for one year to offset an additional 0.5% of wages for workers aged above 50, bringing the total wage offset to 8.5%. Employers who hire workers aged 65 and above also received an additional SEC of up to 3% of wages, providing a total of 11.5% wage offset.

CPF Retirement Planning Service

To help members reaching age 55 better understand the various CPF options available to them, and for them to decide on the option best suited for their individual needs and circumstances, the Board piloted a personalised CPF retirement planning service in the second half of 2015. The feedback received has been encouraging and the Board plans to gradually expand this service in 2016 and beyond.

FURTHER ENHANCEMENTS IN 2016 AND BEYOND

Enhancing Retirement Savings of CPF Members

To make the CPF system more progressive, it was announced at Budget 2015 that an additional 1% Extra Interest will be



paid on the first \$30,000 of CPF balances from the age of 55. Together with the existing 1% Extra Interest on the first \$60,000 of CPF balances, older CPF members will be able to earn up to 6% interest on their retirement savings. To keep pace with wage growth in recent years, it was also announced that the CPF salary ceiling will be raised from \$5,000 to \$6,000. These changes took effect from 1 January 2016 and will enable CPF members to accumulate more savings for their retirement.

CPF contribution rates for older workers were lowered in the past to enhance their employability, but have been gradually restored since 2012. To fully equalise the contribution rates for workers aged 50 to 55 years with those for younger workers, the contribution rate for workers aged 50 to 55 was raised by 2% from 1 January 2016. The contribution rate was also increased by 1% for workers aged 55 to 60, and by 0.5% for workers aged 60 to 65.

Extended Support for Employers

At Budget 2016, the Government announced that the SEC will be extended for three years, from 2017 to 2019, to provide a wage offset to employers hiring Singaporean workers aged 55 and above, and earning up to \$4,000 a month. Employers will receive a wage offset of up to 8% of wages for workers aged 65 and above. This is in addition to the wage offset of 3% for the re-employment of workers aged 65 and above till the re-employment age is raised in 2017. Employers who hire workers aged 60 to 64 and aged 55 to 59 will receive a wage offset of up to 5% and 3% of wages respectively. As announced at Budget 2015, the TEC will also be extended to 2017, to help employers adjust to cost increases associated with the increase in CPF salary ceiling and the employer CPF contribution rates for older workers. The TEC will provide employers with a wage offset of 1% in 2016 and 0.5% in 2017 for Singaporean and Permanent Resident workers up to the CPF salary ceiling of \$6,000.

CPF Advisory Panel Recommendations

The CPF Advisory Panel (CAP), set up in September 2014, was tasked to study possible enhancements to the CPF system, to make it more flexible to meet the needs of Singaporeans and provide additional options in retirement.

The first set of CAP recommendations have been accepted by the Government and were implemented from 1 January 2016. For members turning 55 in 2016 and later, they can choose from a range of CPF LIFE payout options that best suit their needs in retirement. For example, members who own a property can choose to set aside the Basic Retirement Sum (BRS). For members turning 55 in 2016, the BRS is \$80,500 and provides a CPF LIFE Standard Plan payout of about \$660 - \$720 per month from their Payout Eligibility Age (PEA). They can withdraw their CPF savings in excess of the BRS if they already have a sufficient CPF charge on their property. They can also do so by pledging their property. Those who do not own a property or do not wish to pledge their property would need to set aside the Full Retirement Sum (FRS), which is double the BRS. This will correspondingly give them a higher monthly payout when they reach their PEA. Members who desire even higher payouts can save up to the Enhanced Retirement Sum (ERS), set at three times the BRS. For members turning 55 from 2017 – 2020, these Retirement Sums will be increased by 3% from the cohort in the previous year, to provide higher monthly payouts to cater to long-term inflation and rising standards of living.

To provide members with greater flexibility, members will only be required to choose their CPF LIFE plan when they wish to start their payouts. Members can choose to start their payouts at their PEA. They can also choose to defer their payout commencement to receive higher monthly payouts. Payout commencement can

be deferred up to age 70. Members who turn 55 in 2013 or later can also choose to withdraw up to 20% of their Retirement Account (RA) savings at PEA to meet short-term cashflow needs. This is inclusive of the \$5,000 that can already be withdrawn unconditionally from age 55. Members also have the option to transfer their CPF savings above what they require for the BRS to their spouse.

The CAP is also studying how to provide an option for members who prefer lower initial CPF payouts and with payouts rising with time to help with increases in the cost of living, as well as how to provide more flexibility for members to seek higher investment returns. The CAP is expected to make its recommendation on these two areas in 2016.

Enhancements to Workfare Income Supplement Scheme

At Budget 2016, the Government announced a series of enhancements to the Workfare Income Supplement (WIS) scheme, which supplements the income and retirement savings of older lower-wage workers. From 1 January 2017 onwards, the qualifying income ceiling will be raised from \$1,900 to \$2,000 a month to take into account changes in income levels. Eligible employees will also receive higher WIS payouts of up to \$3,600 per year. To provide workers with more timely rewards for work, WIS payments will also be made monthly, for each month of work, instead of quarterly.

Silver Support Scheme

The Silver Support Scheme, first announced by the Prime Minister at the 2014 National Day Rally, is a major new feature in our social security system. It provides a cash supplement of \$300 to \$750 per quarter to the bottom 20% of Singaporeans aged 65 and above. A smaller degree of support will be extended to cover up to 30% of seniors. Eligible elderly Singaporeans can look forward to receiving their first payout in July 2016.

The government will use three criteria in combination to assess the eligibility for Silver Support – lifetime wages, housing type and the level of household support. Seniors who have not more than \$70,000 in total CPF contributions by age 55 will meet the criterion of lifetime wages. Seniors who live in and own a 4-room or smaller HDB flat will meet the criterion of housing type. Seniors who live in 5-room HDB flats, but do not own the flat, will also qualify if they meet the other criteria. Seniors in households where, on average, each member earns not more than \$1,100 per month, will meet the third criterion of household support.

CONCLUSION AND APPRECIATION

The CPF Board was set up in 1955 and celebrated its 60th anniversary in 2015. Over the last 60 years, it has evolved to help Singaporeans achieve a secure retirement through lifelong income, healthcare financing and home financing. I would like to take this opportunity to thank all past and present Board Members as well as CPF Board staff for their continuous commitment and dedication.

In the course of 2015, we also had some changes of Board Members. We would particularly want to extend our appreciation to former Board Members Dr Lim Suet Wun, Ms Loo Siew Yee and Mr Loy York Jiun who completed their terms in 2015. We also welcome onboard three new Board Members: Ms Cham Hui Fong, Ms Lee Keng Yi and Mr Zahidi Bin Abdul Rahman. We look forward to their valued contributions to the Board.

CHIANG CHIE FOO
CHAIRMAN

BOARD MEMBERS

CHAIRMAN

Mr Chiang Chie Foo

Master in Public
Administration, Harvard
University, USA



DEPUTY CHAIRMAN

Mr Augustin Lee

Deputy Secretary,
Ministry of Manpower
Master of Science in
Management, Stanford
University, USA



Mrs Tan Ching Yee

(Government Representative)
Permanent Secretary,
Ministry of Health
Master of Science in
Management, Stanford
University, USA



Mr Derrick Wan

(Government Representative)
Director, Reserves &
Investment Directorate
Ministry of Finance
Master of Business
Administration, Columbia
University, USA



Mr John Ng

(Employer Representative)
Chief Executive Officer,
Singapore LNG Corporation Pte Ltd
Master of Science in Industrial
Engineering, National University
of Singapore
Master of Science in Metallurgical
Engineering, Materials Science,
Carnegie-Mellon University, USA



Mr Zahidi Abdul Rahman

(Employer Representative)
Principal Architect, Zahidi AR
Arkitek
Bachelor of Arts (Architectural
Studies), National University of
Singapore
Bachelor of Architecture (Hons),
National University of Singapore



Ms Cham Hui Fong

(Employee Representative)
Assistant Secretary-General,
National Trade Union
Congress
Bachelor of Business
Administration, National
University of Singapore



Ms Mary Liew

(Employee Representative)
President, National Trade Union
Congress
General Secretary, Singapore
Maritime Officers' Union
Bachelor of Science in Business
Administration (Marketing)
Hons (2nd Upper), University of
Wales, UK



Professor Annie Koh

Vice President, Office of
Business Development
Professor of Finance (Practice),
Singapore Management
University
PhD in International Finance,
New York University Stern
School of Business, USA

**Mr Lau Wing Tat**

Chartered Financial Analyst
Bachelor of Mechanical
Engineering, Hons (1st Class),
University of Singapore

**Ms Lee Keng Yi**

Director & Department
Head, Insurance Department
Monetary Authority of
Singapore
Master of Philosophy in
Economics, Cambridge
University, UK

**Mr Ng Chee Peng**

Chief Executive Officer,
Central Provident Fund Board
Master in Public
Administration, Harvard
University, USA

**Mr Sarjit Singh Gill**

Senior Partner,
Shook Lin & Bok LLP
Senior Counsel
Bachelor of Law (Honours),
University of Singapore

**Mr Tan Teck Huat**

Master of Arts, University of
Cambridge, UK

**Mr Tung Siew Hoong**

Head, Portfolio Execution
Group
GIC Asset Management Pte Ltd
Master of Social Sciences
in Statistics and Economics,
National University of
Singapore

**BOARD MEMBERS WHO COMPLETED
THEIR TERMS DURING THE YEAR:****Dr Lim Suet Wun**

(Employer Representative)
Group Chief Operating Officer,
Parkway Pantai Ltd
Master of Business Administration, University of
California, Los Angeles, USA
Master of Public Health, University of California,
Los Angeles, USA

Mr Loy York Jiun

(Employee Representative)
Director, Corporate Planning Secretariat
National Trades Union Congress
Director, Research
Ong Teng Cheong Labour Leadership Institute
Master of Engineering, Oxford University, UK

Ms Loo Siew Yee

Executive Director, Banking Department 1
Monetary Authority of Singapore
Master of Business Administration, University of
Manchester, UK

CEO'S STATEMENT

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The CPF Board marked our 60th anniversary in 2015. Even as we took stock of our past achievements, we renewed our focus on the future with a refreshed vision: A trusted and respected social security organisation, committed to enable Singaporeans to have a secure retirement.

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The CPF Board marked our 60th anniversary in 2015. Even as we took stock of our past achievements, we renewed our focus on the future with a refreshed vision: A trusted and respected social security organisation, committed to enable Singaporeans to have a secure retirement.

The vision underscores trust as an integral part of the Board's role as the trustee of Singaporeans' CPF monies. We must operate with the highest integrity and provide assurance to our members and stakeholders through robust governance, processes and operations. It also reflects our aspiration to be respected professionals committed to delivering quality administration and excellent service to Singaporeans.

ENHANCING CPF POLICIES AND SCHEMES

Strengthening Retirement Adequacy

The first part of the recommendations made by the CPF Advisory Panel, to offer more options and flexibility to help members better prepare for their retirement, was accepted by the Government in February 2015. They included giving members a wider range of payout options based on three levels of retirement sums, i.e. Basic Retirement Sum (BRS), Full Retirement Sum (FRS) and Enhanced Retirement Sum (ERS), and allowing members to have the flexibility to transfer CPF savings above the BRS to their spouses.

To operationalise these recommendations, we geared up our operations by enhancing our frontline as well as backend systems, including our IT applications and programmes. In tandem with this, the Board stepped up communication efforts to Singaporeans via multiple platforms to raise awareness and understanding of the enhancements. By end March 2016, we saw over 4,000 top-ups by members above the age of 55 to the current Enhanced Retirement Sum (ERS), with a total top-up sum of \$185.5 million. There were also over 1,000 transfers of CPF savings to spouses as at end March 2016, 73% more than the same period last year. These transfers amounted to \$37.3 million.

Apart from the enhancements proposed by the CPF Advisory Panel, measures announced at Budget 2015 to strengthen savings and income in retirement also took effect from 2016. For example, to keep pace with income growth over the years, the CPF Salary Ceiling was raised from \$5,000 to \$6,000. The CPF contribution rates for older workers aged 50 years to 65 years were also increased. To help members with low balances, members from the age of 55 will earn an additional 1% Extra Interest on the first \$30,000 of their CPF balances.

Universal Healthcare Coverage for Life

The MediShield Life Scheme was rolled out on 1 November 2015 to provide lifetime medical coverage for all Singapore Citizens and Permanent Residents, including those with pre-existing health conditions. With the introduction of MediShield

Life, about 340,000 Singapore Citizens/Permanent Residents who were previously uninsured now receive medical coverage. As the administrator of MediShield / MediShield Life, the CPF Board processed and approved about 344,000 claims in 2015 which amounted to \$448.1 million. To keep members informed of the new scheme, the CPF Board, together with the Ministry of Health, set up touch-points such as a MediShield Life microsite, and dedicated email and hotline channels to answer members' queries.

Enhancements to Medisave

In the past, members who withdrew their CPF savings after the age of 55 needed to first set aside the Medisave Minimum Sum (MMS) in their Medisave Accounts (MA). To simplify the rules, the MMS was removed from 1 January 2016. The Medisave Contribution Ceiling (MCC) was also replaced by the Basic Healthcare Sum (BHS), which is set at \$49,800 for 2016. The BHS will be adjusted annually to keep pace with the growth in Medisave usage by elderly members and will be fixed when a member reaches the age of 65, to provide greater certainty on the amount a member should keep in the Medisave account for his or her healthcare needs.

Several enhancements to Medisave were also implemented in 2015 to provide Singaporeans with more usage flexibility:

- Up to \$300 per patient per year to pay for outpatient scans for diagnosis or treatment of a medical condition not related to cancer. This excludes scans already covered under Medisave limits for specific treatments such as cancer, pre-natal check-ups and screening mammograms
- Increase in Medisave withdrawal limits for inpatient hospice, home palliative care and lifting of limits for patients diagnosed with cancer or end-stage organ failure
- Extension of Medisave use to outpatient treatments under the Flexi-Medisave Scheme
- Four new conditions added to the Medisave Chronic Diseases Management Programme
- Increase in Medisave grants for newborns from \$3,000 to \$4,000

OPERATIONS

Protecting the Rights of our Members through Enhanced Education, Deterrence & Enforcement

Through the CPF Board's three-pronged approach of education, deterrence and enforcement, we continued our efforts to protect the rights of members with pro-active audits and acted on complaints received. In 2015, we recovered a total of \$516.0 million in owed and late CPF contributions, benefitting more than 368,000 employees.

To ensure that employees and employers are aware of their rights and obligations under the Employment Act, the CPF Board has collaborated with the Ministry of Manpower on

the **WorkRight initiative** since September 2012. Our efforts were recognised internationally and clinched first place in the “Promoting Whole-of-Government Approaches in the Information Age” category of the United Nations Public Service Awards 2015. We also received the Certificate of Merit with Special Mention for the International Social Security Association Good Practice Award for Asia and the Pacific in 2015.

Home Protection Scheme Rebates

The Home Protection Scheme (HPS) is a mortgage-reducing insurance that protects CPF members and their families against losing their homes, in the event of death or permanent incapacity. Due to better than expected investment returns and lower than projected claims experience, the CPF Board distributed HPS premium rebates in 2015 to about 966,000 members. About half of these members received premium rebates of \$400 or more.

Agency Projects

In 2015, the CPF Board disbursed \$695 million in cash to 1.3 million Singapore citizens and \$117 million into the Medisave accounts of over 390,000 Singapore citizens under the GST Voucher Scheme.

Under the Pioneer Generation Package, the CPF Board credited a total of \$191.7 million into the Medisave accounts of over 420,000 eligible Pioneers.

The CPF Board also disbursed \$93 million in Medisave top-ups to over 510,000 Singapore citizens under the 5-year Medisave Top-Up announced in Budget 2014. It was aimed at helping citizens aged 55 and above in 2014 who did not receive Pioneer Generation benefits for their healthcare needs.

Silver Support Scheme

The Silver Support Scheme is targeted at the bottom 20% of Singaporeans aged 65 and above, with a smaller degree of support extended to cover up to 30% of the elderly. There is no need to sign up to receive Silver Support as all Singaporeans aged 65 and above will be automatically assessed for eligibility. Those who qualify for Silver Support will be notified and receive their payouts in end July 2016.

PUBLICITY AND OUTREACH TO SINGAPOREANS

Increasing Awareness through Publicity Campaigns and Social Media

The Big ‘R’ Chat campaign

In July 2015, the CPF Board launched *The Big ‘R’ (Retirement) Chat campaign*. By igniting conversations amongst loved ones about retirement, this campaign aimed to raise awareness among Singaporeans on the importance of planning early and how the CPF system supports members in their golden years. The **Big ‘R’ Chat** was carried across multiple media channels from out-of-home to digital platforms, and reached over a million members.

CPF Board Facebook page

In recent years, we have progressively stepped up our online engagement with members. Our CPF Board Facebook page uses trending topics, explanation of jargons, and infographics to communicate CPF schemes and services simply and clearly. From Jan 2015, we saw a 90% growth in our fan base to 64,000 fans as of April 2016.

Reaching Out to Members at Key Life Stages

CPF roadshows

From August to November 2015, the CPF Board organised

10 roadshows islandwide, reaching out to more than 50,000 working adults and students. Through these roadshows, we helped members better understand the basics of retirement planning and how they can use the CPF system to prepare for this important stage of life.

New Members Programme

To connect early with new CPF members and enable them to gain a better appreciation of how the CPF system works, the CPF Board piloted the New Members Programme in 2015. The Programme reaches out to new members through various communication platforms such as direct mailers and regular email alerts. A mobile app called “CPF Starter” was also developed. This resource tool gives new members an overview of their CPF savings, projects the growth of the CPF savings as well as shows them how to use their savings for housing, healthcare and retirement.

One-on-one CPF Retirement Planning Service

To help members who are turning 55 years old better understand the CPF options available to them after age 55, a pilot one-on-one CPF Retirement Planning Service (CRPS) was introduced in 2015. More than 3,000 members who were approaching 55 were invited to participate. Members who attended the CRPS found the service effective in increasing their understanding and awareness of CPF policies and schemes. They appreciated the explanation provided by our officers using personalised information and clear visual aids. Riding on the success of the pilot, the CPF Board will extend this service to over 20,000 members in 2016.

Enhanced Yearly Statement of Account 2015

We made enhancements to the 2015 Yearly Statement of Account as part of efforts to help members better understand their CPF account balances and transactions in the year. Besides refreshing the look of the yearly statement, we included an illustrated summary to show the various sources of contributions to members’ CPF savings and how members have used their CPF savings for their housing, healthcare, retirement and other needs. It also features personalised financial tips on retirement planning.

Mobile Service Centres in 2016

As part of our efforts to reach out to Singaporeans, besides personalised CPF retirement guidance, we are also bringing our services closer to members through mobile service centres at six Community Centres. Located away from our five service centres, some examples of the Community Centres are Ci Yuan, Chong Pang, Zheng Hua, Ulu Pandan and Bedok. Members can approach our Customer Service Executives at these mobile service centres for help with their CPF enquiries and transactions.

APPRECIATION

On behalf of the Management, I would like to express my heartfelt appreciation to all staff of the CPF Board for their tireless efforts, good work and sacrifices over the years in achieving the Board’s mission and vision. I would also like to thank our Board Chairman and Board Members for their wise counsel and strong support of Management initiatives. Having marked the Board’s 60th Anniversary, we look forward with renewed vigour to the next 60 years and beyond of serving Singaporeans and enabling them to have a secure retirement.

NG CHEE PENG

CHIEF EXECUTIVE OFFICER



CORPORATE GOVERNANCE

BOARD'S CONDUCT OF AFFAIRS

Role

The Board is the trustee of the Central Provident Fund and oversees the management of the Fund as prescribed under the Central Provident Fund Act (CPF Act). It is also responsible for reviewing and approving the annual budget and financial statements. The Board monitors organisational performance, ensures the adequacy of risk management policies and systems, and provides advice to Management to ensure that the CPF Board functions efficiently and effectively. The Board's approval is required for material transactions and decisions, including but not limited to the sale of property.

Board Composition and Membership

The CPF Act provides for the appointment of 15 Board Members, comprising the Chairman, Deputy Chairman, two Government representatives, two Employer and two Employee representatives, and up to seven other individuals. The Minister for Manpower, with the President's concurrence under Article 22A(1)(b) of the Constitution of the Republic of Singapore, appoints all the Board Members. Board Members, including the Chairman and Deputy Chairman, are appointed for a term of up to three years. The Board comprised 15 members as at 31 December 2015.

All Board Members, with the exception of the Chief Executive Officer ("CEO"), are non-executive members. The Board's composition takes into account expertise and experience required for effective decision making and leadership. The Board consists of members with core competencies in areas such as accounting, insurance and investment.

The Board's management provides comprehensive briefing and orientation sessions for new Board Members. Besides general briefings on the CPF Board and the Board's powers and obligations, Board Members also receive customised briefings tied to their specialised roles within the Board.

Board Meetings

Board meetings are scheduled quarterly for the purpose of, inter alia, approving the annual budget, the audited financial statements, CPF Rules amendments and major projects. The bylaws of the Board allow for Board Members to take part in meetings in person or via any means that allows the person to participate actively in discussions such as video-conferencing. Urgent matters requiring decisions are circulated via e-mail by the Board Secretariat. The Board met four times in 2015.

Board Members are provided with the necessary information for them to effectively discharge their responsibilities at each Board meeting. This includes regular reports on CPF contributions and developments on CPF schemes. Significant operational highlights and financial statements are provided on a regular basis for the Board's information. Board Members may request additional information, where necessary. Minutes of Board meetings are documented for record, with Matters Arising promptly followed up and reported back at the following Board meeting.

Board Committees

In discharging its responsibilities, the Board is supported by six Board Committees, namely the Audit Committee, Investment Committee, MediShield Life and Insurance Schemes Committee, Public Engagement Committee, Risk Management Committee

and Staff Committee, each commissioned with respective Terms of Reference approved by the Board.

Audit Committee

The Audit Committee comprises non-executive and independent Board Members nominated based on their expertise and experience with regard to discharging the responsibilities of the Committee. Mr Tan Teck Huat continues to chair the Audit Committee and Dr Annie Koh remains as an Audit Committee member. Both Dr Lim Suet Wun and Mr Loy York Jun relinquished their Audit Committee membership following the completion of their terms as Board Members on 30 June 2015. They are replaced by Board Members, Mr Derrick Wan and Mr Lau Wing Tat, who were both appointed as Audit Committee Members with effect from 1 July 2015.

The Audit Committee assists the Board in overseeing activities carried out by Management, independent auditors and internal auditors relating to internal controls, financial reporting, compliance with rules, regulations, corporate policies and procedures, as well as risk management. The Audit Committee continues to play an assurance role in risk management.

It reviews proposals put up by Management and recommends the appointment of independent auditors, to the Board. The Audit Committee also reviews the independent auditors (excluding the Auditor-General) auditing the accounts of the CPF Board annually, including their independence and the nature, extent and fees of non-audit services performed by them. In addition, it approves the CPF Board's whistle-blowing policy and procedures.

The Audit Committee is kept updated by Management and independent auditors of changes in accounting standards. It holds meetings with the independent auditors and the internal auditors at least once a year, without the presence of Management, to enable the auditors to raise issues encountered in the course of their work directly to the Committee.

The Audit Committee met thrice in 2015.

Investment Committee

The Investment Committee was chaired by Mr Tung Siew Hoong, and included six other members in 2015 – Ms Celestine Khoo, Mr Alan Yeo, Mr Lau Wing Tat, Mr Derrick Wan, Mr Wong Ban Suan, and Mr Ng Chee Peng. Ms Khoo, Mr Yeo, and Mr Wong were co-opted to the Investment Committee to augment the investment expertise of the Committee.

The Investment Committee assists the Board with investment matters relating to funds managed by the Board. It advises the Board in setting the overall investment policy and strategic asset allocation, and has decision making authority over the investment management strategy and structure, the appointment of the investment consultant, custodian, external fund managers and other third parties, the overall approach to risk management, the rebalancing guidelines, the implementation of tactical asset allocation and the performance reporting framework.

The Investment Committee met four times in 2015. Urgent matters were approved by circulation.

MediShield Life and Insurance Schemes Committee

The MediShield Life and Insurance Schemes Committee was chaired by Ms Tan Ching Yee, and included six other members in 2015. Ms Cham Hui Fong and Ms Lee Keng Yi were appointed

to the committee in July 2015, with the latter replacing Ms Loo Siew Yee who relinquished her appointment following her completion of term as Board Member. Other members in the Committee included Mr John Ng, Mr Ng Chee Peng, Ms Lai Wei Lin, and Mr Colin Pakshong. Ms Lai and Mr Pakshong were co-opted to augment the expertise of the Committee.

The MediShield Life and Insurance Schemes Committee oversees the management of the Home Protection, MediShield Life and CPF LIFE Schemes. It reviews the annual valuation and actuarial studies of the various schemes, and recommends or approves adjustments to the premiums and benefits of the Home Protection and CPF LIFE Schemes. The Committee also manages the solvency and liquidity of the insurance funds based on the return objectives, risk tolerance levels and risk management framework for each fund, subject to the directions of the Minister overseeing the relevant scheme.

The MediShield Life and Insurance Schemes Committee met thrice in 2015.

Public Engagement Committee

The Public Engagement Committee was chaired by Mr Augustin Lee, and included five other members in 2015 – Mr Zahidi Bin Abdul Rahman, Mr Sarjit Singh Gill, Ms Mary Liew, Mr Ng Chee Peng, and Mr Janadas Devan. Mr Zahidi Bin Abdul Rahman replaced Dr Lim Suet Wun, who relinquished his appointment following his completion of term as Board Member. Mr Devan (Chief of Government Communications, Ministry of Communications and Information) was co-opted to the Committee to augment its expertise.

The Public Engagement Committee advises the Board on public communications strategies.

The Public Engagement Committee met twice in 2015.

Risk Management Committee

The Risk Management Committee was chaired by Mr Chiang Chie Foo and comprised three members in 2015 – Mr John Ng, Mr Sarjit Singh Gill, and Mr Ng Chee Peng. All were members of the Board.

The Risk Management Committee assists the Board to oversee CPF Board's enterprise risk management framework. It ensures that Management has fully identified and assessed the key risks that CPF Board faces and has established a risk management infrastructure capable of addressing those risks. The Committee supports the Board in the oversight of Board-level risks in conjunction with the other Board Committees.

The Risk Management Committee met twice in 2015.

Staff Committee

The Staff Committee was chaired by Mr Chiang Chie Foo and comprised four members in 2015 - Mr Augustin Lee, Mr Tan Teck Huat, Mr Tung Siew Hoong, and Mr Ng Chee Peng. Mr Tung was appointed to the Committee in July 2015.

The Committee is the approving authority for key human resource and remuneration policies as well as key appointments, promotion and remuneration of senior executives. It met twice in 2015.

Attendance at Meetings

Board Members' attendance at Board and Board Committee meetings in 2015 is set out in the following table.

	Board		Board Committees											
Board Members	No. of Meetings		Audit Committee		MediShield Life and Insurance Schemes Committee		Investment Committee		Risk Management Committee		Staff Committee		Public Engagement Committee	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Mr Chiang Chie Foo (Chairman) <i>First Appointed in 2013</i>	4	4							2	2	2	2		
Mr Augustin Lee (Deputy Chairman) <i>First Appointed in 2011</i>	4	3									2	2	2	2
Mr Ng Chee Peng <i>First Appointed in 2015</i>	3	3			3	3	3	3	2	2			1	1
Mrs Tan Ching Yee <i>First Appointed in 2014</i>	4	2			3	3								
Mr Derrick Wan <i>First Appointed in 2013</i>	4	4	2	1			4	4						
Mr John Ng <i>First Appointed in 2012</i>	4	4			3	3			2	2				
Mr Zahidi Bin Abdul Rahman <i>First Appointed in 2015</i>	2	2											1	1
Ms Cham Hui Fong <i>First Appointed in 2015</i>	2	1			2	1								
Ms Mary Liew <i>First Appointed in 2014</i>	4	2											2	2
Ms Lee Keng Yi <i>First Appointed in 2015</i>	2	1			2	1								
Professor Annie Koh <i>First Appointed in 2014</i>	4	4	3	3										
Mr Lau Wing Tat <i>First Appointed in 2012</i>	4	4	2	2			4	4						
Mr Sarjit Singh Gill <i>First Appointed in 2012</i>	4	3							2	1			2	2
Mr Tan Teck Huat <i>First Appointed in 2014</i>	4	4	3	3							2	2		
Mr Tung Siew Hoong <i>First Appointed in 2010</i>	4	2					4	4						

Board Members whose terms ended in 2015

	Board		Board Committees											
Board Members	No. of Meetings		Audit Committee		MediShield Life and Insurance Schemes Committee		Investment Committee		Risk Management Committee		Staff Committee		Public Engagement Committee	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Mr Yee Ping Yi <i>First Appointed in 2011</i>	1	1					1	1			2	2	1	1
Ms Loo Siew Yee <i>First Appointed in 2014</i>	2	2			1	1								
Mr Loy York Jiun <i>First Appointed in 2013</i>	2	1	1	1										
Dr Lim Suet Wun <i>First Appointed in 2013</i>	2	2	1	0									1	1

Remuneration Matters

Under the CPF Act, allowances of Board Members are determined by the Minister and paid in line with the Public Service Division's guidelines on the payment of allowances by Statutory Boards to its Board Members.

RISK MANAGEMENT AND INTERNAL CONTROLS

Risk Management

The CPF Board has established a structured Board-wide risk management framework to assess the soundness of our financial reporting, and the efficiency and effectiveness of our risk management, internal control and compliance systems.

The framework is based on the ISO 31000 standard, and entails a rigorous and systematic process of identifying, evaluating, controlling and reporting risks. Annual Department Risk Assessment (DRA) exercises are carried out by the business and corporate departments, with the more important Board key risks reviewed and monitored on a quarterly basis by Management and the Risk Management Committee. The Risk Management Department reviews the compliance by Management and officers to the risk management processes established, and provides an independent view to the Risk Management Committee and Management on the risk management framework where required.

The Board has sought assurances from Management and is satisfied that internal controls relating to the financial, operational, IT and risk management systems are adequate and effective.

Whistle-blowing Policy

The CPF Board has in place a whistle-blowing programme that encourages the reporting of suspected corporate wrongdoing. The programme is regularly communicated to all staff.

Both staff and external parties may disclose concerns through various secured and protected channels manned by an independent external party to preserve anonymity. Information provided will be treated with the strictest confidentiality and all cases reported will be surfaced to the Audit Committee and the Chief Audit Executive. All cases are thoroughly investigated, with appropriate remedial measures taken where warranted.

Internal Audit

The Internal Audit Group reports to the Audit Committee and operates independently from the other Groups of the CPF Board to provide objective audit assurance to the Management and Audit Committee that sound and adequate internal controls exist in the CPF Board. It adheres to the Institute of Internal Auditors' Code of Ethics and strives to meet or exceed the International Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors.

The Internal Audit Group evaluates and contributes to the improvement of governance, risk management and control processes. The Group's activities include reviewing and evaluating the adequacy, effectiveness and efficiency of internal controls, ascertaining compliance with applicable Laws & Regulations, Policies & Guidelines and Standards & Procedures. It ascertains the accuracy, reliability and timeliness of significant financial, managerial and operating information, appraises the efficient and effective use of resources, and reviews the effectiveness and efficiency of operations and programmes. In addition, the

Internal Audit Group performs any special audit or investigation requested by the Audit Committee or Management.

External Audit

Under the CPF Act, the accounts of the CPF Board are required to be audited at least once annually by the Auditor-General or any other auditor appointed by the Minister in consultation with the Auditor-General. For the Financial Year 2015, Ernst & Young LLP was appointed as the CPF Board's external auditor. Ernst & Young LLP did not provide any other non-audit services to the CPF Board in 2015.

The appointed external auditor expresses an opinion on the financial statements based on its audit, including the assessment of the risks of material misstatement, whether due to fraud or error. In making the risk assessment, the external auditor considers relevant internal controls and evaluates the appropriateness of accounting policies used and the overall presentation of the financial statements. In addition, the external auditor expresses an opinion on whether the CPF Board's receipts, expenditure, investment of monies and the acquisition and disposal of assets are in accordance with the provisions of the CPF Act. The appointed external auditor would also report its findings on significant audit, accounting and internal control issues, and make recommendations to the Audit Committee and the Board on ways to strengthen the CPF Board's internal control systems as well as accounting and financial reporting procedures.

ACCOUNTABILITY

The CPF Board is a Statutory Board specified in Part I of the Fifth Schedule of the Singapore Constitution. Under Article 22B(1)(a) of the Singapore Constitution, the Board is required to present our annual budget, including any supplementary budget, to the President for his approval, together with a declaration as to whether the budget is likely to draw on past reserves. Likewise, under Article 22B(6) of the Singapore Constitution, the Board must inform the President if any other proposed transaction by the Board is likely to draw on past reserves. The budget, when approved by the President, is published in the Government Gazette. Under Article 22B(1)(c) of the Singapore Constitution, the Board is required to present to the President, within six months after the close of each financial year, the audited financial statements and a declaration as to whether the statements show any draw on past reserves.

Separately, under Clause 6 of the Second Schedule of the CPF Act, the Board is required to present the audited financial statements to the Minister for Manpower, before presenting these to Parliament. The full year financial results of the CPF Board are made available to CPF members and the general public via the CPF website.

PROFESSIONAL AND ETHICAL CONDUCT

Staff of the CPF Board are obliged to comply with practices that reflect the highest standards of behaviour and professionalism. This includes safeguarding official information under Section 59(1) of the CPF Act, the Statutory Bodies and Government Companies (Protection of Secrecy) Act (Chapter 319) and the Official Secrets Act (Chapter 213). Staff of the CPF Board must abide by the CPF Board's Code of Conduct, which includes guidelines on receiving gifts and entertainment from vendors and any member of the public with whom staff are in contact with during the course of official duties, and the avoidance of situations where a conflict of interest may arise. Under the CPF Board's whistle-blowing programme, staff and vendors are encouraged to report any suspected wrongdoing.

CORE MANAGEMENT

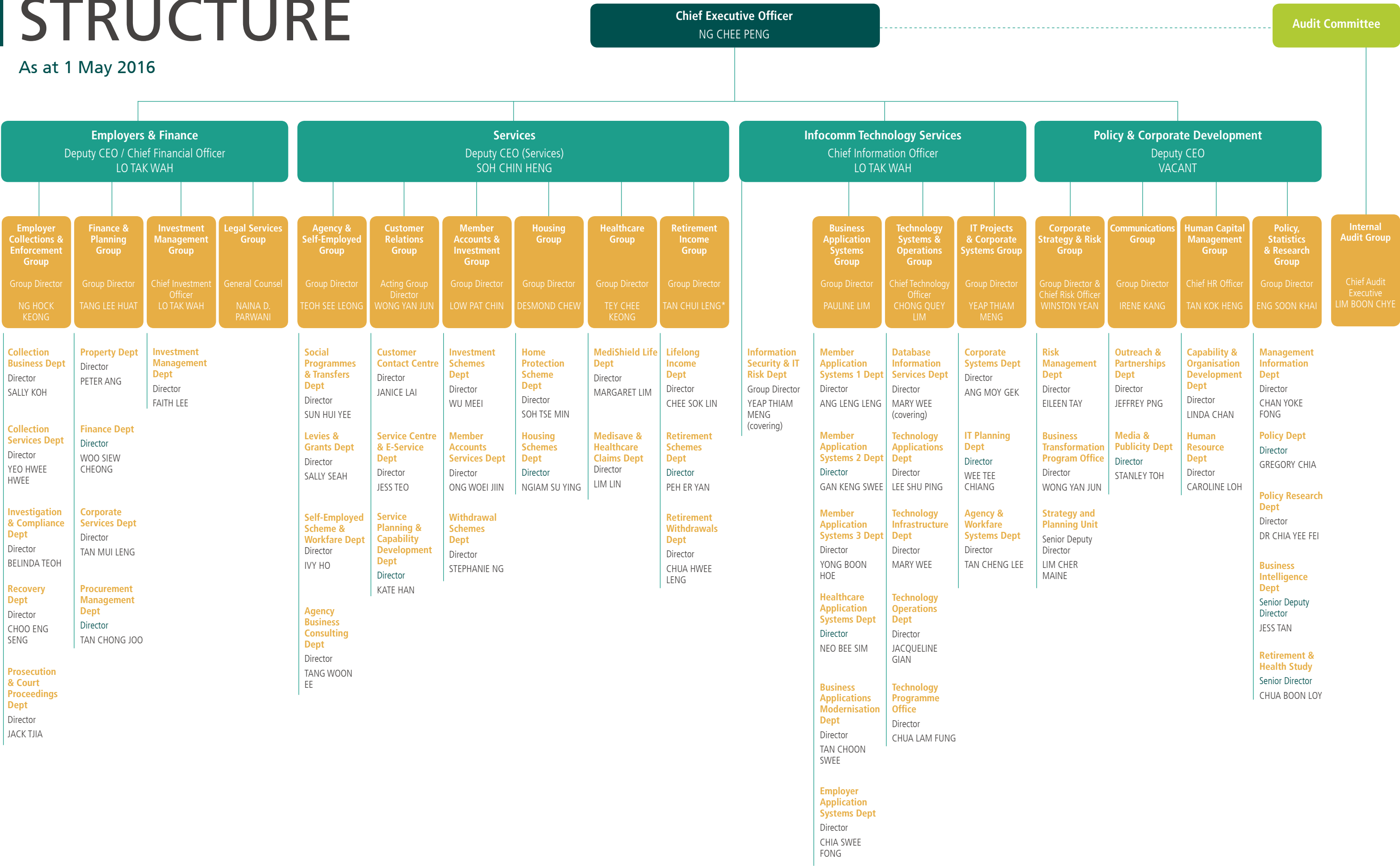
From left to right:

- 1 **Mr Winston Yean**
Group Director (Corporate Strategy and Risk)
Chief Risk Officer
- 2 **Ms Naina D. Parwani**
General Counsel (Legal Services)
- 3 **Mr Soh Chin Heng**
Deputy Chief Executive Officer (Services)
- 4 **Mr Ng Hock Keong**
Group Director (Employer Collections and Enforcement)
- 5 **Mr Desmond Chew**
Group Director (Housing)
- 6 **Ms Irene Kang**
Group Director (Communications)
- 7 **Mr Lo Tak Wah**
Deputy Chief Executive Officer (Employers and Finance)
Chief Financial Officer
Chief Information Officer (Infocomm Technology Services)
Chief Investment Officer (Investment Management)
- 8 **Mr Ng Chee Peng**
Chief Executive Officer
- 9 **Mr Teoh See Leong**
Group Director (Agency and Self-Employed)
- 10 **Mr Chong Quey Lim**
Chief Technology Officer (Technology Systems and Operations)
- 11 **Mr Low Pat Chin**
Group Director (Member Accounts and Investment)
- 12 **Mr Wong Yan Jun**
Acting Group Director (Customer Relations)
- 13 **Mrs Pauline Lim**
Group Director (Business Application Systems)
- 14 **Mr Yeap Thiam Meng**
Group Director (IT Projects and Corporate Systems)
- 15 **Mr Lim Boon Chye**
Chief Audit Executive (Internal Audit)
- 16 **Mr Tey Chee Keong**
Group Director (Healthcare)
- 17 **Mr Tang Lee Huat**
Group Director (Finance and Planning)
- 18 **Mr Tan Kok Heng**
Chief HR Officer (Human Capital Management)
- 19 **Mrs Tan Chui Leng**
Group Director (Retirement Income)
- 20 **Mr Eng Soon Khai**
Group Director (Policy, Statistics and Research)



ORGANISATION STRUCTURE

As at 1 May 2016



* The Retirement Management Office (RMO) under RIG reports directly to GD(RI).



REVIEW OF OPERATIONS



OVERVIEW

CPF MEMBERSHIP

As at 31 December 2015, CPF membership rose by 2.6% to 3.7 million. The number of active CPF members increased by 0.4% to 2.0 million.

CPF Membership* as at 31 December ('000)



* CPF Member refers to a person (including self-employed) who has a positive balance in any of his CPF accounts.

Active* CPF Membership as at 31 December ('000)

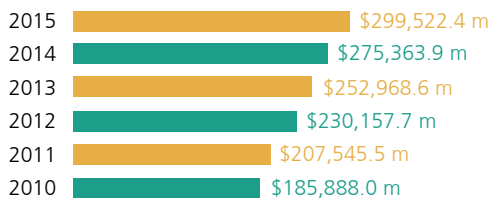


* Active CPF Member refers to a person who has at least one contribution paid for him for the current or any of the preceding three months. The figure excludes self-employed persons who are not employees concurrently.

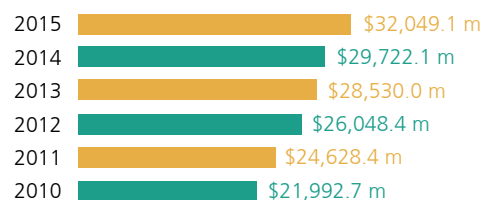
CPF MEMBERS' BALANCES

In 2015, the total CPF members' balances grew by 8.8% to \$299,522.4 million.

CPF Members' Balances as at 31 December



Amount of contributions collected and credited during the year*



* Contributions are net of refunds, and include Government grants to members and dividends from Special Discounted Shares.

CPF CONTRIBUTIONS

Mandatory contributions to the CPF are made monthly by employers and their employees. As at end 2015, 151,674 employers made CPF contributions for their employees.

The amount of contributions collected and credited into CPF members' accounts during the year amounted to \$32,049.1 million, an increase of 7.8% as compared to \$29,722.1 million in 2014.

The average default rate for employers who failed to pay CPF contributions on time in 2015 was 3.4%. This was higher than the average default rate of 3.0% in 2014.

ENFORCEMENT

Under the CPF Board's three-pronged approach of education, deterrence and enforcement, CPF Board conducted pro-active audits and acted on complaints received. The heightened enforcement efforts and timely detection of late payment by CPF Board in 2015 resulted in a total recovery of \$516.0 million in owed and late CPF contributions.

Since September 2012, through a joint initiative, 'WorkRight', the Ministry of Manpower and the CPF Board have been working together to educate employees and employers on their employment rights and obligations respectively. The number of on-site inspections increased from more than 500 in 2012 to 5,000 currently.



CPF MEMBERS' ACCOUNTS

A CPF member has three accounts with the CPF Board before he turns 55 – the Ordinary, Special and Medisave Accounts. The allocation of CPF contributions to a CPF member's accounts is as follows:

CPF Contribution and Allocation Rates from 1 January 2015 to 31 December 2015 *

Age group	Contribution Rate (% of wage)			Credited Into (% of wage)		
	By Employer	By Employee	Total	Ordinary Account	Special Account	Medisave Account
<i>35 years & below</i>	17	20	37	23	6	8
<i>Above 35-45 years</i>	17	20	37	21	7	9
<i>Above 45-50 years</i>	17	20	37	19	8	10
<i>Above 50-55 years</i>	16	19	35	14	10.5	10.5
<i>Above 55-60 years</i>	12	13	25	12	2.5	10.5
<i>Above 60-65 years</i>	8.5	7.5	16	3.5	2	10.5
<i>Above 65 years</i>	7.5	5	12.5	1	1	10.5

* For employees with monthly wages of \$750 or more. For employees with monthly wages of less than \$750, please refer to Annex D.

From age 55, another account is created for the CPF member – the Retirement Account. This account, comprising monies transferred from his Special and/or Ordinary Accounts, is used to provide monthly payments for the member during retirement.

CPF WITHDRAWALS

Withdrawals from CPF members' balances increased by 8.2% to reach \$18,723.6 million in 2015.

Annual Withdrawals*

2015	\$18,723.6m
2014	\$17,297.8 m
2013	\$14,862.4 m
2012	\$11,726.7 m
2011	\$10,436.5 m
2010	\$9,617.3 m

* Includes withdrawals under Section 15 and 25 of CPF Act and CPF Schemes

INTEREST EARNED BY CPF MEMBERS

In 2015, CPF members earned interest rates of up to 3.5% per annum on their Ordinary Account (OA) monies, and up to 5% per annum on their Special and Medisave Account (SMA) monies. Retirement Account (RA) monies earned up to 5% per annum. These interest rates included an extra 1% interest paid on the first \$60,000 of a member's combined balances (with up to \$20,000 from the OA) which was part of the Government's efforts to enhance the retirement savings of CPF members.

CPF members aged 55 and above will also earn an additional 1% extra interest on the first \$30,000 of their combined balances (with up to \$20,000 from the OA) from 1 January 2016. This is paid over and above the current extra 1% interest

that is earned on the first \$60,000 of their combined balances. As a result, CPF members aged 55 and above will earn up to 6% interest per year on their retirement savings.

Savings in the OA are invested in special issues of Singapore Government securities (SSGS) that earn an interest rate based on a weightage of 80% of the 12-month fixed deposit rates and 20% of the savings rates of the major local banks, subject to a minimum of 2.5% per annum. The OA interest rate is reviewed quarterly to keep up with prevailing market interest rates. In 2015, the interest rate was 2.5% per annum for the OA.

Savings in the SMA are invested in SSGS which earn an interest rate pegged to either the 12-month average yield of 10-year Singapore Government Securities (10YSGS) plus 1%, or the current floor rate of 4%, whichever is higher. This is being reviewed quarterly. In 2015, the interest rate was 4% per annum for the SMA.

RA monies credited each year are invested in special issues of Singapore Government securities (SSGS) which earn a fixed coupon rate equal to either the 12-month average yield of the 10YSGS plus 1% computed for 2015, or the current floor rate of 4% per annum, whichever is higher. Savings in the RA earn an interest rate that is the weighted average interest rate of the entire portfolio of these SSGS, which is reviewed in January each year to take into account the coupon rates payable by the new SSGS issuance. In 2015, the interest rate was 4% per annum for the RA.

The 4% per annum interest rate floor for the Special, Medisave and Retirement Accounts was extended to 31 December 2016, in view of the continuing low interest rate environment.

The total interest credited into CPF members' accounts in 2015 amounted to \$10,834.5 million, including \$1,199.8 million in extra interest.



RETIREMENT

RETIREMENT SUM SCHEME

The Full Retirement Sum for CPF members who turned or are turning 55 years old on or between 1 July 2015 and 31 December 2016 is \$161,000. The cash in the Retirement Account is transferred from members' savings in the Special and Ordinary Accounts. For members who wish to receive lower payouts and withdraw more savings in a lump sum, they can choose to set aside the Basic Retirement Sum of \$80,500, if they own a property¹.

In 2015, 39,555 active CPF members turned 55, of which 53.6% were able to set aside their Full Retirement Sum fully in cash, or set aside at least their Basic Retirement Sum in cash and owned at least one local residential property. This is higher than the 52.5% seen in 2014².

CPF LIFE

Singapore has one of the highest life expectancies in the world. About half of Singaporeans who are aged 65 today are expected to live beyond 85 years old, and one-third of them beyond 90 years old. To address the challenges of increasing life expectancy and an ageing population, CPF LIFE, a national annuity scheme providing CPF members with a lifelong income from the payout eligibility age, was introduced in 2009.

CPF members turning 55 years old from 1 January 2013 are automatically-included in CPF LIFE if they have at least \$40,000 in their Retirement Accounts (RA) at 55, or \$60,000 at their payout eligibility age (65). CPF members who are not automatically included can apply to join CPF LIFE before age 80.

Eligible members have a choice of two plans and should choose the plan that best suit their retirement needs. The LIFE Standard Plan has a higher monthly payout with a lower bequest, while the LIFE Basic Plan has a lower monthly payout with a higher bequest. Members who are automatically included will be placed on the LIFE Standard Plan if they do not choose a plan.

Since the introduction of CPF LIFE, more than 172,000 CPF members have participated in the scheme.

To enhance the payouts of less well-off Singaporeans who join CPF LIFE, the Government provided a bonus of up to \$4,000, called the LIFE Bonus (L-Bonus). As at 31 December 2015, more than \$322.7 million of L-Bonus has been given to 67% of CPF LIFE participants.

As at 31 December 2015, more than 43,000 CPF members had reached their payout eligibility age and are receiving their CPF LIFE monthly payouts. A total of \$693.0 million has been paid to the CPF LIFE participants in the form of monthly payouts, since the scheme started in September 2009.

In 2015, the CPF Advisory Panel recommended that members be given the option to defer the start of their payout (payout start age) from age 65 up to age 70, to enjoy higher monthly payouts. Consequently, CPF members turning 55 will need to choose their CPF LIFE plans only at their payout start age (from age 65 to 70) instead of at age 55. This has taken effect in July 2015.

DEFERMENT BONUS

In light of increasing life expectancy in Singapore, the payout eligibility age was raised from age 62 to 63 years in 2012, and to 64 years in 2015. It will be further raised to 65 years in 2018. To help CPF members who were affected by the change in payout eligibility age, a one-off Deferment Bonus (D-Bonus) was given. As at 31 December 2015, a total of \$339.0 million of D-Bonus was credited to the RA of eligible CPF members.

CPF members who voluntarily defer monthly payments from their payout eligibility age till age 65 will receive a Voluntary Deferment Bonus (V-Bonus) for each year of deferment. As at 31 December 2015, a total of \$174.1 million worth of V-Bonus was credited to the RA of eligible CPF members.

RETIREMENT SUM TOPPING-UP SCHEME

The Retirement Sum Topping-Up Scheme encourages CPF members to make cash top-ups or transfers from their CPF accounts to their own and their loved ones' Special Account (SA) or RA so that the recipients can set aside more for their retirement. Recipients can draw down the top-up monies in the form of monthly payouts under the Retirement Sum Scheme or CPF LIFE.

There were 86,198 cash and CPF top-ups amounting to \$644.9 million to RA and SA in 2015. This represented an increase of 15.2% and 32.0% in the number of top-ups and top-up amount respectively, compared to 2014. This excludes transfers by members below the age of 55 from their Ordinary Account (OA) to SA.

From 2016, members aged 55 and above who desire higher payouts can choose to receive cash top-ups or CPF transfers to their RA up to the Enhanced Retirement Sum, which is set at three times the Basic Retirement Sum. To encourage both husband and wife to have their own CPF payouts, members can also transfer their CPF savings above the Basic Retirement Sum to their spouse. This will also allow both husband and wife to enjoy the benefits of the extra interest paid on the first \$60,000 of combined CPF savings.

TRANSFER OF ORDINARY ACCOUNT (OA) SAVINGS TO SPECIAL ACCOUNT (SA)

CPF members below 55 years old who want to set aside more cash for retirement can transfer their savings from the OA to the SA, up to the current Full Retirement Sum. In 2015, there were 26,289 transfers totalling \$289.1 million.

WITHDRAWAL AT AGE 55

In 2015, members who have reached the age of 55 may withdraw their CPF savings after setting aside the Full Retirement Sum and the latest Medisave Minimum Sum in their Retirement Account and Medisave Account respectively. For those who are unable to set aside these sums in full, they may still withdraw up to \$5,000 of their CPF savings³.

Members who own a property and have more than the Basic Retirement Sum in their Retirement Account may withdraw

¹ Members would need to have sufficient refunds to their CPF to make up the FRS if they sell their property.

² Was previously based on members who have set aside their Full Retirement Sum, either fully in cash, or partly in cash and partly via a property pledge in the 2014 Annual Report.

³ From 1 January 2016, CPF members will no longer be required to use their CPF savings to first top up their Medisave Account to the Medisave Minimum Sum when applying to withdraw CPF savings from the other accounts at age 55.

the savings above the Basic Retirement Sum by pledging⁴ their property. Those who are in receipt of lifelong monthly income from their annuities or pension may also withdraw their Retirement Account savings.

In 2015, \$3,720.7 million was withdrawn, compared to \$2,945.8 million withdrawn in 2014.

CPF INVESTMENT SCHEME (CPFIS)

Under the CPFIS, CPF members can invest eligible balances from their Ordinary Account (OA) and Special Account (SA). After setting aside \$20,000 and \$40,000 in their OA and SA respectively, CPF members may invest their remaining OA and SA savings in fixed deposits, Singapore Government bonds and treasury bills, Statutory Board bonds, annuities, endowment insurance policies, investment-linked insurance policies, unit trusts and Exchange Traded Funds.

Under the CPFIS-Ordinary Account (CPFIS-OA) Scheme, CPF members can invest up to 35% of investible savings in shares, corporate bonds, and property funds, while up to 10% can be invested in gold and Gold Exchange Traded Funds. In addition, investible OA savings can be invested in fund management accounts.

As at 31 December 2015, there were 911,322 CPF members who invested under the CPFIS-OA Scheme, an increase of 0.8% from 904,005 CPF members as at 31 December 2014. However, the total amount of OA savings invested decreased by 4.1% to \$19,070.9 million as at 31 December 2015, from \$19,891.5 million as at 31 December 2014.

As at 31 December 2015, there were 367,818 CPF members who invested under the CPFIS-Special Account (CPFIS-SA)

Scheme, a decrease of 6.0% from 391,148 CPF members as at 31 December 2014. The total amount of SA savings invested decreased by 4.2% to \$5,251.6 million as at 31 December 2015, from \$5,481.1 million as at 31 December 2014.

WITHDRAWALS UPON DEATH, PERMANENT DISABILITY AND OTHER GROUNDS

Upon a CPF member's death, his savings will be paid to his nominated beneficiaries. If no nomination is made, the savings will be distributed by the Public Trustee according to the intestacy laws. CPF members with certain medical conditions, such as permanent physical or mental incapacity for work, can apply to withdraw their CPF savings on medical grounds. During the year, \$722.4 million was withdrawn on these grounds. CPF members who left Singapore and West Malaysia permanently, and Malaysians who left Singapore to reside in West Malaysia, withdrew \$712.8 million from their CPF in 2015.

EDUCATION SCHEME

The CPF Education Scheme is a loan scheme which enables CPF members to use their Ordinary Account savings to pay for their children's, spouses' or their own tuition fees for approved full-time government-subsidised local tertiary education. The scheme was introduced to help lower-income families.

In 2015, a total of 10,763 applications were processed under the scheme, a decrease of 1.7% from 10,951 applications in 2014. The gross amount withdrawn decreased slightly by 0.1% from \$98.4 million to \$98.3 million in 2015. The total amount repaid to lending members increased by 1.1% from \$72.0 million to \$72.8 million in 2015.



⁴ From 1 January 2016, a member who had paid for his property using his CPF savings may withdraw his Retirement Account savings above the Basic Retirement Sum without pledging his property, if the existing charge on the property is sufficient to restore his Full Retirement Sum when he sells his property.



HEALTHCARE



MEDISAVE

Medisave is a savings scheme to help Singaporeans build up sufficient funds for their co-payment of healthcare bills. Members may use their Medisave to pay for their personal or immediate family's hospitalisation, day surgery, and certain outpatient expenses, including expenses for the treatment of approved chronic diseases, screenings and vaccinations.

To simplify the rules, the Medisave Minimum Sum (MMS) was removed from 1 January 2016. Previously, those who withdrew their CPF savings after 55 needed to set aside the MMS in their Medisave Accounts (MA)⁵. The MMS was \$43,500 in 2015.

At the same time, to prevent over-saving in Medisave, members' Medisave savings above the Medisave Contribution Ceiling (MCC) are transferred to their Special Account to boost their CPF LIFE payouts. The MCC was \$48,500 from 1 July 2014 to 31 December 2015. From 1 January 2016, the Medisave Contribution Ceiling is replaced by the Basic Healthcare Sum (BHS), which is set at \$49,800 for 2016. The BHS will be adjusted annually and will be fixed when a member turns age 65 to provide more certainty on the amount of Medisave required to meet his retirement and healthcare needs.

In 2015, several enhancements were made to the Medisave Scheme to help CPF members pay their medical bills. The following enhancements took effect from 1 January 2015:

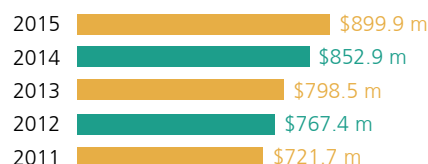
- Members can use up to \$300 per patient per year from their Medisave to pay for outpatient scans not related to cancer treatment.
- The Medisave withdrawal limit for inpatient hospice has been raised from \$160 to \$200 per day.
- The Medisave lifetime withdrawal limit for home palliative care has been raised from \$1,500 to \$2,500. For patients who are diagnosed with cancer or end-stage organ failure and are using their own Medisave, the lifetime withdrawal limit has also been lifted.

In addition, from 1 April 2015, Medisave use has been extended to outpatient treatments under the Flexi-Medisave Scheme. This scheme allows an elderly patient and his spouse, aged 65 and above, to use their Medisave more flexibly for outpatient medical care. Each elderly patient can use up to a combined total of \$200 from their own or their spouse's Medisave, for outpatient medical treatments at Specialist Outpatient Clinics and polyclinics in the public sector, and GP clinics under the Community Health Assist Scheme (CHAS).

From 1 June 2015, four new conditions have been added to the Medisave Chronic Diseases Management Programme (CDMP). The new conditions are Epilepsy, Osteoporosis, Psoriasis and Rheumatoid Arthritis. This brings the number of chronic diseases that can use Medisave for outpatient treatment to 19. Members can use up to \$400 per Medisave Account per year for their chronic diseases treatments under the CDMP. Patients need to co-pay 15% of the bill in cash.

Annual Medisave withdrawals for direct medical expenses increased by 5.5% from \$852.9 million in 2014 to \$899.9 million in 2015. The number of withdrawals increased by 55.4% to 2,728,542.

Annual Withdrawals under Medisave Scheme for Approved Medical Expenses



Note: The figures exclude Medisave withdrawals for payment of premiums under the Private Medical Insurance Scheme, ElderShield Scheme and MediShield / MediShield Life Scheme.

Average Balance in the Medisave Accounts of Active CPF Members* at Age 55**



* Active CPF Members refer to persons who have at least one contribution paid for the current or any of the preceding three months. The figure excludes self-employed persons who are not employees concurrently.

** Excludes pensioners.

MEDISAVE GRANT FOR NEWBORNS

As announced during National Day Rally 2015, the Medisave Grant for Newborns has been enhanced from \$3,000 to \$4,000 for all Singapore Citizens born on or after 1 January 2015. The enhanced Medisave Grant will help support parents with their children's healthcare needs. Eligible newborns will receive the additional grant amount in their Medisave Accounts from March 2016 onwards.

In 2015, 35,627 newborns have received \$106.3 million under the Medisave Grant for Newborns.

MEDISAVE FOR THE SELF-EMPLOYED

Self-employed persons are required to contribute to Medisave based on their annual net trade income. In 2015, self-employed persons contributed a total of \$603.5 million to their CPF accounts. Of this amount, \$484.0 million were contributions to the Medisave Account, while the remaining amount comprised voluntary contributions to the Ordinary and Special Accounts. These contributions will help self-employed persons save for their medical, retirement and housing needs.

MEDISHIELD LIFE

The MediShield Life Scheme, which replaced the MediShield Scheme on 1 November 2015, is a basic health insurance plan administered by the CPF Board which helps to pay for large hospital bills and selected costly outpatient treatments, such as dialysis and chemotherapy for cancer. It is sized for subsidised treatment in public hospitals and provides lifetime coverage for all Singapore Citizens and Permanent Residents.

MediShield Life offers:

- Better protection and higher payouts (e.g. higher claim limits and lower co-insurance rates), so that patients pay less Medisave / cash for large hospital bills

⁵ If the member has met his Full Retirement Sum, but has less than the Medisave Minimum Sum (MMS) in his Medisave Account, he will be required to set aside the MMS with part of his Ordinary Account/Special Account balances before withdrawal.

- Protection for all Singapore Citizens and Permanent Residents, including the very old and those who have pre-existing conditions. Individuals with serious pre-existing conditions will need to pay 30% Additional Premiums over a period of 10 years to reflect their higher risks
- Protection for life

To help Singaporeans with their MediShield Life premiums, in 2015, the Government has provided \$216.8 million in premium subsidies and other forms of support:

- The Government will support most of the cost of extending MediShield Life coverage to those with pre-existing conditions
- Premium Subsidies for lower- to middle-income Singapore Residents
- Pioneer Generation Subsidies for our Pioneer Generation
- Transitional Subsidies to ease the shift to MediShield Life for all Singapore Citizens for the first four years
- Additional Premium Support for the needy who are unable to afford their premiums even after subsidies

MediShield Life premiums will be affordable, and may be fully paid using Medisave. No Singapore Resident will drop out of MediShield Life due to the inability to pay premiums.

In 2015, \$448.1 million was approved to meet 344,173 claims under MediShield / MediShield Life.

CPF members who wish to have additional insurance coverage can buy Integrated Shield Plans (IPs) from private insurers. IPs comprise two components - the MediShield Life component administered by the CPF Board and the additional private insurance coverage component administered by the private insurer.

Before 1 November 2015, Medisave Withdrawal Limits for IPs applied to the entire IP premium (i.e. both the MediShield premium and additional private insurance coverage). However, with effect from 1 November 2015, the MediShield Life component of premiums may be fully paid using Medisave. New Additional Withdrawal Limits (AWLs), which are applicable only to the additional private insurance coverage component of IP premiums, were introduced. The AWLs is applicable per-insured per policy year, as follows:

- \$300 annually for insured aged 40 and below
- \$600 annually for insured aged 41 to 70
- \$900 annually for insured aged 71 and above

With the new AWLs, members who remain in the same age band can use an equal or higher amount of Medisave to pay for their additional private insurance coverage.

PIONEER GENERATION PACKAGE

The Pioneer Generation (PG) Package was introduced in 2014 to honour and recognise the Pioneer Generation, who contributed significantly in the early days of our nation building. The package comprise three key components: outpatient care subsidies, annual Medisave Top-Ups and PG Subsidies for MediShield Life.

The CPF Board administers two of the three components of the package, Medisave Top-ups and MediShield Life PG Subsidies, while the Ministry of Health administers the subsidies for outpatient care.

In 2015, a total of \$191.7 million was credited into the Medisave Accounts of 428,000 eligible Pioneers. Following the introduction of MediShield Life on 1 November 2015, \$74.2 million in PG Subsidies for MediShield Life premiums was disbursed to 134,000 Pioneers whose MediShield Life premiums were due in November and December 2015.





HOME OWNERSHIP

PUBLIC HOUSING SCHEME

The Public Housing Scheme allows CPF members to use their CPF savings to buy HDB flats financed with HDB loans or bank loans, and to pay their housing loans.

Limits on the usage of CPF for housing are put in place to prevent overconsumption of CPF savings which may affect the retirement adequacy of CPF members. The exception is for new HDB flats financed with HDB loans, where there are no limits on the amount of CPF that can be used as these flats are sold at subsidised prices.

For resale HDB flats and Design, Build and Sell Scheme (DBSS) flats financed with HDB loans, the Valuation Limit (VL) is applicable. The VL refers to the lower of the purchase price or market value of the flat at the time of purchase. For HDB flats and DBSS flats financed with bank loans, the VL and the Withdrawal Limit (WL) are applicable. The WL is 120% of the VL. Once the VL is reached, CPF members will have to set aside at least the Basic Retirement Sum in their Special / Ordinary Accounts (for those below 55 years old) or Retirement Account (for those aged 55 years old and above) before they can continue using their CPF for their flats, up to the WL.

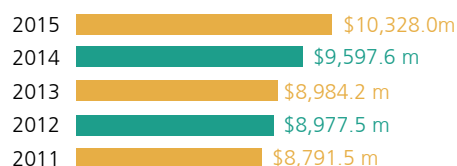
During the year, \$7,470.5 million was withdrawn by 515,823 CPF members to pay for their flats financed with HDB loans, while \$2,857.5 million was withdrawn by 215,469 CPF members to pay for their flats financed with bank loans.

PRIVATE PROPERTIES SCHEME

Under the Private Properties Scheme, CPF members can use their CPF savings to buy private properties and executive condominiums (ECs), and to pay their housing loans. The usage of CPF savings for private properties and ECs are also subject to VL and WL.

During the year, \$4,690.4 million was withdrawn by 188,640 CPF members to pay for their private properties and ECs.

Annual Withdrawal (Gross) under Public Housing Scheme



Annual Withdrawal (Gross) under Private Properties Scheme



Active CPF Members Who Bought Their Public Housing Properties with CPF Savings as a Percentage of Active CPF Members Aged 21 and Above Who Currently Own Public Housing Properties as at 31 December.



* Active CPF Member refers to a person who has at least one contribution paid for him for the current or any of the preceding three months. The figure excludes self-employed persons who are not employees concurrently.

** The percentage is derived from the number of active CPF members aged 21 and above (Singapore NRIC holders) who currently own public housing properties.

Active CPF Members Who Bought Their Public/Private Housing Properties with CPF Savings as a Percentage of All Active CPF Members Aged 21 and Above (Singapore NRIC Holders) as at 31 December.



* Active CPF Member refers to a person who has at least one contribution paid for him for the current or any of the preceding three months. The figure excludes self-employed persons who are not employees concurrently.

** The percentage is derived from the number of active CPF members aged 21 and above (Singapore NRIC holders).



FAMILY PROTECTION

DEPENDANTS' PROTECTION SCHEME

The Dependants' Protection Scheme (DPS) is an opt-out term insurance scheme that provides CPF members and their families with some financial help should the insured CPF member become permanently incapacitated, or die before age 60.

DPS is administered by the Great Eastern Life Assurance Company Limited and NTUC INCOME Insurance Co-operative Limited. The sum assured for DPS is \$46,000. DPS members pay an annual premium of between \$36 and \$260, depending on their age, using their Ordinary and/or Special Account(s) savings.

As at 31 December 2015, 1,885,263 CPF members were covered under the scheme, a decrease of 0.7% compared to 1,897,994 in 2014. The total sum assured decreased from \$94,292 million in 2014 to \$93,524 million in 2015.

During the year, a total of 2,626 claims were approved and paid. Of these, 1,756 were for death cases and 870 for permanent incapacity cases. The total claim amount paid was \$133.9 million, compared to \$136.4 million for 2,667 paid claims in 2014.

HOME PROTECTION SCHEME

The Home Protection Scheme (HPS) is a compulsory mortgage-reducing insurance scheme that protects families of CPF members who are using CPF savings to service their housing loans for HDB flats. HPS provides financial protection for CPF members and their families against losing their homes in the event of the insured members' permanent incapacity or death.

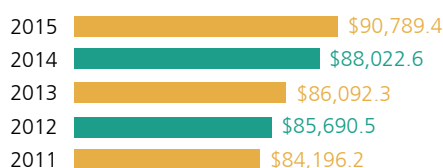
As at December 2015, 605,763 CPF members were covered

for a total assured sum of \$90,789.4 million. The membership increased by 0.54% compared to 2014. A total of 917 claims amounting to \$80.3 million were approved. This comprised 556 claims for death cases and 361 for permanent incapacity cases.

Cumulative Number of Members Covered under HPS as at 31 December



Remaining Sum Assured (\$million)



Due to better than expected investment returns and lower than projected claims experience, the CPF Board conducted a premium rebate exercise in November 2015. CPF members who were covered under the Home Protection Scheme (HPS) from 1 July 2006 received the premium rebate which was credited to their Ordinary Account.

About 966,000 members benefited from this exercise, with about half receiving \$400 or more in premium rebate. This was the fifth time the Board had distributed the HPS premium rebates to members. The last exercise was carried out in 2006.



WORKFARE



Workfare Income Supplement (WIS) is paid to Singaporeans to encourage them to work regularly and to improve their retirement adequacy. WIS is calibrated to give a meaningful level of assistance while encouraging individual effort, and is targeted at those who need the assistance most, for example, those with limited access to household wealth.

As at 31 December 2015, WIS payments totalling \$672.5 million were made to around 439,000 Singaporean workers for working in 2014. Another \$424.9 million were made to about 371,000 workers for working between January and September 2015.

The Workfare Training Support (WTS) Scheme complements WIS by encouraging workers to upgrade their skills through training, so that they can improve their employability, upgrade to better jobs and earn more. Under the WTS Scheme, eligible

WIS recipients can receive a Training Commitment Award (TCA) of up to \$400 a year when they complete the requisite training. The CPF Board administers the TCA payment on behalf of the Singapore Workforce Development Agency (WDA). About 36,500 WIS recipients received \$10.7 million in TCA payments in 2015.

The Workfare Transport Concession Scheme (WTCS) was announced in January 2014 by the Ministry of Transport (MOT) to help WIS recipients reduce their transport costs when they travel on public transport for work or to pursue better job and training opportunities further away from their homes. Under this scheme, WIS recipients enjoy 15% discount off adult fares. About 215,000 WIS recipients were issued with the WTCS card in 2015.



CPF SERVICES



CPF WEBSITE SERVICES (www.cpf.gov.sg)

The CPF homepage received over 27.2 million hits in 2015. Of the 60.2 million transactions performed last year on the CPF Board's electronic service platforms, over 57.3 million were online transactions.

The *my cpf* portal, integrated with a customer relationship management system, allows the CPF Board to deliver more personalised services and targeted messages to CPF members. Under *my cpf* portal, CPF members can access their CPF account balances, and other online services, such as My Messages and My Statement.

ELECTRONIC SERVICES FOR EMPLOYERS

Employers can conveniently submit their employees' CPF contribution details using the electronic submission service via the CPF website. In addition to this e-submission channel, employers can electronically submit the contribution details via AXS stations across the island.

To enhance employers' e-submission experience, various enhancements were introduced in 2015. One of the key enhancements to CPF e-Submit@web was to auto-compute the Skills Development Levy (SDL) amount for employers. Additional modes of payment via ATM and Personal Internet Banking (PIB) were also made available to make it even more convenient for employers to make CPF contributions.

As at 31 December 2015, 82.7% of all employers submitted their employees' CPF contribution details electronically. In terms of employee count, 96.4% of all employees have their CPF contribution details submitted electronically.

CPF MOBILE SERVICES

For greater convenience for CPF members, we offer CPF mobile services to provide accessibility to CPF e-services.

"CPF Tools", an iPhone app, allows CPF members with iPhones or iPads to view their account balances, contribution histories and important messages relating to the CPF schemes they

are participating in, via their SingPass. More than 1.8 million transactions were performed via this app during the year.

CPF SERVICES ON ISLANDWIDE SELF-SERVICE KIOSKS

The availability of self-service kiosks islandwide has made it easier for CPF members to carry out their transactions. In 2015, close to 526,000 transactions were performed via AXS stations and more than 32,000 CPF payment transactions were performed via Self-Service Automated Machines (SAM).

SERVICE CENTRES

In 2015, the five CPF Service Centres served more than 1.1 million CPF members and employers. Of these, about 620,000 CPF members and employers were served over the counters while the rest had self-help or were assisted at the e-lobbies in the Service Centres.

CLUB 55

The "Club 55" service at the CPF Board's five Service Centres caters to the needs of senior citizens. A team of dedicated and multi-lingual Customer Service Executives provide guidance to senior citizens aged 54 and above. In 2015, more than 210,000 elderly CPF members benefited from this priority service.

ONE-ON-ONE CPF RETIREMENT PLANNING SERVICE

Turning 55 years old is an important milestone for CPF members as they need to understand the options they have at this juncture, so that they can make informed decisions and choose options which best suit their individual needs.

To facilitate member's understanding, the CPF Board conducted a one-on-one CPF retirement planning service pilot in the second half of 2015. More than 3,000 CPF members who were approaching 55 in 2016 were invited to participate. During the pilot, personalised information was used to explain what would happen to members' CPF balances upon reaching age 55, the implications on their existing CPF obligations such as housing loans, and the options they can consider to enhance their

retirement savings and payouts. The pilot was well received by members who attended the service. More than 95% indicated that they would recommend the service to others as it was useful for clarifying their doubts and queries.

Following the successful pilot, the CPF Board will extend the service to more members. Around 20,000 members who are approaching age 55 will be invited in 2016, with priority given to those who are still using their CPF savings for their housing loans. CPF Board will continually fine-tune the initiative and explore scaling up the service to better meet our members' needs.

APPOINTMENT SYSTEM

The appointment system allows a CPF member to make an appointment with a Customer Service Executive for advice on complex CPF transactions based on a date and time of their choice. In 2015, more than 19,000 CPF members benefited from this service.

1-QUESTION FAST COUNTER

In 2015, more than 197,000 members used the "1-Question Fast Counter" which provides quicker response to CPF members who had a single enquiry.

CUSTOMER CONTACT CENTRE

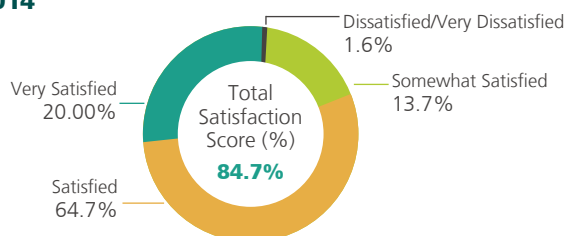
In 2015, the Customer Contact Centre handled 720,000 calls from CPF members and employers. Of these, 165,000 calls were enquiries on national projects, such as the new MediShield Life Scheme, GST Voucher Scheme, Workfare Income Supplement Scheme, Special Employment Credit and Temporary Employment Credit. The Customer Contact Centre has an SMS service for customers to leave messages for Customer Service Executives to call them back regarding CPF matters. The SMS service received about 28,000 responses from customers. Apart from handling calls, the Customer Contact Centre also handled 105,000 correspondences from CPF members.

SERVICE FEEDBACK

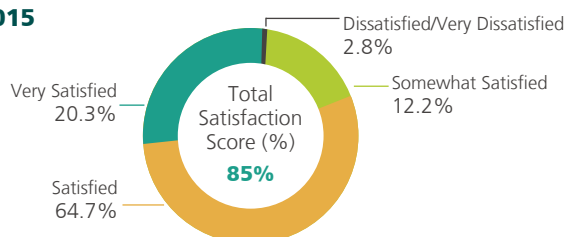
The CPF Board conducts annual surveys to gather feedback from CPF members and employers on our electronic service, counter, telephone and other services. In 2015, the survey results showed that 85.0% of CPF members and 93.5% of employers were satisfied or very satisfied with the overall services of the CPF Board.

MEMBER SERVICES SURVEY

2014

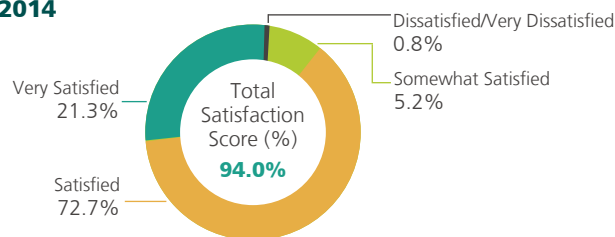


2015

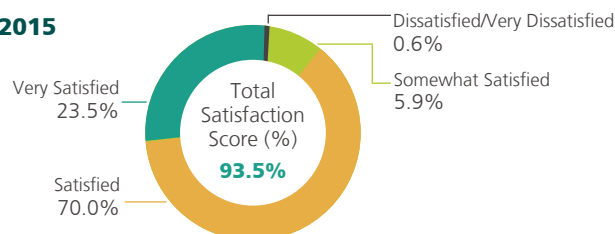


EMPLOYER SERVICES SURVEY

2014



2015



In addition, regular surveys to improve the service delivery to our customers were conducted for the Call Centres, Service Centres, Correspondence Unit and CPF website. Based on the surveys, 93.0% of the feedback respondents were satisfied or very satisfied with the services provided by our officers across all service channels.

PUBLIC COMMUNICATIONS

In 2015, the CPF Board ramped up efforts to engage and reach out to Singaporeans, so as to raise awareness and understanding of CPF schemes among members and employers.

The Big R' Chat

Your CPF Special Account
Your first step towards saving for your retirement.

Did you know that the Special Account is created with your retirement in mind? Your monthly CPF contributions go into the Ordinary, Special and Medisave accounts. Apart from your housing and healthcare needs, you've also been saving for retirement since the day you started work. At current interest rates of up to 5% p.a., every dollar in your Special Account will more than double in 20 years, helping your retirement savings grow.

Visit www.CPF-BigRChat.sg to make the most of your CPF savings. Let's plan for a better retirement together.

Publicity Campaigns

In July 2015, the CPF Board launched a mass publicity campaign called 'The Big "R" Chat', which used thought-provoking questions about retirement to ignite conversations amongst Singaporeans. Media channels such as television, print, out-of-home, radio and digital platforms were utilised to achieve mass and rapid reach.

Together with the Ministry of Manpower (MOM), the CPF Board continued to leverage on television, print, outdoor and digital advertising to educate workers and employers on their rights and legal obligations under the Employment Act and CPF Act for the “WorkRight” initiative. A WorkRight commemorative publication, “Working It Right”, was also launched to commemorate 50 companies that have demonstrated their commitment towards respecting the employment rights of their employees.

Online Engagement

In 2015, the *Are You Ready?* Facebook page was renamed to the *CPF Board* Facebook page to allow Facebook fans to interact and connect with the Board on CPF matters. The CPF Board’s Facebook page offers visually-engaging posts that provide simple explanations on different CPF schemes, demystify jargons, correct misperceptions and also celebrate CPF Board staff who have gone the extra mile to serve members. In 2015, the fan base grew by 75% and reached out to more than 324,000 people on Facebook.

Complementing the Facebook outreach, the *Are You Ready* educational website garnered over 750,000 page views since its launch in February 2015.

The Board also launched a #TheyAllSay online campaign which aimed to highlight the importance of not simply listening to hearsay but to engage with the Board for accurate information. Humour was used to showcase various scenarios where people simply followed hearsay and as a result, ended up in unexpected and unfortunate situations. The campaign won three Marketing Excellence Awards in 2015.

CPF Board’s quarterly online magazine “InTouch with CPF” was enhanced, with the introduction of new functions such as a search function which covers past issues and article tagging for ease of reference. Its mobile-friendly format and lifestyle content featuring real-life profiles, CPF tips and expert advice on financial planning proved popular with readers. 99% of readers surveyed found the articles useful and informative, and 99.5% found the magazine easy to navigate.

During the year, the CPF Board continued to send email newsletters to more than 800,000 subscribers to share timely and targeted CPF information.

New Members Programme

In 2015, the CPF Board initiated a pilot New Members Programme which is a year-long engagement programme to

onboard new CPF members. The programme aims to give new CPF members a better appreciation of how the CPF system supports them at key life stages and nudge them to start saving early for retirement. The programme engages them through direct mailers, regular email alerts, and a mobile app called “CPF Starter”, which has seen over 50,000 downloads by end 2015 and clinched two Golds and one Bronze at the Mobile Excellence (Mob-Ex) Awards 2016.

Outreach and Education

In the same year, the CPF Board organised our first series of retirement planning roadshows in heartlands across Singapore. The roadshows were aimed at helping members understand basic retirement planning and how the CPF system is designed to help them meet their basic needs in retirement. More than 30,000 members participated in the five roadshows. More than 90% of participants polled indicated that they would be interested in attending future roadshows.

As part of our regular outreach, the CPF Board organised and participated in 151 events, reaching out to more than 35,000 CPF members and employers. Over 95% of the participants found the outreach events useful, applicable and well presented. In 2015, with greater demand for retirement talks following the announcement of the CPF Advisory Panel recommendations, the CPF Board collaborated with the People’s Association on a series of talks to equip grassroots leaders with CPF information to help address concerns among residents.

The CPF Board continued to support the Learning Journeys programme spearheaded by the Ministry of Education, to engage students in understanding CPF Board’s role in nation building. In 2015, we reached out to more than 500 students through this national education programme. Roadshows were also organised in five selected campuses of Institutes of Higher Learning to engage and enthuse post-secondary students to start planning financially for their future, reaching more than 16,000 students.

AGENCY SERVICES

The CPF Board provides key agency services to the government and other organisations, acting as the collecting agent for the Foreign Worker Levy, Skills Development Levy and the Community Chest’s Social Help and Assistance Raised by Employees donations. The CPF Board also collects contributions made to the Chinese Development Assistance Council Fund, Eurasian Community Fund, Mosque Building and MENDAKI Fund and Singapore Indian Development Association Fund.



In addition, the CPF Board conducts the annual Occupational Wages Survey for the Ministry of Manpower and administers the Edusave Pupils Fund and Post Secondary Education Account Funds for the Ministry of Education, and the National Service HOME Award for the Ministry of Home Affairs and the Ministry of Defence. We also administer the Government- Paid Maternity Leave, Government-Paid Childcare Leave, Government-Paid Paternity Leave, Government-Paid Maternity Benefit, Government-Paid Shared Parental Leave and Government-Paid Adoption Leave Schemes on behalf of the Ministry of Social and Family Development.

In 2015, the CPF Board administered the Goods and Services Tax (GST) Voucher Scheme and the 5-year Medisave Top-Up for the Ministry of Finance.

GST VOUCHER

The GST Voucher Scheme, introduced in 2012, is a permanent scheme to help lower and middle-income households with their expenses, in particular, with what they pay in GST. The GST Voucher comprises three components – Cash, Medisave Top-up and U-Save Rebate. The CPF Board administers two components, namely the GST Voucher – Cash and the GST Voucher – Medisave. In Budget 2015, the Government announced that the GST Voucher – Cash quantum will increase permanently by \$50 to help lower-income households with their cost of living. A one-off GST Voucher – Seniors' Bonus was also introduced. For those aged 55 and above, they received a doubling of the GST Voucher – Cash, and seniors aged 65 and above living in homes with annual values of not more than \$13,000 received an additional \$300 in November 2015.

As at 31 December 2015, 1.3 million Singapore citizens received \$695 million in cash, and 392,000 Singapore citizens received \$117 million in their Medisave.

5-YEAR MEDISAVE TOP-UP

The 5-year Medisave Top-Up was announced in Budget 2014 to help citizens aged 55 and above in 2014 who do not receive Pioneer Generation benefits with their healthcare needs. As at 31 December 2015, 517,000 Singapore citizens received \$93 million in their Medisave.

GOVERNMENT-PAID LEAVE SCHEMES

Singapore's Marriage and Parenthood Package was introduced in 2001, and enhanced in 2004, 2008 and 2013. Apart from the Government-Paid Maternity Leave and Government-Paid Childcare Leave Schemes, the CPF Board administers the Government-Paid Paternity Leave, Government-Paid Maternity Benefit, Government-Paid Shared Parental Leave and Government-Paid Adoption Leave Schemes with effect from 1 May 2013, under the Marriage and Parenthood Package 2013.

As at 31 December 2015, a total of 207,000 applications were processed and \$271 million was reimbursed under the Government-Paid Leave Schemes.

SPECIAL EMPLOYMENT CREDIT

The Special Employment Credit (SEC) was introduced in 2011 as a Budget Initiative to raise the employment rates of older-low wage Singaporeans. It was enhanced in 2012 to provide employers with continuing support to hire older Singaporean workers. Employers who employed Singaporeans aged above 50 and earning up to \$4,000 a month, and those who hired eligible persons with disabilities, were entitled to receive SEC.

At Budget 2015, an additional wage offset of up to 3% of an employee's monthly wages was introduced for one year to encourage employers to voluntarily re-employ Singaporeans aged 65 and above earning up to \$4,000 a month. In end 2015, this additional wage offset was extended until the re-employment age is raised in 2017⁶.

A total of \$695 million of SEC was paid to 124,000 employers hiring 512,000 eligible employees for the period of January to December 2015.

WAGE CREDIT SCHEME

The Wage Credit Scheme (WCS) is part of the 3-Year Transition Support Package introduced in Budget 2013 to flow back the additional foreign worker levies collected to businesses, to alleviate rising wage costs so that businesses can free up resources to invest in productivity improvements. It also encourages employers to share their productivity gains with their employees in the form of wage increases. In Budget 2015, the Government announced the extension of WCS for

⁶ It was announced in Budget 2016 that the effective date of the new re-employment age of 67 will be 1 July 2017.

two more years, from 2016 to 2017, with a reduced level of co-funding from 40% to 20% for wage increases since 2014. As the supporting administrator, CPF Board's role includes computing and transmitting Wage Credit allotment details to the main administrator (IRAS), processing and re-computing the allotment for appeals and generating data to facilitate MOF's policy review and IRAS's gaming checks. For 2015, \$1.9 billion of Wage Credit was paid to 98,000 employers who gave their employees wage increases between 2013 and 2015.

TEMPORARY EMPLOYMENT CREDIT

The TEC was introduced as a Budget Initiative to alleviate the rise in business costs due to the increase in Medisave contribution rates in 2015. It also provides additional support to help employers adjust to the cost increases associated with the changes in the employer CPF contributions, which took effect from January 2016. The TEC will apply for three years, from 2015 to 2017.

The TEC is paid to eligible employers of Singaporean and Singapore Permanent Resident employees who are on the payroll from January 2015 to December 2017. It is paid twice a year.

A total of \$700 million of TEC has been paid to 179,000 employers hiring 1.9 million eligible employees for period January to December 2015.

IT INITIATIVES

The CPF Board is committed to deliver quality and trusted services to our members by leveraging on Information Technology (IT) as the underlying enabler. To ensure sustainability, we continue to improve our IT infrastructure as well as to invest in our IT capabilities to keep pace with rapid advancements in technology. With the completion of the IT applications blueprinting exercise, the CPF Board is set to embark on the journey to re-architect core processing IT applications to serve our members better. The CPF Board will also continue to provide strategic IT support in the implementation of National Projects in collaboration with other government agencies, such as the development of new system solutions for the Government Paid Leave Schemes and the Workfare Income Supplement Scheme.

RELOCATION OF CPF BOARD AT ROBINSON ROAD

The corporate operations of the CPF Board at the CPF Building, 79 Robinson have been relocating in phases to Novena Square Towers A and B with effect from November 2015. The relocation is a strategic move to free up prime office space in the Central Business District for higher-value uses. With the move, the CPF Building was sold to Southernwood Property Pte Ltd, which belongs to a company wholly owned by Ascendas Land (Singapore) Pte Ltd, with legal completion in January 2016.

ORGANISATIONAL EXCELLENCE

Excellent Service Awards

The Excellent Service Awards (EXSA) recognises individuals who have delivered outstanding service and public organisations which have implemented Best Practices in Organisational Excellence. Two of our officers, Senior Manager (Investigation and Compliance) Kevyn Tan Kai Boon and Senior Customer Service Executive Sharon Ye Suping received the PS21 Star Service Award. A project team on Labour Court Orders, which comprised officers from the Ministry of Manpower's Labour Relations and Workplaces Division and CPF Board's Employer Collections & Enforcement Group, received the PS21 Star Service Team Award.

PS21 ExCEL Awards

In 2015, the CPF Board shifted our innovation direction to focus on our business transformation. Staff were actively encouraged to contribute ideas to achieve our transformation outcomes of superior customer experience, optimal cost efficiency and sustainability through capacity building.

The Board received several PS21 ExCEL Awards, which recognises outstanding individuals and teams from public service agencies who have made significant impact at work through their suggestions and innovations. The Pioneer Generation Package, a multi-agency project led by the Ministry of Finance, with key implementing agencies including the Ministry of Health, Ministry of Communications and Information, CPF Board and the Pioneer Generation Office, won the Innovation Spotlight Award. The Board received a Merit Award for the Most Innovative Project / Policy for the project "Transforming Foreign Worker Levy Operations – Cheaper Better Faster", and Director (Social Programmes and Transfers) Sun Hui Yee received a Merit Award for Innovation Champion.

United Nations Public Service Awards (UNPSA)

The UNPSA is the most prestigious international recognition of excellence in public service. It rewards the creative achievements and contributions of public service institutions that lead to a more effective and responsive public administration in countries worldwide. Through an annual competition, the UNPSA promotes the role, professionalism and visibility of public service. It encourages exemplary public service and recognises that democracy and successful governance are built on a competent civil service.

For the 2015 UNPSA, Singapore was the first place winner in the category of "Promoting Whole-of-Government Approaches in the Information Age" for the Asia-Pacific region. The award recognises the Ministry of Manpower (MOM) and the CPF Board's achievements in raising national awareness of and compliance with employment laws through the WorkRight initiative.

International Social Security Association (ISSA) Good Practice Award for Asia and the Pacific

The WorkRight initiative was also conferred the Certificate of Merit with Special Mention under the International Social Security Association Good Practice Award for Asia Pacific in 2015. The award recognises good practices in the administration of social security by ISSA member organisations.

Pro-Enterprise Ranking (PER) Survey

In 2015, CPF Board has been given a Pro-Enterprise Index (PEI) of 89.4, and ranked 4th out of 28 government agencies in the Ministry of Trade and Industry's Pro-Enterprise Ranking (PER) Survey 2015. This is an improvement from the score of 82.4% and 7th place in 2014.

Marketing Excellence Awards 2015

CPFB clinched three Marketing Excellence Awards in 2015 with our #TheyAllSay campaign; namely Excellence in Government Sector Marketing (Gold); Excellence in Content Marketing (Silver); and Excellence in Native Advertising/Branded Content (Bronze). Organised annually by Marketing Magazine, the awards recognises the work of Singapore's top marketers and sets the benchmark for the industry.

Mobile Excellence (Mob-Ex) Awards 2016

Our CPF Starter mobile app bagged three awards at the Mobile Excellence (Mob-Ex) Awards 2016. The Mob-Ex Awards celebrate leaders in mobile marketing and set the benchmark for the future development of the industry. It is a regional award covering Southeast Asia, South Asia, Australia and New Zealand. We won two Golds in the Best App – Utility and Best

Solution – Mobile Advertising categories, and a Bronze in the Best App – Creativity category.

STAFF RECOGNITION AND AWARDS

The CPF Board gives out individual and team awards to staff who embody the CPF values as a form of recognition and encouragement for their efforts. The Best Service Ambassador Award and Non-Counter Staff Quality Service Award celebrate staff who exemplify our core value of Focus on Customers. The WOW Idea Award recognises teams for implementing transformational innovations with high impact. The Customer Relations Group received the award for their project to transform the call experience and gain manhour savings by introducing over-the-phone authentication. The Top Savings Award was also given to five project teams which had helped the Board to save more than \$428,000 in total. We also gave out the Team Excellence Awards to 8 teams in 2015 to recognise teams which have lived out the value Team Up for Results. The awards acknowledge that the nature of work in the Board has become increasingly complex, and requires teams to work across the traditional partnership lines to deliver excellent results.

The Staff Excellence Award, the pinnacle of individual staff awards, was given out to 20 officers in 2015 for their excellent overall performance in work and exemplification of the CPF values. Other individual awards include the Outstanding NSman Award to recognise and reward staff for their outstanding performance in National Service and support of Total Defence activities, and the Long Service Award Scheme to recognise staff for their long service.

CONTRIBUTING TO THE COMMUNITY

The CPF Board plays an active role as a good corporate citizen, contributing to charities and participating in community projects to help enrich the lives of the less-privileged in our community.

COMMUNITY CHEST

Staff continued to give strong support to the Community Chest and participated actively in the SHARE programme where they contribute a portion of their monthly income to the Community Chest. Staff participation rate was 95.3% in 2015. The SHARE donation from CPF staff amounted to \$84,268, an increase of 3.1% over 2014.

This strong support and commitment by staff earned the CPF Board the SHARE Programme Platinum Award for the 22nd consecutive year in 2015. The award is given by the Community Chest in recognition of the CPF Board's efforts in raising funds for people in need.

COMMUNITY SERVICE PROGRAMME

Adopted Home

The CPF Board focused our charity efforts on the elderly in 2015 and continued its adoption of the St John's Home for Elderly Persons. Quarterly visits to the Home were organised in 2015 which provided staff the opportunity to interact with the residents, present gifts, and engage them with games and performances. There were also various staff-initiated fund raising activities such as a charity bazaar and handicraft classes, and all proceeds were donated to the St John's Home for Elderly Persons.

Fund Raising

Besides contributing to the St John's Home for Elderly Persons, staff in the CPF Board supported activities such as the Singapore Anti-Narcotics Association donation draw, massage sessions by masseurs from the Singapore Association of the Visually Handicapped, ComChest and the President's Challenge. As part of the CPF Board's 60th Anniversary celebrations, a target of \$60,000 in staff donations was set for 2015 and the target was surpassed.

INTERNATIONAL RELATIONS

The CPF Board is one of the founding members of the ASEAN Social Security Association (ASSA), which seeks to promote the development of social security in the region in consonance with the aspirations, laws and regulations of its member countries. ASSA provides a forum for member institutions to exchange views and experiences on social security issues. Its members comprise 19 social security institutions from 10 ASEAN countries, namely Brunei, Cambodia, Indonesia, Lao PDR, Malaysia, Myanmar, Philippines, Singapore, Thailand and Vietnam. The CPF Board hosted the 32nd ASSA Board Meeting in September 2015 (as pictured below). This was attended by 90 delegates from member institutions. In the same year, Myanmar's Social Security Board was admitted as an ASSA member.

As part of our international engagement efforts, the CPF Board received over 100 visitors from foreign national provident funds and government bodies in 2015.





FINANCIAL STATEMENTS



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STATEMENT

BY THE MEMBERS OF THE BOARD

In our opinion, the accompanying financial statements of the funds managed by the Board as set out on pages 48 to 107 are drawn up so as to give a true and fair view of the net assets of the funds managed by the Board as at 31 December 2015, and the changes in these fund balances and cash flows for the financial year then ended.

On behalf of the Board



CHIANG CHIE FOO
Chairman



NG CHEE PENG
Chief Executive Officer

20 April 2016

INDEPENDENT AUDITOR'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE CENTRAL PROVIDENT FUND BOARD

Report on the financial statements of the funds managed by the Board

We have audited the accompanying financial statements of the funds managed by the Central Provident Fund Board (the "Board"), which comprise the statement of net assets of funds managed by the Board as at 31 December 2015, the statement of changes in fund balances and the statement of cash flows of the funds for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 48 to 107.

Management's responsibility for the financial statements

The management of the Board is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Central Provident Fund Act, (Chapter 36, Revised Edition 2013) (the "Act") and Statutory Board Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements of the funds managed by the Board are properly drawn up in accordance with the provisions of the Act and Statutory Board Financial Reporting Standards so as to present fairly, in all material respects, the net assets of the funds managed by the Board as at 31 December 2015 and the changes in these fund balances and cash flows for the year ended on that date.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Management's responsibility for compliance with legal and regulatory requirements

Management is responsible for ensuring that the receipts, expenditure, investments of moneys and the acquisition and disposal of assets, are in accordance with the provisions of the Act. This responsibility includes implementing accounting and internal controls as management determines are necessary to enable compliance with the provisions of the Act.

Auditor's responsibility

Our responsibility is to express an opinion on management's compliance based on our audit of the financial statements. We conducted our audit in accordance with Singapore Standards on Auditing. We planned and performed the compliance audit to obtain reasonable assurance about whether the receipts, expenditure, investments of moneys and the acquisition and disposal of assets, are in accordance with the provisions of the Act.

Our compliance audit includes obtaining an understanding of the internal control relevant to the receipts, expenditure, investments of moneys and the acquisition and disposal of assets; and assessing the risks of material misstatement of the financial statements from non-compliance, if any, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Because of the inherent limitations in any accounting and internal control system, non-compliances may nevertheless occur and not be detected.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on management's compliance.

Opinion

In our opinion:

- a. the receipts, expenditure, investments of moneys and the acquisition and disposal of assets by the Board during the year are, in all material respects, in accordance with the provisions of the Act; and
- b. proper accounting and other records have been kept, including records of all assets of the Board whether purchased, donated or otherwise.



ERNST AND YOUNG LLP

Public Accountants and
Chartered Accountants

Singapore

20 April 2016

STATEMENT OF NET ASSETS OF FUNDS

AS AT 31 DECEMBER 2015

	Note	2015 S\$'000	2014 S\$'000
CENTRAL PROVIDENT FUND			
Total assets			
Property, plant and equipment	3	75,746	97,010
Intangible assets	4	40,592	17,850
Investment property	5	70,600	70,300
Asset held for sale	6	34,400	–
Investments	7	299,150,459	274,979,277
Debtors and other receivables	8	2,929,672	2,628,078
Cash and cash equivalents	9	179,671	320,482
		<u>302,481,140</u>	<u>278,112,997</u>
Total liabilities			
Deferred capital grant	10	11,468	–
Creditors, accruals and provisions	11	511,054	335,497
		<u>522,522</u>	<u>335,497</u>
Net assets of the Central Provident Fund	19	<u>301,958,618</u>	<u>277,777,500</u>
INSURANCE FUNDS			
Net assets			
Home Protection Fund	22	900,035	1,436,149
MediShield Life Fund	22	1,324,922	732,446
Lifelong Income Fund	22	–	–
OTHER FUNDS			
Net assets of Trust Funds	23	2,342,153	2,710,818

The accompanying notes form an integral part of these financial statements.

STATEMENT OF CHANGES IN FUND BALANCES

FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	2015 S\$'000	2014 S\$'000
CENTRAL PROVIDENT FUND			
Fund balances as at 1 January		277,777,500	255,263,060
Add:			
Contributions (net of refunds) by members	12	30,201,879	27,916,624
Government grants to members	13	1,692,894	1,654,728
Dividends from Special Discounted Shares		154,363	150,776
Income from investments	14	11,044,962	10,170,698
Change in fair value of investment property	5	79	81
Interest income from bank deposits		1,524	2,231
Other operating income	15	147,880	117,218
		<u>43,243,581</u>	<u>40,012,356</u>
Less:			
Withdrawals (net of refunds) by members	16	18,723,556	17,297,772
Net change in fair value of available-for-sale financial assets		45,828	(46,218)
General and administrative expense		20,885	6,832
Other operating expenses	18	272,194	239,530
		<u>19,062,463</u>	<u>17,497,916</u>
Net increase in the Central Provident Fund		<u>24,181,118</u>	<u>22,514,440</u>
Fund balances as at 31 December	19	<u>301,958,618</u>	<u>277,777,500</u>
Represented by:			
Members' accounts	19	299,522,383	275,363,930
General moneys of the Fund	19	51,179	49,559
Accumulated surplus	19	2,377,668	2,310,795
Fair value reserve	19	7,388	53,216
	19	<u>301,958,618</u>	<u>277,777,500</u>

The accompanying notes form an integral part of these financial statements.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	2015 S\$'000	2014 S\$'000
CENTRAL PROVIDENT FUND			
Cash flows from operating activities			
Net increase in the Central Provident Fund		24,181,118	22,514,440
Adjustments for:			
Income from investments	14	(11,044,962)	(10,170,698)
Net change in fair value of available-for-sale financial assets		45,828	(46,218)
Change in fair value of investment property	5	(79)	(81)
Interest income from bank deposits		(1,524)	(2,231)
Income from transfers of property, plant and equipment	24 (iv)	–	(536)
Depreciation and amortisation	18	14,861	23,631
Government grants	15	(16,674)	–
Gain from sale of property, plant and equipment		(300)	–
Gain from sale of intangible asset		(14)	–
Property, plant and equipment written off		73	327
Intangible assets written off		50	1,186
Cash generated before changes in operating assets and liabilities		13,178,377	12,319,820
Changes in operating assets and liabilities:			
Debtors and other receivables		(12,978)	(12,311)
Creditors, accruals and provisions		157,723	13,141
Net acquisition of special issues of Singapore Government securities		(23,657,481)	(21,706,332)
Net placement of advance deposits		(401,285)	(450,979)
Cash used in operations		(10,735,644)	(9,836,661)
Interest received from held-to-maturity financial assets and bank deposits		10,686,092	9,834,951
Net cash used in operating activities		(49,552)	(1,710)
Cash flows from investing activities			
Payments for purchase of property, plant and equipment		(12,210)	(2,810)
Payments for purchase of intangible assets		(13,757)	(9,095)
Subsequent expenditure on investment property		(999)	(442)
Acquisition of available-for-sale financial assets		(209,517)	(190,718)
Proceeds from sale of property, plant and equipment		300	–
Proceeds from sale of intangible asset		72	–
Proceeds from sale of available-for-sale financial assets		39,409	22,619
Redemption and capital reduction of available-for-sale financial assets		12,116	34,222
Interest received from available-for-sale financial assets		60,521	55,816
Dividends received		21,989	20,569
Deposits received for asset held for sale		55,000	–
Net cash used in investing activities		(47,076)	(69,839)
Cash flows from financing activities			
Grants received from Government		17,158	–
Net cash from financing activities		17,158	–
Net decrease in cash and cash equivalents		(79,470)	(71,549)
Cash and cash equivalents as at 1 January		201,915	273,464
Cash and cash equivalents as at 31 December	9	122,445	201,915

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

1. DOMICILE AND ACTIVITIES

Central Provident Fund Board (the “Board”) is a statutory board established under the Central Provident Fund Act (Chapter 36, Revised Edition 2013) (the “Act”) under the purview of the Ministry of Manpower. As a statutory board, the Board is subject to the directions of the Ministry of Manpower and is required to implement policies as determined by the Ministry of Manpower and other Government ministries such as the Ministry of Finance from time to time.

The office address of the Board is 238B Thomson Road, #08-00 Tower B Novena Square, Singapore 307685.

Funds managed by the Board

As set out in the Act, the Board is the trustee of the Central Provident Fund (“CPF”) and the administrator of the Home Protection Fund and Lifelong Income Fund. The Board also administers the MediShield Life Fund which is established under the MediShield Life Scheme Act 2015, on behalf of the Ministry of Health.

The Home Protection Fund, MediShield Life Fund and Lifelong Income Fund are collectively known as the “Insurance Funds”.

The principal activities of the Board include the collection of CPF contributions, the processing of withdrawals of CPF savings by members under the various schemes and the administration of the Home Protection Fund, MediShield Life Fund and Lifelong Income Fund.

The Board is also appointed as the trustee of, and administers the Deferment Bonus Fund, CPF LIFE Bonus Fund, Trust Fund for the Special Employment Credit Scheme, Trust Fund for the Workfare Special Bonus Scheme and other trust funds received from the Government (collectively known as “Trust Funds”). Details of the Trust Funds are disclosed in note 23.

Central Provident Fund

The Central Provident Fund is established by the Act. It is the national social security savings scheme of Singapore, jointly supported by employees, employers and the Government. All contributions authorised under the Act are paid into the CPF and all payments authorised under the Act are paid out of the CPF.

Insurance Funds

- The **Home Protection Fund** is set up under section 33 of the Act to account for premiums received, claims paid for home mortgage insurance cover and operating expenses incurred under the Home Protection Insurance Scheme.
- The **MediShield Life Fund** was renamed from MediShield Fund on 1 November 2015 as provided for under section 7(1) of the MediShield Life Scheme Act 2015. The MediShield Life Fund accounts for premiums and government grants received, claims paid for medical insurance cover and operating expenses incurred under the MediShield Life Scheme.
- The **Lifelong Income Fund** is set up under section 27N of the Act to account for premiums received, monthly payouts made and operating expenses incurred under the Lifelong Income Scheme. The Lifelong Income Scheme is designed to provide the insured member a monthly payout, starting from the annuity payout start age of the insured member, for as long as the member is alive. Investment of moneys in the Lifelong Income Fund is governed by section 27N(3) of the Act.

The assets and liabilities of the Insurance Funds are subjected to the requirements of the relevant Acts and Regulations governing the Insurance Funds. These assets and liabilities are segregated from each other, and from those of the CPF, and can only be withdrawn in accordance with the relevant legislation.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

In its capacity as trustee of the CPF and administrator of the respective funds, all operating expenses of the Board pertaining to the funds and schemes administered are charged against the respective funds. Consequently, all the financial transactions of the Board are reported under the respective funds accordingly. The Board does not separately have any assets or liabilities.

The financial statements of the funds managed by the Board have been prepared in accordance with the provisions of the Act and Statutory Board Financial Reporting Standards (“SB-FRS”). SB-FRS include Statutory Board Financial Reporting Standards, Interpretations of SB-FRS and SB-FRS Guidance Notes as promulgated by the Accountant-General. The presentation of the financial statements of the Board is in accordance with *SB-FRS 26 Accounting and Reporting by Retirement Benefit Plan*.

The financial statements have been prepared on the historical cost basis, except as disclosed in the accounting policies below.

The financial statements are presented in Singapore Dollars (S\$) which is the functional currency of the funds managed by

the Board. All financial information presented in Singapore Dollars has been rounded to the nearest thousand (S\$'000), except when otherwise stated.

The preparation of financial statements in conformity with SB-FRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgments in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

Note 21.1 – Valuation of assets and liabilities

Note 22.10 – Valuation of insurance contract liabilities

The key assumptions concerning the future and other key sources of estimations that have significant risks of resulting in material adjustments to the carrying amounts of assets and liabilities within the next financial year are included in the following notes:

Note 5 – Valuation of investment property

Note 22.10 – Valuation of insurance contract liabilities

Note 22.12 – Valuation of financial instruments

Assumptions and estimates made by management are based on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of management. Such changes are reflected in the assumptions when they occur.

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year.

2.3 Basis of recognition of contributions, withdrawals, Government grants to members, interest and other income

Based on the Act and CPF Regulations:

- a. Contributions, Government grants to members and dividends from Special Discounted Shares are recognised when received and credited directly to the members' accounts.
- b. Withdrawals by members are recognised when authorised and debited from the members' accounts.
- c. Penalty interest on late contributions is recognised when received.
- d. Interest payable to members is recognised as it accrues.

Interest income from investments and interest income from bank deposits are recognised as they accrue, using the effective interest method.

Dividends from investments are recognised when the shareholder's right to receive payments has been established.

Agency fees and income from other services provided are recognised when the services have been rendered.

Rental income arising from operating leases on property, plant and equipment and investment property is accounted for on a straight-line basis over the terms of the leases.

2.4 Operating expenses

All operating expenses incurred by the Board and relating to the CPF, Home Protection Fund, MediShield Life Fund and Lifelong Income Fund are charged to the respective funds when incurred.

All operating expenses of trust funds are taken up in the respective trust funds when paid.

2.5 Insurance contracts

Insurance contracts issued under the Home Protection Insurance Scheme, MediShield Life Scheme and Lifelong Income Scheme work on the principle of risk transfer. Insurance contracts are those contracts under which the Insurance Funds accept significant insurance risks from the insured member by agreeing to compensate the insured member or other beneficiary, if a specified uncertain future event adversely affects the insured member.

The Board is not required to unbundle any insurance contract as the accounting policy recognises all insurance premiums, claims and benefit payments, expenses and valuation of actuarial liabilities, through the changes in fund balances of the Insurance Funds.

2.6 Basis of recognition and measurement of insurance premiums, claims, benefits incurred and insurance contract liabilities

a. Premiums

Premiums from insured members are recognised on their respective due dates. Premiums not received on the due date are recognised as revenue with the corresponding outstanding premiums receivable reported in the statement of net assets of the Insurance Funds.

b. Claims and benefits incurred

Claims include surrenders, death claims and claims incurred under other claim events. Surrenders are recorded when the obligation to make the payout arises. Death claims and payments on other claim events are recorded when notified. Annuity payouts from the Lifelong Income Fund are recognised when due.

c. Insurance contract liabilities

A liability for contractual benefits that are expected to be incurred in the future is recorded when the premiums are recognised. The liability is determined using assumptions considered appropriate for the policies in force. The actuarial valuation basis is determined by the Board based on the advice of the independent actuarial advisers to the Board.

2.7 Property, plant and equipment

Property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Cost includes expenses incurred that are directly attributable to the acquisition of the asset. Costs of dismantlement, removal or restoration are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset.

The cost of an item of property, plant and equipment below S\$2,000 is recognised as an expense in the statement of changes in fund balances during the year in which the cost is incurred.

Subsequent costs incurred for an asset are recognised in the carrying amount of the asset, or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the funds managed by the Board and the cost of the item can be measured reliably. Costs of day-to-day servicing of property, plant and equipment are recognised as an expense when incurred.

The residual values, useful lives and depreciation methods of property, plant and equipment are reviewed at the end of each year and adjusted prospectively, if appropriate, to ensure that they reflect the expected economic benefits derived from these assets.

Property, plant and equipment are depreciated on a straight-line basis, over their estimated useful lives as follows:

	<u>Estimated useful life</u>
Leasehold land	period of the lease
Buildings	50 years or period of the lease, whichever is shorter
Building renovation and improvement	remaining life of the building
Machinery and equipment	4 to 10 years
Furniture and fittings	8 years
Data processing equipment	3 to 5 years

Assets classified as construction-in-progress are not depreciated, as these assets are not available for use.

The carrying amount of property, plant and equipment is reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefit is expected from its use. Any gain or loss on derecognition of the asset is included in the statement of changes in fund balances in the year the asset is derecognised.

2.8 Intangible assets

Intangible assets consist of computer software and application system, including those under development. They are measured at cost less accumulated amortisation and any accumulated impairment losses. Cost includes expenses incurred directly to bring the asset to use or to develop the computer software or application system.

The cost of an intangible asset below S\$2,000 is recognised as an expense in the statement of changes in fund balances during the year in which the cost is incurred.

Subsequent costs which enhance or extend the performance of computer software or application system beyond its original specifications and which can be reliably measured are recognised as capital improvements and recognised in the carrying

amount of the asset. Costs associated with the support and maintenance of computer software and application systems are recognised as an expense when incurred.

The residual values, useful lives and amortisation methods of intangible assets are reviewed at the end of each year and adjusted prospectively, if appropriate, to ensure that they reflect the expected economic benefits derived from these assets.

Intangible assets are amortised on a straight-line basis, over their estimated useful lives ranging from 3 to 5 years from the date they are available for use.

Intangible assets under development are not amortised, as these assets are not available for use.

The carrying amount of intangible assets is reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable.

An intangible asset is derecognised upon disposal or when no future economic benefit is expected from its use. Any gain or loss on derecognition of the asset is included in the statement of changes in fund balances in the year the asset is derecognised.

2.9 Investment property

Investment property is commercial property held either to earn rental income, that is, occupied less than 10% by the Board, or for capital appreciation, or both.

Investment property is initially measured at cost, including transaction costs. Subsequent to initial recognition, investment property is measured at fair value, determined annually by an independent professional valuer on the highest-and-best-use basis. Gains or losses arising from changes in the fair value of investment property are included in the statement of changes in fund balances in the year in which they arise.

Investment property is subjected to renovations or improvements at regular intervals. The costs of major renovations and improvements are capitalised. Costs of day-to-day servicing of investment property are recognised as an expense when incurred.

Investment property is derecognised when either it has been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of the investment property is recognised in the statement of changes in fund balances in the year of retirement or disposal.

The accounting policy for rental income arising from operating leases on investment property is set out in note 2.3.

2.10 Impairment of non-financial assets

The Board assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, the Board makes an estimate of the recoverable amount of the asset.

The recoverable amount of an asset is the higher of its fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In determining fair value less costs of disposal, recent market transactions are taken into account, if available. If no such transactions can be identified, the value in use, of the asset, is used as the recoverable amount.

In assessing value in use, the estimated future cash flows expected to be generated by the continuing use of the asset and from its ultimate disposal are discounted to their present value using an appropriate discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment losses are recognised in the statement of changes in fund balances.

The Board also assesses at each reporting date as to whether there is an indication that an asset previously assessed to be impaired, may no longer be so. If any indication exists, the Board makes an estimate of the recoverable amount of the asset. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount of the asset since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised previously. Such reversal is recognised in the statement of changes in fund balances unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

2.11 Leases

When the Board is the lessee

Operating lease payments are recognised as an expense in the statement of changes in fund balances on a straight-line basis over the lease term.

When the Board is the lessor

Leases where the Board effectively retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Assets leased out under operating leases include property, plant and equipment, and investment property.

The accounting policy for rental income is set out in note 2.3.

2.12 Financial instruments

a. Non-derivative financial assets

Initial recognition and measurement

Loans and receivables, and deposits are recognised initially on the date that they originated.

All other financial assets, including assets designated at fair value through profit or loss, are recognised initially on the trade date, which is the date that the Board, as trustee and administrator of the funds, becomes a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification into the following categories:

(i) Financial assets at fair value through profit or loss

A financial asset is classified as financial asset at fair value through profit or loss if it is held for trading or is designated as such upon initial recognition. Financial assets are designated at fair value through profit or loss if such investments are managed and traded based on their fair value in accordance with the documented risk management and investment strategy of the Board. Attributable transaction costs are recognised as an expense when incurred.

After initial recognition, financial assets at fair value through profit or loss are measured at fair value, and the changes are recognised in the statement of changes in fund balances.

(ii) Held-to-maturity financial assets

If there is positive intention and ability to hold the financial assets to maturity, then such financial assets are classified as held-to-maturity. Held-to-maturity financial assets comprise investments in special issues of Singapore Government securities and advance deposits placed with the Accountant-General through the Monetary Authority of Singapore.

Subsequent to initial recognition, held-to-maturity financial assets are measured at amortised cost using the effective interest method, less any impairment losses. Any sale or reclassification of a more than insignificant amount of held-to-maturity financial assets not close to their maturity would result in the reclassification of all held-to-maturity financial assets as available-for-sale. It would also prevent the financial assets to be classified as held-to-maturity for the current and the following two years. The adjustment on measurement from amortised cost to fair value on the date of the reclassification is recognised in the fair value reserve.

(iii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables comprise debtors, other receivables, cash and cash equivalents.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

(iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not classified in any of the above categories of financial assets. Available-for-sale financial assets comprise debt securities and equity securities.

Subsequent to initial recognition, available-for-sale financial assets are measured at fair value. Any gains and losses from changes in fair value of the financial assets are recognised in the statement of changes in fund balances and presented in the fair value reserve. Impairment losses, foreign exchange gains and losses, and interest calculated using the effective interest method, are recognised in the statement of changes in fund balances.

Derecognition

A financial asset is derecognised when the contractual rights to the cash flows from the asset has expired, or when the rights to receive the contractual cash flows on the financial asset are transferred in a transaction, in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in the transferred financial assets that is created or retained is recognised as a separate asset or liability.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in the statement of changes in fund balances.

When an available for sale financial asset is derecognised, the cumulative gain or loss is reclassified from fair value reserve to the statement of changes in fund balances.

b. Non-derivative financial liabilities

Initial recognition and measurement

Financial liabilities, including liabilities designated at fair value through profit or loss, are initially recognised on the trade date, which is the date that the Board, as trustee and administrator of the funds, become a party to the contractual provisions of the financial instrument.

Non-derivative financial liabilities comprise creditors and other payables. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs.

Subsequent measurement

Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method. Gains and losses are recognised in the statement of changes in fund balances when the liabilities are derecognised, and through the amortisation process.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged, or is cancelled, or expires.

c. Derivative financial instruments

The Insurance Funds hold derivative financial instruments to hedge their foreign currency risk and interest rate risk exposures. Hedge accounting is not adopted.

Derivatives are recognised initially at fair value, attributable transaction costs are recognised as an expense when incurred.

Subsequent to initial recognition, derivatives are measured at fair value, and the changes are recognised in the statement of changes in fund balances.

Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of net assets when, and only when, there are legal rights to offset the amounts, and intention to either settle on a net basis or to realise the assets and settle the liabilities simultaneously.

2.13 Fair value of assets and liabilities

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction on the measurement date.

a. Fair value measurement of financial instruments

The fair value of an instrument is measured using quoted prices in an active market for that instrument, where available. A market is regarded as active if quoted prices are readily and regularly available and represent actual and regularly occurring market transactions on an arm's length basis. If a market for a financial instrument is not active, its fair value is established using a valuation technique.

The best evidence of the fair value of a financial instrument at initial recognition is the transaction price, i.e. the fair value of the consideration given or received, unless the fair value of the instrument is evidenced by comparison with other observable current market transactions in the same instrument, that is, without modification, or based on a valuation technique whose variables include only data from observable markets.

b. Fair value hierarchy

The Board categorises fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1: unadjusted quoted prices in active markets for individual assets or liabilities.
- Level 2: valuation techniques on observable inputs either directly, that is, as prices, or indirectly, that is, derived from prices. This category includes instruments valued using quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
- Level 3: valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and unobservable inputs have a significant effect on the valuation of the instrument. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between instruments.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

Transfers between levels of the fair value hierarchy are deemed to have occurred on the date of the event or change in circumstances that caused the transfers.

2.14 Impairment of financial assets

The Board assesses at the end of each reporting date whether there is any objective evidence that a financial asset is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event has a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

a. Financial assets carried at amortised cost: Loans and receivables, held-to-maturity financial assets

The Board considers evidence of impairment for loans and receivables, and held-to-maturity financial assets at both the individual asset level and collectively. All individually significant loans and receivables, and held-to-maturity financial assets are assessed for specific impairment. All individually significant loans and receivables, and held-to-maturity financial assets found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not identified.

Loans and receivables and held-to-maturity financial assets that are not individually significant and not specifically impaired, are collectively assessed for impairment by grouping together loans and receivables, and held-to-maturity financial assets with similar credit risk characteristics.

Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Board considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

In assessing collective impairment, the Board uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for the judgment made by management as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

If there is objective evidence that an impairment loss on a financial asset carried at amortised cost has been incurred, the amount of loss is measured as difference between the carrying amount of the financial asset and the present value of the estimated future cash flows discounted at the original effective interest rate of the financial asset. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

Impairment losses on financial assets carried at amortised cost are recognised as an expense, and charge to an allowance account against the loans and receivables, or held-to-maturity financial assets. Interest on the impaired asset continues to be recognised. When the asset becomes uncollectible, the carrying amount of the impaired financial asset is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in the statement of changes in fund balances.

b. Available-for-sale financial assets

In the case of equity securities classified as available-for-sale, objective evidence of impairment includes:

- i. significant financial difficulty of the issuer or obligor,
- ii. information about significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in equity securities may not be recovered; and
- iii. a significant or prolonged decline in the fair value of the investment below its costs. "Significant" is to be evaluated against the original cost of the investment and "prolonged" against the period in which the fair value has been below its original cost.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its acquisition cost, net of any principal repayment and amortisation, and its current fair value, less any impairment loss previously recognised in the statement of changes in fund balances, is transferred from fair value reserve and recognised in the statement of changes in fund balances. Reversals of impairment losses in respect of equity securities are not recognised in the statement of changes in fund balances; increase in their fair values after impairment are recognised directly in the fair value reserve.

In the case of debt securities classified as available-for-sale, impairment is assessed based on the same criteria as financial assets carried at amortised cost, as set out in note 2.14(a). However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in the statement of changes in fund balances. Future interest income continues to be accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for measuring the impairment loss. The interest income is recorded as part of finance income. If, in a subsequent year, the fair value of a debt security increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the statement of changes in fund balances, the impairment loss is reversed in the statement of changes in fund balances.

2.15 Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and bank deposits. Cash at banks managed by the Board on behalf of trust funds and Government ministries is excluded from cash and cash equivalents in the statement of cash flows.

2.16 Foreign currency transactions and balances

Transactions in foreign currencies are measured and are recorded on initial recognition in Singapore Dollars at exchange rates at the dates of the transactions. Monetary assets and monetary liabilities denominated in foreign currencies are translated to Singapore Dollars at the exchange rate at the end of the year.

Foreign currency exchange gains or losses on monetary items is the difference between the amortised costs of the monetary items, reported in Singapore Dollars, at the start of the year, adjusted for effective interest and payments during the year, and the amortised costs of the monetary items, translated from foreign currency to Singapore Dollars, at the exchange rate at the end of the year.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the year are recognised in the statement of changes in fund balances.

Non-monetary assets and non-monetary liabilities measured at fair value in foreign currencies are translated to Singapore Dollars using the exchange rates at the date when the fair value was measured. Non-monetary items that are measured in terms of historical cost in foreign currencies are translated using the exchange rates at the dates of the initial transactions.

2.17 Provisions

A provision is recognised when the Board has a present obligation, legal or constructive, as a result of a past event, and it is probable that the Board will be required to settle that obligation. Provisions are estimated, based on the best estimate of the expenditure required to settle the obligations, taking into consideration the time value of money.

Provisions are reviewed at the end of each year and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed.

2.18 Employee benefits

a. Defined contribution plans

Contributions on the salaries of the employees of the Board are made to the CPF as required by law. The CPF contributions are recognised as expenses in the period when the employees rendered their services.

b. Short-term employee benefits

Short-term employee benefits obligations are measured on an undiscounted basis and are expensed as the related benefits are provided. A liability is recognised for the amount expected to be paid under short-term cash bonus if the Board has a present legal or constructive obligation to pay the amount as a result of past service rendered by the employee and the obligation can be reliably estimated.

c. Employees' leave entitlements

Employees' entitlements to annual leave are recognised when they accrue to the employees. A liability is recognised for leave earned by the employees as a result of services rendered up to the reporting date.

2.19 Trust Funds

Trust Funds are funds to which the Board acts as trustee, administrator or agent but does not exercise control over the funds.

The assets and liabilities of these funds held in trust are presented as a line item at the bottom of the statement of net assets with additional disclosures in the notes to the financial statements (as set out in note 23), as prescribed by SB-FRS Guidance Note 3 *Accounting and Disclosures for Trust Funds*.

The receipts and disbursements relating to these funds are accounted for directly in these funds on a cash basis, in which funds received are accounted for when received, instead of when earned, and funds disbursed are accounted for when paid, instead of when incurred, and recognised in the statement of receipts and disbursements accordingly (as set out in notes 23.1 to 23.5).

2.20 Government grants

Government grants received for the purchase or the construction of depreciable assets are accounted for as deferred capital grant. Deferred capital grant is amortised and recognised as income over the respective useful life of the assets to match the annual depreciation charge of these assets. When the asset is disposed or written off, the remaining balance of the deferred grant not yet amortised will be credited to income.

Government grants received by the Board to meet operating expenses are recognised as income in the year these operating expenses are incurred.

2.21 Asset held for sale

An asset is classified as held for sale if its carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of the classification.

Property, plant and equipment which have been reclassified as held for sale is measured in accordance with the accounting policy for property, plant and equipment set out in note 2.7.

2.22 Standards issued but not yet effective

The Board has not adopted the following standards and interpretations that have been issued but are not yet effective:

Description	Effective for annual periods beginning on or after
Improvements to SB-FRSs (November 2014)	1 Jan 2016
SB-FRS 16, SB-FRS 38 <i>Amendments to SB-FRS 16 and SB-FRS 38: Clarification of Acceptable Methods of Depreciation and Amortisation</i>	1 Jan 2016
SB-FRS 1 <i>Amendments to SB-FRS 1: Disclosure Initiative</i>	1 Jan 2016
SB-FRS 109 <i>Financial Instruments</i>	1 Jan 2018

Management expects that the adoption of the standards and interpretations above will have no material impact on the financial statements in the period of initial application.

3. PROPERTY, PLANT AND EQUIPMENT

	Note	Leasehold land S\$'000	Buildings S\$'000	Building renovation and improvement S\$'000	Machinery and equipment S\$'000	Furniture and fittings S\$'000	Data processing equipment S\$'000	Construction- in-progress S\$'000	Total S\$'000
Cost									
At 1 January 2014		32,423	99,439	19,464	53,728	1,064	23,033	23	229,174
Additions		–	–	–	1,334	92	5,779	–	7,205
Written off		–	–	–	(446)	(41)	(5,407)	–	(5,894)
Transfer to investment property	5	–	–	–	–	–	–	(23)	(23)
Adjustment		–	–	(115)	–	–	–	–	(115)
At 31 December 2014		32,423	99,439	19,349	54,616	1,115	23,405	–	230,347
Additions		–	–	–	3,370	7,614	8,730	2,676	22,390
Disposals / Written off		–	–	–	(1,085)	(254)	(389)	–	(1,728)
Transfer to asset held for sale	6	(1,228)	(64,215)	(15,867)	(26,084)	(45)	–	–	(107,439)
At 31 December 2015		31,195	35,224	3,482	30,817	8,430	31,746	2,676	143,570
Accumulated depreciation									
At 1 January 2014		7,929	53,457	7,811	46,019	796	13,155	–	129,167
Depreciation for the year		323	2,631	721	2,165	59	3,838	–	9,737
Written off		–	–	–	(444)	(38)	(5,085)	–	(5,567)
At 31 December 2014		8,252	56,088	8,532	47,740	817	11,908	–	133,337
Depreciation for the year		319	2,014	512	1,481	464	4,391	–	9,181
Disposals / Written off		–	–	–	(1,074)	(200)	(381)	–	(1,655)
Transfer to asset held for sale	6	(598)	(41,857)	(8,237)	(22,307)	(40)	–	–	(73,039)
At 31 December 2015		7,973	16,245	807	25,840	1,041	15,918	–	67,824
Carrying amount									
At 1 January 2014		24,494	45,982	11,653	7,709	268	9,878	23	100,007
At 31 December 2014		24,171	43,351	10,817	6,876	298	11,497	–	97,010
At 31 December 2015		23,222	18,979	2,675	4,977	7,389	15,828	2,676	75,746

Depreciation charges amounting to S\$132,000 (2014: S\$131,000), S\$2,000 (2014: S\$2,000) and S\$Nil (2014: S\$1,000) were allocated to Home Protection Fund, MediShield Life Fund and Lifelong Income Fund respectively. The remaining depreciation charge of S\$9,047,000 (2014: S\$9,603,000) was accounted for under the Central Provident Fund.

4. INTANGIBLE ASSETS

	Computer software / application system S\$'000	Computer software / application system under development S\$'000	Total S\$'000
Cost			
At 1 January 2014	74,880	3,305	78,185
Additions	3,532	7,026	10,558
Written off	(2,023)	(72)	(2,095)
Transfer	7,069	(7,069)	–
At 31 December 2014	83,458	3,190	86,648
Additions	24,736	3,928	28,664
Disposals / Written off	(375)	–	(375)
Transfer	6,140	(6,140)	–
At 31 December 2015	113,959	978	114,937
Accumulated amortisation			
At 1 January 2014	55,544	–	55,544
Amortisation charge for the year	14,163	–	14,163
Written off	(909)	–	(909)
At 31 December 2014	68,798	–	68,798
Amortisation charge for the year	5,814	–	5,814
Disposals / Written off	(267)	–	(267)
At 31 December 2015	74,345	–	74,345
Carrying amount			
At 1 January 2014	19,336	3,305	22,641
At 31 December 2014	14,660	3,190	17,850
At 31 December 2015	39,614	978	40,592

Amortisation charges amounting to S\$Nil (2014: S\$2,000), S\$Nil (2014: S\$51,000) and S\$Nil (2014: S\$82,000) were allocated to Home Protection Fund, MediShield Life Fund and Lifelong Income Fund respectively. The remaining amortisation charge of S\$5,814,000 (2014: S\$14,028,000) was accounted for under the Central Provident Fund.

5. INVESTMENT PROPERTY

	Note	2015 S\$'000	2014 S\$'000
At 1 January		70,300	69,000
Subsequent expenditure		221	1,196
Transfer from property, plant and equipment	3	–	23
Change in fair value		79	81
At 31 December		70,600	70,300

The following amounts are recognised in the statement of changes in fund balances:

	2015 S\$'000	2014 S\$'000
Rental income and service charges from investment property	3,645	3,695
Direct operating expenses (including repairs and maintenance) arising from investment property that:		
- generate rental income	1,818	1,822
- did not generate rental income	125	130

The fair value of investment property at the end of the financial year is based on valuation conducted by an independent valuer, Knight Frank Pte Ltd. The fair value is derived using the comparable sales method, taking into consideration the highest-and-best-use of the property. In addition, the capitalisation approach is also considered by the valuer for reference. Details of valuation techniques and inputs used are disclosed in note 21.1.

In relying on the valuation report, management is satisfied that the valuation techniques and estimates are reflective of current market conditions.

6. ASSET HELD FOR SALE

	Note	2015 S\$'000	2014 S\$'000
At 1 January		–	–
Transfer from property, plant and equipment	3	34,400	–
At 31 December		34,400	–

The Board entered into a Sale and Purchase Agreement with an external party to dispose the property at 79 Robinson Road on 26 November 2015. The disposal was completed on 26 January 2016.

7. INVESTMENTS

	Note	2015 S\$'000	2014 S\$'000
Held-to-maturity financial assets			
Special issues of Singapore Government securities:			
- Floating rate	(a)	251,917,333	232,422,621
- Fixed rate	(b)	34,874,711	30,711,942
		286,792,044	263,134,563
Advance deposits	(c)	10,159,291	9,758,006
		296,951,335	272,892,569
Available-for-sale financial assets			
Singapore Government securities		489,114	499,525
Statutory board bonds		422,463	425,275
Corporate bonds		875,849	758,978
		1,787,426	1,683,778
Equity securities		411,698	402,930
		2,199,124	2,086,708
		299,150,459	274,979,277

- (a) The floating rate special issues of Singapore Government securities are bonds issued specifically to the Board to meet its interest and other obligations. They do not have quoted market values and the Board cannot trade them in the market. The interest rates of 2.50%, 3.50%, 4.00% and 5.00% (2014: 2.50%, 3.50%, 4.00% and 5.00%) per annum for the securities are pegged to the rates at which the Board pays interest to the members of CPF. The effective interest rates for the securities approximate the interest rates quoted above.
- (b) The CPF invested jointly with the Lifelong Income Fund in fixed rate special issues of Singapore Government securities, which are issued specifically to the Board to meet its interest and other obligations for Retirement Accounts of members. The effective interest rate on these securities is within the range of 4.00% to 5.00% (2014: 4.00% to 5.00%) per annum.
- (c) The advance deposits are deposits placed with the Accountant-General through the Monetary Authority of Singapore to purchase special issues of Singapore Government securities. The fixed interest rate of 2.50% (2014: 2.50%) per annum on the advance deposits is pegged to the rate at which the Board pays interest for the Ordinary Accounts of members.

8. DEBTORS AND OTHER RECEIVABLES

	Note	2015 S\$'000	2014 S\$'000
Debtors - schemes	(a)	8,360	9,470
Accrued interest receivable			
- special issues of Singapore Government securities and advance deposits		2,856,209	2,580,344
- other investments		19,543	18,255
Deposits paid		5,528	5,455
Prepayments		4,741	2,704
Other receivables		35,291	11,850
		2,929,672	2,628,078

(a) Debtors - schemes include all receivable amounts linked to the various CPF schemes.

The Board assessed that no impairment allowance is necessary for debtors and other receivables as these are mainly due from Government ministries. These balances are not past due and are usually settled within 6 months from the date of invoice.

9. CASH AND CASH EQUIVALENTS

	Note	2015 S\$'000	2014 S\$'000
Cash at banks		179,671	231,482
Bank deposits		–	89,000
Cash and cash equivalents		179,671	320,482
Less: Cash at banks managed by the Board on behalf of trust funds and Government ministries	23.5	(57,226)	(118,567)
Cash and cash equivalents in the statement of cash flows		122,445	201,915

The weighted average effective interest rates per annum relating to cash and cash equivalents are 0.00% to 0.93% (2014: 0.00% to 2.91%).

10. DEFERRED CAPITAL GRANT

	2015 S\$'000	2014 S\$'000
At 1 January	–	–
Received/receivable during the year	12,053	–
Amortisation charge for the year	(585)	–
At 31 December	11,468	–

Deferred capital grant is provided by the Government to enhance the application system for the MediShield Life Scheme. There are no unfulfilled conditions or contingencies attached to this grant.

11. CREDITORS, ACCRUALS AND PROVISIONS

	Note	2015 S\$'000	2014 S\$'000
Amount due to trust funds and Government ministries for cash at banks managed on behalf by the Board	9	57,226	118,567
Creditors – schemes	(a)	259,802	128,361
Deposits received for asset held for sale		55,000	–
Security, renovation and rental deposits received		3,702	3,776
Accrued expenses		23,774	9,289
Provisions	(b)	57,598	47,660
Other payables		53,952	27,844
		511,054	335,497

(a) Creditors - schemes include all payable amounts linked to the various CPF schemes.

(b) Provisions include provision on potential claims of S\$9,834,000 (2014: S\$9,834,000), and provision on administration and operating expenses of S\$3,997,000 (2014: S\$4,329,000) transferred from the dissolved Dependents' Protection Residual Fund to meet future liabilities and expenditure before the Dependents' Protection Residual Fund was dissolved in December 2013.

Creditors and other payables are usually paid within 6 months from the date of invoice.

12. CONTRIBUTIONS (NET OF REFUNDS) BY MEMBERS

	Note	2015 S\$'000	2014 S\$'000
Contributions credited in the year		30,257,999	27,961,378
Less: Refund of contributions:			
- Section 75 of CPF Act	(a)	(35,987)	(30,220)
- Regulations 11 and 17 of CPF (Self-Employed Persons) Regulations	(b)	(1,854)	(1,377)
- Other refunds	(c)	(18,279)	(13,157)
		30,201,879	27,916,624

(a) Refunds under section 75 of the CPF Act (Chapter 36, Revised Edition 2013) refer to refunds of excess contributions on additional wages.

(b) Refunds under regulations 11 and 17 of the CPF (Self-Employed Persons) Regulations (Rg 25, Revised Edition 2007) refer to refunds of excess contributions to self-employed persons and refunds of voluntary contributions paid by self-employed persons in excess of such sum prescribed under section 13B(3) of the CPF Act, respectively.

(c) Other refunds refer mainly to refunds under section 74 of the CPF Act (Chapter 36, Revised Edition 2013) for contributions paid in error and refunds under regulation 8(1) of CPF Regulations (Rg 15, Revised Edition 1998) for voluntary contributions paid in excess of such sum prescribed under section 13B(3) of the CPF Act.

13. GOVERNMENT GRANTS TO MEMBERS

	Note	2015 S\$'000	2014 S\$'000
CPF Housing Grant Scheme		451,135	473,516
Home Ownership Plus Education Scheme		2,939	4,536
Medisave Top-Up Schemes	(a)	402,601	405,764
Workfare Income Supplement Scheme		431,388	426,810
Workfare Special Bonus		198	1,499
Deferment Bonus		26,507	31,643
CPF LIFE Bonus		54,727	49,767
National Service Recognition Award		217,067	164,095
Medisave Grant for Newborns		106,332	97,098
		1,692,894	1,654,728

(a) Medisave Top-Up Schemes include grants under the Medisave Top-ups and Medisave Top-up for Pioneer Generation.

14. INCOME FROM INVESTMENTS

	Note	2015 S\$'000	2014 S\$'000
Interest income from held-to-maturity investments:			
- Special issues of Singapore Government securities		10,816,426	9,958,954
- Advance deposits		143,832	134,944
		10,960,258	10,093,898
Interest income from available-for-sale investments:			
- Singapore Government securities		15,065	15,102
- Statutory board bonds		14,686	14,832
- Corporate bonds		32,232	27,808
Net gain/(loss) on disposal of available-for-sale investments transferred from fair value reserve	19	254	(1,511)
		62,237	56,231
Dividend income		22,467	20,569
		11,044,962	10,170,698

15. OTHER OPERATING INCOME

	Note	2015 S\$'000	2014 S\$'000
Agency, consultancy and data processing fees		88,351	80,018
Penalty interest on late contributions		19,321	16,719
Rent, service charges and car park receipts	(a)	17,639	18,247
Government grants	(b)	16,674	—
Miscellaneous revenue		5,895	2,234
		147,880	117,218

(a) Rental income is derived from the leasing of space in investment property and buildings under property, plant and equipment. Such leases are generally for a 3 year term. Shorter leases are also granted.

At the reporting date, future minimum lease receivables under non-cancellable operating leases are as follows:

		2015 S\$'000	2014 S\$'000
Receivable			
- not later than one year		7,242	14,824
- later than one year and not later than five years		4,156	8,971
		11,398	23,795

(b)

	Note	2015 S\$'000	2014 S\$'000
Operating grant		16,089	–
Amortisation of deferred capital grant	10	585	–
Government grants		16,674	–

Operating grant is received from the Government to fully defray the start-up costs incurred to facilitate the administration of the MediShield Life Scheme.

16. WITHDRAWALS (NET OF REFUNDS) BY MEMBERS

	Note	2015 S\$'000	2014 S\$'000
Sections 15 and 25 of CPF Act	(a)	5,155,877	4,265,630
Amount restored from general moneys of the Fund	(b)	45	16
Approved Housing Schemes	(c)	7,069,901	6,892,311
Residential Properties Scheme	(c)	3,310,631	2,706,019
Medisave Scheme	(c)	899,869	852,922
Minimum Sum Scheme	(c)	487,880	444,185
Dependants' Protection Insurance Scheme	(c)	194,777	193,697
Education Scheme	(c)	24,424	24,785
MediShield Scheme	(c)	892,783	766,521
Private Medical Insurance Scheme	(c)	580,962	542,881
ElderShield Scheme	(c)	364,290	339,378
Lifelong Income Scheme	(c)	1,980,253	2,069,106
Home Protection Insurance Scheme	(c)	(529,753)	105,803
Non-residential Properties Scheme	(c)	(9,720)	(12,836)
Investment Schemes	(c)	(1,657,221)	(1,864,628)
Special Discounted Shares Scheme		(41,442)	(28,018)
		18,723,556	17,297,772

(a) Withdrawals under sections 15 and 25 of the CPF Act (Chapter 36, Revised Edition 2013) mainly refer to withdrawals by members who have attained the age of 55 years and by members who have left or are about to leave Singapore and West Malaysia permanently, as well as on grounds of death.

(b) The amount restored and paid out from general moneys of the Fund refers to the amount restored to members' CPF subsidiary accounts and subsequently paid out to members / other persons entitled to the moneys (e.g. members' nominees) upon application made under the CPF Act.

(c) The details and operations of the schemes are disclosed in the CPF Act and related subsidiary legislation.

17. GENERAL AND ADMINISTRATIVE EXPENSE

Included in general and administrative expense is the following items:

	2015 S\$'000	2014 S\$'000
Rental expense for building and equipment	13,504	2,165

18. OTHER OPERATING EXPENSES

	Note	2015 S\$'000	2014 S\$'000
Salaries and staff benefits	(a)	181,420	152,888
Computer software and supplies		37,277	31,316
Depreciation and amortisation		14,861	23,631
Professional and other charges		12,155	11,189
Maintenance of buildings and equipment		10,228	8,990
Publicity and campaigns		5,228	906
Printing and postage		4,023	3,445
Property tax		3,645	3,251
Public utilities		3,357	3,914
		272,194	239,530

(a) Included in salaries and staff benefits are the following items:

	2015 S\$'000	2014 S\$'000
Staff administering Central Provident Fund:		
Employer's CPF contributions	21,763	17,670
Staff welfare and training	4,693	3,888
Allowances for members of the Board	330	275

19. MOVEMENTS IN NET ASSETS OF THE CENTRAL PROVIDENT FUND

	Note	Members' accounts S\$'000	General moneys of the Fund S\$'000	Accumulated surplus S\$'000	Fair value reserve S\$'000	Total S\$'000
At 1 January 2014		252,968,636	48,564	2,238,862	6,998	255,263,060
Contribution (net of refunds) by members	12	27,916,624	–	–	–	27,916,624
Government grants to members	13	1,654,728	–	–	–	1,654,728
Dividends from Special Discounted Shares		150,776	–	–	–	150,776
Income from investments	14	–	–	10,170,698	–	10,170,698
Transferred to statement of changes in fund balances on disposal of available-for-sale financial assets	14	–	–	–	(1,511)	(1,511)
Change in fair value of available-for-sale financial assets	(a)	–	–	–	47,729	47,729
Change in fair value of investment property	5	–	–	81	–	81
Interest income from bank deposits		–	–	2,231	–	2,231
Other operating income	15	–	–	117,218	–	117,218
Withdrawals (net of refunds) by members	16	(17,297,772)	–	–	–	(17,297,772)
General and administrative expense		–	–	(6,832)	–	(6,832)
Other operating expenses	18	–	–	(239,530)	–	(239,530)
Interest credited to members		9,971,933	–	(9,971,933)	–	–
Transferred to general moneys of the Fund		(995)	995	–	–	–
At 31 December 2014		275,363,930	49,559	2,310,795	53,216	277,777,500
At 1 January 2015		275,363,930	49,559	2,310,795	53,216	277,777,500
Contribution (net of refunds) by members	12	30,201,879	–	–	–	30,201,879
Government grants to members	13	1,692,894	–	–	–	1,692,894
Dividends from Special Discounted Shares		154,363	–	–	–	154,363
Income from investments	14	–	–	11,044,962	–	11,044,962
Transferred to statement of changes in fund balances on disposal of available-for-sale financial assets	14	–	–	–	254	254
Change in fair value of available-for-sale financial assets	(a)	–	–	–	(46,082)	(46,082)
Change in fair value of investment property	5	–	–	79	–	79
Interest income from bank deposits		–	–	1,524	–	1,524
Other operating income	15	–	–	147,880	–	147,880
Withdrawals (net of refunds) by members	16	(18,723,556)	–	–	–	(18,723,556)
General and administrative expense		–	–	(20,885)	–	(20,885)
Other operating expenses	18	–	–	(272,194)	–	(272,194)
Interest credited to members		10,834,493	–	(10,834,493)	–	–
Transferred to general moneys of the Fund		(1,620)	1,620	–	–	–
At 31 December 2015		299,522,383	51,179	2,377,668	7,388	301,958,618

(a) Change in fair value of available-for-sale financial assets is unrealised, recognised in the statement of changes in fund balances and presented in the fair value reserve.

Members' accounts

Members' accounts refer to moneys of the Fund standing to the members' credit, that are accounted for in subsidiary accounts, which are specifically designated and maintained for members, for any purposes of the CPF Act.

General moneys of the Fund

The Reserve Account of the Fund is set up under the CPF Regulations (Rg 15, Revised Edition 1998). With the amendment to CPF Act and related subsidiary legislation which took effect from 1 January 2011, Reserve Account of the Fund is currently known as the general moneys of the Fund, pursuant to section 2(1) of the CPF Act.

All unclaimed moneys which satisfy the conditions stipulated under the CPF Act and CPF Regulations were transferred from members' balances to this account. The balance in this account is refundable to members or their nominees upon application made under the relevant legislation.

Accumulated surplus

Accumulated surplus comprises the cumulative excess of fund flows into and out of the Fund. It includes a sum that the Board has set aside, by way of a legally binding arrangement, for the modernisation of the Board's IT systems. In accordance with the treatment of accumulated surplus for statutory boards listed under the Fifth Schedule of the Constitution, the earmarked sum does not form part of CPF Board's past reserves to be protected.

Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of available-for-sale financial assets held until the financial assets are impaired or derecognised.

20. COMMITMENTS

(i) Capital commitments

Capital expenditure approved by the Board but not provided for in the financial statements is as follows:

	2015 S\$'000	2014 S\$'000
Amount approved and contracted for	6,155	13,093
Amount approved but not contracted for	35,689	18,286
	41,844	31,379

(ii) Operating lease commitments – as lessee

The Board leases commercial properties and equipments under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights.

At the reporting date, future minimum lease payables under non-cancellable operating leases contracted are as follows:

	2015 S\$'000	2014 S\$'000
Not later than one year	23,078	3,939
Later than one year but not later than five years	96,411	91,403
Later than five years	111,940	145,760
	231,429	241,102

21. FINANCIAL RISK MANAGEMENT OF THE CPF

Overview

Risk management is integral to the operation of the CPF managed by the Board. The Board has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The Board continually monitors the risk management process of CPF to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the activities of the fund.

Market risk

Market risk refers to changes in market prices that will affect the income of CPF or the value of its holdings of financial instruments. Market risk comprises risks arising from changes in interest rates, equity prices and foreign exchange rates. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Equity price risk

Sensitivity analysis

The analysis below is performed for reasonably possible movements in equity prices with all other variables remaining constant.

	Impact on fund balance	
	2015 S\$'000	2014 S\$'000
Change in variable		
Equity prices		
+10%	41,170	40,293
-10%	(41,170)	(40,293)

Interest rate risk

The CPF is exposed to interest rate risk as a result of investments in debt securities and interest payable on members' accounts placed with the CPF. In the management of the interest rate risk of the CPF, the interest rates of the investments in special issues of Singapore Government securities and advance deposits are pegged to the rates at which the Board pays interest to its members. These interest rates are affected by changes in the market interest rates and reset every quarter. The fixed interest rate which is issued for the Lifelong Income Fund and Retirement Accounts of members is also affected by changes in the market interest rates and reset yearly. The Ordinary Account of members is subject to an interest rate floor of 2.50% per annum, while the Special Account, Medisave Account and Retirement Account ("SMRA") are subject to an interest rate floor of 4.00% per annum. All other investments are in fixed rate debt securities such as Singapore Government securities and statutory board bonds, and the interest rate risks are mitigated by diversifying the portfolio to include high quality credits as well as managing portfolio duration.

Sensitivity analysis

The analysis below is performed for reasonably possible movements in interest rate with all other variables remaining constant.

	Impact on fund balance	
	2015 S\$'000	2014 S\$'000
Change in variable		
Interest rate		
+50bps	(44,649)	(46,813)
-50bps	46,154	48,523

The effective interest rates, carrying amounts and maturities of the financial assets are shown in the following table.

	<div> <div></div> <div>Years to maturity</div> <div></div> </div>							
	Effective interest rate (per annum)		Not later than one year		Later than one year and not later than five years		Later than five years	
	2015 %	2014 %	2015 S\$'000	2014 S\$'000	2015 S\$'000	2014 S\$'000	2015 S\$'000	2014 S\$'000
Special issues of Singapore Government securities	2.50 – 5.00	2.50 – 5.00	15,008,748	15,048,454	63,650,280	62,453,213	208,133,016	185,632,896
Advance deposits	2.50	2.50	10,159,291	9,758,006	–	–	–	–
Singapore Government securities	3.00 – 4.00	3.00 – 4.00	–	–	206,127	53,983	282,988	445,542
Statutory board bonds	3.14 – 3.99	3.14 – 4.00	120,778	–	115,177	237,501	186,508	187,774
Corporate bonds	3.25 – 5.25	2.83 – 5.25	–	12,169	53,197	30,808	822,651	716,001
Cash and cash equivalents	0.00 – 0.93	0.00 – 2.91	179,671	320,482	–	–	–	–
			25,468,488	25,139,111	64,024,781	62,775,505	209,425,163	186,982,213

Foreign currency risk

The monetary assets and monetary liabilities of the CPF are denominated primarily in Singapore Dollars. Accordingly, CPF does not have any significant foreign currency risk exposure as at the reporting date.

Liquidity risk

A maturity analysis for non-derivative financial assets of the fund that shows the remaining contractual maturities is shown in the table under interest rate risk. These financial assets can be readily sold or redeemed when the need arises.

In addition, management monitors and maintains adequate bank balances to finance its operations and mitigate the effects of fluctuations in cash flows.

Credit risk

The maximum credit risk exposure at the end of the year, in relation to each class of financial assets, is the carrying amount of those assets at the reporting date.

The CPF is exposed mainly to sovereign risk, as most of the investments are in non trade-able special issues of Singapore Government securities, and majority of receivable balances at the reporting date is made up of accrued interest receivable arising from the special issues of Singapore Government securities.

Other than investments in special issues of Singapore Government securities, the CPF is also exposed to credit risk that arises from bank deposits, investments in fixed deposits and debt securities. Financial loss may materialise should the issuer default on the debt securities.

Cash and fixed deposits are placed with banks and financial institutions which are regulated.

The Board manages credit risk actively through the setting of minimum credit rating requirements and investment limits for issuers within the approved investment guidelines. These limits are reviewed regularly with ongoing monitoring and reporting undertaken at various levels.

	AAA* S\$'m	AA* S\$'m	A* S\$'m	BBB* S\$'m	Not rated** S\$'m	Total S\$'m
2015						
Held-to-maturity financial assets						
Special issues of Singapore Government securities	—	—	—	—	286,792	286,792
Advance deposits	—	—	—	—	10,159	10,159
Available-for-sale financial assets						
Singapore Government securities	489	—	—	—	—	489
Statutory board bonds	—	—	—	—	422***	422
Corporate bonds	146	4	347	124	255***	876
	635	4	347	124	297,628	298,738

2014

Held-to-maturity financial assets

Special issues of Singapore Government securities	—	—	—	—	263,135	263,135
Advance deposits	—	—	—	—	9,758	9,758

Available-for-sale financial assets

Singapore Government securities	500	—	—	—	—	500
Statutory board bonds	—	—	—	—	425***	425
Corporate bonds	150	22	182	201	204***	759
	650	22	182	201	273,522	274,577

* Based on public bond credit ratings assigned by external credit rating agencies Standard & Poor's and Moody's.

** No rating was performed by external credit rating agencies.

*** Based on internal bond credit ratings, and holdings are rated equivalent to Standard & Poor's bond credit ratings of "AAA to BBB".

21.1 Fair value of assets and liabilities

a. Assets carried at fair value

Financial assets carried at fair value comprise available-for-sale financial assets that are quoted. These are classified under Level 1 and Level 2 in the fair value hierarchy (note 2.13(b)). Non-financial asset carried at fair value comprises investment property (note 5). It is classified under Level 2 in the fair value hierarchy (note 2.13(b)).

b. Financial assets and financial liabilities that are not carried at fair value, and whose carrying amounts are reasonable approximates of their fair values

The carrying amount of advance deposits is estimated to approximate their fair value at the end of the year because of their short-term nature.

The carrying amount of special issues of Singapore Government securities approximate their fair value at the end of the year due to the investment arrangements made with the Singapore Government.

The carrying amounts of other financial assets and financial liabilities, including cash and cash equivalents, debtors and other receivables, creditors, accruals and provisions are estimated to approximate their fair values at the end of the year because of their short periods of maturities.

Although the Board assessed that its estimates of fair value are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value. The fair value of assets and liabilities, together with the carrying amounts shown in the statement of net assets of funds, are as follows:

		← At fair value →		← At amortised cost →				
	Note	Available-for-sale S\$'000	Investment property S\$'000	Held-to-maturity S\$'000	Loans and receivables S\$'000	Other financial liabilities S\$'000	Total carrying amount S\$'000	Year end fair value estimate S\$'000
31 DECEMBER 2015								
Investments								
Held-to-maturity financial assets								
Special issues of Singapore Government securities	7	—	—	286,792,044	—	—	286,792,044	286,792,044
Advance deposits	7	—	—	10,159,291	—	—	10,159,291	10,159,291
Available-for-sale financial assets								
Debt securities	7	1,787,426	—	—	—	—	1,787,426	1,787,426
Equity securities	7	411,698	—	—	—	—	411,698	411,698
Loans and receivables								
Debtors and other receivables		—	—	—	2,924,931	—	2,924,931	2,924,931
Cash and cash equivalents	9	—	—	—	179,671	—	179,671	179,671
Investment property								
Commercial	5	—	70,600	—	—	—	70,600	70,600
		2,199,124	70,600	296,951,335	3,104,602	—	302,325,661	302,325,661
Creditors, accruals and provisions	11	—	—	—	—	(511,054)	(511,054)	(511,054)
31 DECEMBER 2014								
Investments								
Held-to-maturity financial assets								
Special issues of Singapore Government securities	7	—	—	263,134,563	—	—	263,134,563	263,134,563
Advance deposits	7	—	—	9,758,006	—	—	9,758,006	9,758,006
Available-for-sale financial assets								
Debt securities	7	1,683,778	—	—	—	—	1,683,778	1,683,778
Equity securities	7	402,930	—	—	—	—	402,930	402,930
Loans and receivables								
Debtors and other receivables		—	—	—	2,625,374	—	2,625,374	2,625,374
Cash and cash equivalents	9	—	—	—	320,482	—	320,482	320,482
Investment property								
Commercial	5	—	70,300	—	—	—	70,300	70,300
		2,086,708	70,300	272,892,569	2,945,856	—	277,995,433	277,995,433
Creditors, accruals and provisions	11	—	—	—	—	(335,497)	(335,497)	(335,497)

Assets and liabilities measured at fair value

The following table shows an analysis of each class of assets and liabilities measured at fair value at the end of the year.

2015				
Fair value measurements at the end of the year				
	Level 1	Level 2	Level 3	Total
	S\$'000	S\$'000	S\$'000	S\$'000
Central Provident Fund				
Assets measured at fair value				
Financial assets:				
Available-for-sale financial assets (note 7)				
Equity securities	411,662	36	–	411,698
Debt securities	489,115	1,298,311	–	1,787,426
Total available-for-sale financial assets	900,777	1,298,347	–	2,199,124
Financial assets as at 31 December 2015	900,777	1,298,347	–	2,199,124
Non-financial asset:				
Investment property (note 5)				
Commercial	–	70,600	–	70,600
Total investment property	–	70,600	–	70,600
Non-financial asset as at 31 December 2015	–	70,600	–	70,600

2014				
Fair value measurements at the end of the year				
	Level 1	Level 2	Level 3	Total
	S\$'000	S\$'000	S\$'000	S\$'000
Central Provident Fund				
Assets measured at fair value				
Financial assets:				
Available-for-sale financial assets (note 7)				
Equity securities	402,930	–	–	402,930
Debt securities	499,525	1,184,253	–	1,683,778
Total available-for-sale financial assets	902,455	1,184,253	–	2,086,708
Financial assets as at 31 December 2014	902,455	1,184,253	–	2,086,708
Non-financial asset:				
Investment property (note 5)				
Commercial	–	70,300	–	70,300
Total investment property	–	70,300	–	70,300
Non-financial asset as at 31 December 2014	–	70,300	–	70,300

Level 2 fair value measurements

The following is a description of the valuation techniques and inputs used in the fair value measurement for assets that are categorised within Level 2 of the fair value hierarchy:

Debt securities

Debt securities are valued using the Bloomberg Fair Value Model based on comparably rated bonds with similar characteristics i.e. currency, market type, industry type and credit rating.

Investment property

A comparison is made with relevant market transactions of comparable properties in the open market under the comparable sales method to arrive at the fair value of the investment property.

In addition, the capitalisation approach is also considered by the valuer for reference. The capitalisation approach takes into account the current net market rental and car park revenues capitalised at an appropriate capitalisation rate based on relevant sales evidence.

22. STATEMENTS OF NET ASSETS OF INSURANCE FUNDS

		Home Protection Fund		MediShield Life Fund		Lifelong Income Fund	
	Note	2015 S\$'000	2014 S\$'000	2015 S\$'000	2014 S\$'000	2015 S\$'000	2014 S\$'000
Total assets							
Investments	22.3	1,081,760	1,216,246	2,728,878	2,559,712	9,045,283	6,940,110
Premium and other receivables	22.4	12,436	12,579	169,242	62,442	–	–
Accrued interest receivable		5,569	8,560	11,311	11,191	123,195	89,637
Cash and cash equivalents	22.5	168,430	645,953	587,024	189,630	50	50
		<u>1,268,195</u>	<u>1,883,338</u>	<u>3,496,455</u>	<u>2,822,975</u>	<u>9,168,528</u>	<u>7,029,797</u>
The assets of the Insurance Funds are current assets.							
Total liabilities							
(i) <u>Insurance contract liabilities</u>							
At 1 January		420,694	544,229	2,030,986	1,699,776	7,027,749	4,877,950
Valuation premium		125,891	120,343	796,970	725,126	–	–
Liabilities released for payments on death and other terminations		(138,938)	(153,827)	(69,143)	(66,284)	(82,354)	(64,956)
Accretion of interest		1,646	1,194	9,516	12,971	355,221	252,163
Other movements		(5,689)	(12,374)	211,692	(17,772)	(11,535)	(10,967)
Expected claims		–	–	(488,297)	(402,485)	(105,329)	(91,546)
New business		15,400	18,156	108,954	1,352	1,983,289	2,065,105
Change in valuation basis		5,285	(61,452)	(557,218)	78,302	–	–
Impact of premium rebate on reserves		(28,532)	–	–	–	–	–
Effect of minimum values on reserves		(47,380)	(26,557)	–	–	–	–
Change in incurred but not reported claims		(15,811)	(9,018)	–	–	–	–
At 31 December		<u>332,566</u>	<u>420,694</u>	<u>2,043,460</u>	<u>2,030,986</u>	<u>9,167,041</u>	<u>7,027,749</u>
Current portion		5,135	20,946	54,804	145,673	153,788	124,425
Non-current portion		<u>327,431</u>	<u>399,748</u>	<u>1,988,656</u>	<u>1,885,313</u>	<u>9,013,253</u>	<u>6,903,324</u>
		<u>332,566</u>	<u>420,694</u>	<u>2,043,460</u>	<u>2,030,986</u>	<u>9,167,041</u>	<u>7,027,749</u>
(ii) <u>Claims intimated or admitted but not paid</u>							
At 1 January		25,518	24,293	6,844	5,016	–	–
Claims paid		(78,682)	(87,472)	(437,325)	(378,691)	(30,028)	(26,719)
Claims incurred		<u>88,287</u>	<u>88,697</u>	<u>437,658</u>	<u>380,519</u>	<u>30,114</u>	<u>26,719</u>
At 31 December		<u>35,123</u>	<u>25,518</u>	<u>7,177</u>	<u>6,844</u>	<u>86</u>	<u>–</u>
(iii) <u>Other payables</u>	22.6	<u>471</u>	<u>977</u>	<u>120,896</u>	<u>52,699</u>	<u>1,401</u>	<u>2,048</u>
		<u>368,160</u>	<u>447,189</u>	<u>2,171,533</u>	<u>2,090,529</u>	<u>9,168,528</u>	<u>7,029,797</u>
Net assets							
		<u>900,035</u>	<u>1,436,149</u>	<u>1,324,922</u>	<u>732,446</u>	<u>–</u>	<u>–</u>

The claims intimated or admitted but not paid, and other payables are current liabilities.

22.1 STATEMENTS OF CHANGES IN FUND BALANCES OF INSURANCE FUNDS

	Note	Home Protection Fund		MediShield Life Fund		Lifelong Income Fund	
		2015 S\$'000	2014 S\$'000	2015 S\$'000	2014 S\$'000	2015 S\$'000	2014 S\$'000
Fund balances as at 1 January		1,436,149	1,233,653	732,446	613,262	–	–
Add:							
Insurance premiums	(a)	148,772	140,042	1,099,148	723,117	1,939,636	2,032,574
Net investment gain / (loss)	22.7	2,882	72,770	(47,240)	120,460	355,221	252,163
Interest income from bank deposits		4,730	2,243	1,811	583	–	–
		156,384	215,055	1,053,719	844,160	2,294,857	2,284,737
Less:							
Premium rebates	(b)	650,000	–	–	–	–	–
Claims		88,287	88,697	437,658	380,519	30,114	26,719
Surrenders		28,524	34,239	–	–	8,587	5,707
Payouts		–	–	–	–	105,330	91,546
Professional and other charges		7,528	6,681	6,823	8,239	7,971	6,484
Salaries and staff benefits	(c)	4,195	3,830	3,242	3,556	3,255	3,223
General and administrative expense	(d)	917	919	255	317	2	36
Computer software and supplies		549	1,409	543	941	120	899
Printing and postage		491	181	244	139	185	237
Depreciation and amortisation		132	133	2	53	–	83
Maintenance of buildings and equipment		3	1	2	2	1	4
Publicity and campaigns		–	4	–	–	–	–
Net change in insurance contract liabilities		(88,128)	(123,535)	12,474	331,210	2,139,292	2,149,799
		692,498	12,559	461,243	724,976	2,294,857	2,284,737
Net (decrease) / increase		(536,114)	202,496	592,476	119,184	–	–
Fund balances as at 31 December		900,035	1,436,149	1,324,922	732,446	–	–

(a) Insurance premiums

Insurance premiums of MediShield Life Fund include premium subsidies and grant provided by the Government to help Singapore Citizens and Permanent Residents with their MediShield Life premiums and extend coverage to those with pre-existing conditions.

(b) Premium rebates

The Board conducted a round of premium rebate exercise in November 2015. About 966,000 members received the premium rebate which was credited to their CPF Ordinary Account. This was the fifth time the Board had distributed the Home Protection Scheme premium rebates to members, having made similar distributions on four prior occasions in 1986, 1989, 1997 and 2006.

(c) Salaries and staff benefits

Included in salaries and staff benefits is the following:

	Home Protection Fund		MediShield Life Fund		Lifelong Income Fund	
	2015	2014	2015	2014	2015	2014
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Employer's CPF contributions	<u>557</u>	<u>486</u>	<u>444</u>	<u>473</u>	<u>456</u>	<u>462</u>

(d) General and administrative expense

Included in general and administrative expense is the following:

	Home Protection Fund		MediShield Life Fund		Lifelong Income Fund	
	2015	2014	2015	2014	2015	2014
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Rental expense for equipment	<u>–</u>	<u>31</u>	<u>–</u>	<u>22</u>	<u>–</u>	<u>33</u>

22.2 STATEMENTS OF CASH FLOWS OF INSURANCE FUNDS

		Home Protection Fund		MediShield Life Fund		Lifelong Income Fund	
	Note	2015 S\$'000	2014 S\$'000	2015 S\$'000	2014 S\$'000	2015 S\$'000	2014 S\$'000
Cash flows from operating activities							
Net (decrease) / increase in funds		(536,114)	202,496	592,476	119,184	–	–
Adjustments for:							
Interest and dividend income		(37,688)	(37,971)	(58,425)	(63,712)	(355,221)	(252,163)
		(573,802)	164,525	534,051	55,472	(355,221)	(252,163)
Changes in operating assets and liabilities:							
Investments		134,486	467,580	(169,166)	(478,900)	(2,105,173)	(2,119,292)
Premium and other receivables		160	40,770	(106,509)	7,708	–	–
Insurance contract liabilities		(88,128)	(123,535)	12,474	331,210	2,139,292	2,149,799
Claims intimated or admitted but not yet paid		9,605	1,225	333	1,828	86	–
Other payables		(506)	(44,221)	11,164	(920)	(647)	1,768
Cash (used in) / from operations		(518,185)	506,344	282,347	(83,602)	(321,663)	(219,888)
Interest received		29,731	32,783	39,677	43,649	321,663	219,888
Dividends received		10,931	8,027	18,337	18,244	–	–
Net cash (used in) / from operating activities		(477,523)	547,154	340,361	(21,709)	–	–
Net (decrease) / increase in cash and cash equivalents		(477,523)	547,154	340,361	(21,709)	–	–
Cash and cash equivalents as at 1 January		645,953	98,799	189,630	211,339	50	50
Cash and cash equivalents as at 31 December	22.5	168,430	645,953	529,991	189,630	50	50

22.3 Investments

	Home Protection Fund		MediShield Life Fund	
	2015 S\$'000	2014 S\$'000	2015 S\$'000	2014 S\$'000
Debt securities				
Denominated in Singapore Dollars	468,167	518,555	845,111	699,083
Denominated in US Dollars	86,350	99,198	319,714	231,691
Denominated in other currencies	126,791	150,047	682,250	757,312
	<u>681,308</u>	<u>767,800</u>	<u>1,847,075</u>	<u>1,688,086</u>
Equity securities				
Denominated in Singapore Dollars	56,673	64,463	258,058	190,775
Denominated in US Dollars	214,419	238,316	437,574	470,668
Denominated in other currencies	133,033	148,399	203,160	222,288
	<u>404,125</u>	<u>451,178</u>	<u>898,792</u>	<u>883,731</u>
Derivatives				
Interest-rate futures contracts purchased				
- with positive fair value	64	85	213	432
- with negative fair value	(13)	(31)	(435)	(43)
Interest-rate futures contracts sold				
- with positive fair value	—	—	560	65
- with negative fair value	—	—	(69)	(869)
Forward foreign exchange contracts				
- with positive fair value	2,426	3,508	14,847	22,025
- with negative fair value	(6,150)	(6,294)	(26,570)	(30,138)
Interest-rate and credit default swaps				
- with positive fair value	—	—	640	294
- with negative fair value	—	—	(3,776)	(1,917)
Interest-rate options				
- with positive fair value	—	—	282	255
- with negative fair value	—	—	(308)	(615)
Exchange cleared swaps				
- with positive fair value	—	—	944	2,460
- with negative fair value	—	—	(3,317)	(4,054)
	<u>(3,673)</u>	<u>(2,732)</u>	<u>(16,989)</u>	<u>(12,105)</u>
	<u>1,081,760</u>	<u>1,216,246</u>	<u>2,728,878</u>	<u>2,559,712</u>

Investments included debt securities issued by the Singapore Government and statutory boards of S\$468,167,000 (2014: S\$518,555,000) and S\$742,266,000 (2014: S\$634,925,000) for Home Protection Fund and MediShield Life Fund respectively.

Investment securities in Home Protection Fund and MediShield Life Fund are designated as financial assets at fair value through profit or loss because the insurance liabilities are measured on a substantially fair value basis under the Risk Based Capital framework issued by the Monetary Authority of Singapore. This designation eliminates or significantly reduces the accounting mismatch that would otherwise arise from measuring assets and liabilities or recognising the gains and losses on them on different bases. Any gains or losses arising from changes in fair value of the financial assets are recognised in the statement of changes in fund balances.

Lifelong Income Fund	2015 S\$'000	2014 S\$'000
Held-to-maturity financial assets		
Special issues of Singapore Government securities	9,044,324	6,936,795
Advance deposits	959	3,315
	<u>9,045,283</u>	<u>6,940,110</u>

The Lifelong Income Fund invests jointly with the Central Provident Fund in special issues of Singapore Government securities. The special issues of Singapore Government securities are issued specifically to the Board to meet interest and other obligations of the Lifelong Income Fund and the Central Provident Fund. They do not have quoted market values and cannot be traded in open market. The effective interest rate on special issues of Singapore Government securities paying LIFE and Retirement Account rate is 4.00% (2014: 4.00%) per annum. The effective interest rate on special issues of Singapore Government securities paying Extra Interest above LIFE and Retirement Account rate is 5.00% per annum.

The advance deposits are deposits placed with the Accountant-General through the Monetary Authority of Singapore to purchase special issues of Singapore Government securities. The effective interest rate on the advance deposits is 2.50% (2014: 2.50%) per annum.

Under this investment arrangement with the Singapore Government, the carrying amounts recorded at the reporting date are not expected to be significantly different from the values that would eventually be received. In view of this, the carrying amounts of investments in special issues of Singapore Government securities and advance deposits approximate their fair values.

Investments in these securities are readily redeemable and highly liquid.

22.4 Premium and other receivables

	Home Protection Fund		MediShield Life Fund	
	2015 S\$'000	2014 S\$'000	2015 S\$'000	2014 S\$'000
Premium receivables	—	—	36,914	—
Other receivables	12,436	12,579	132,328	62,442
	12,436	12,579	169,242	62,442

22.5 Cash and cash equivalents

	Note	Home Protection Fund		MediShield Life Fund		Lifelong Income Fund	
		2015 S\$'000	2014 S\$'000	2015 S\$'000	2014 S\$'000	2015 S\$'000	2014 S\$'000
Cash at banks		44,198	13,966	453,024	30,630	50	50
Bank deposits		124,232	631,987	134,000	159,000	—	—
Cash and cash equivalents		168,430	645,953	587,024	189,630	50	50
Less: Cash at banks managed by the Board on behalf of Government ministries	(a)	—	—	(57,033)	—	—	—
Cash and cash equivalents in the statement of cash flows		168,430	645,953	529,991	189,630	50	50

(a) This refers to other funds held by MediShield Life Fund received from the Government ministries for payment of premiums and subsidies.

22.6 Other payables

	Note	Home Protection Fund		MediShield Life Fund		Lifelong Income Fund	
		2015 S\$'000	2014 S\$'000	2015 S\$'000	2014 S\$'000	2015 S\$'000	2014 S\$'000
Amount due to Government ministries for cash at banks managed on behalf by the Board	22.5	—	—	57,033	—	—	—
Other payables		471	977	63,863	52,699	1,401	2,048
		471	977	120,896	52,699	1,401	2,048

22.7 Net investment gain / (loss)

	Home Protection Fund		MediShield Life Fund		Lifelong Income Fund	
	2015 S\$'000	2014 S\$'000	2015 S\$'000	2014 S\$'000	2015 S\$'000	2014 S\$'000
Interest income	22,010	27,592	37,986	44,891	355,221	252,163
Dividend income	10,948	8,136	18,628	18,238	–	–
Net fair value (loss) / gain	(25,971)	43,970	(95,267)	81,679	–	–
Net foreign currency exchange (loss) / gain	(1,979)	(3,853)	(3,316)	(18,776)	–	–
Miscellaneous revenue	1	76	226	213	–	–
Fund management fees	(2,127)	(3,151)	(5,497)	(5,785)	–	–
	2,882	72,770	(47,240)	120,460	355,221	252,163

The net fair value loss or gain includes both the realised and unrealised fair value loss or gain and realised and unrealised foreign currency exchange loss or gain for investments classified as "fair value through profit or loss". Net foreign currency exchange loss or gain for investments that are not classified as "fair value through profit or loss" is separately disclosed under "Net foreign currency exchange (loss) / gain".

22.8 Financial derivatives

Notional principal of the financial derivatives are as follows:

	Home Protection Fund		MediShield Life Fund	
	2015 S\$'000	2014 S\$'000	2015 S\$'000	2014 S\$'000
Interest-rate futures contracts				
- future contracts purchased	4,925	4,007	200,171	35,995
- future contracts sold	–	–	106,127	163,998
Forward foreign exchange contracts	1,168,258	1,309,649	3,500,362	3,384,862
Interest-rate and credit default swaps	–	–	215,611	127,919
Interest-rate options	–	–	167,350	68,502
Exchange cleared swaps	–	–	4,747,930	3,146,700

22.9 Risk management of insurance contracts

Home Protection Fund

- The risks arising from insurance policies issued under the Home Protection Insurance Scheme are death and permanent incapacity risks of a relatively homogeneous portfolio of mortgage reducing term insurance policies. These risks do not vary significantly in relation to the location of the risk insured by the Home Protection Fund.

The objectives in managing these risks are to ensure that:

- all legitimate claims of insured members are met;
 - the Home Protection Fund is financially solvent at all times; and
 - the Home Protection Fund is operated in accordance with the Act, the Home Protection Insurance Scheme regulations and the operating policies of the Home Protection Insurance Scheme.
- The policies, processes and methods for managing insurance risks are to:
 - maintain a relatively large portfolio. Experience shows that the larger the portfolio of similar insurance policies, the smaller the relative variability in the expected outcome;
 - manage the Home Protection Fund and insurance contract portfolio in accordance with sound actuarial, financial and accounting principles;
 - adopt an underwriting strategy to recognise and select the insurance risks accepted so that the claim experience is unlikely to deteriorate;
 - review regularly its experience, adequacy of premiums and reserves by the independent actuarial adviser of the Home Protection Fund;
 - retain sufficient surplus to allow for volatility of results; and
 - exclude claims arising from war or any warlike operations or participation in any riot.

The insurance contract portfolio's experience, fund solvency and premium adequacy are reviewed by the independent actuarial adviser of the Home Protection Fund annually using the Risk Based Capital framework issued by the Monetary Authority of Singapore for the valuation of liabilities and establishment of capital requirement rules for insurers. The independent actuarial adviser also projects the short and medium term solvency position of the Home Protection Fund annually.

- iii. The terms and conditions of insurance contracts that have a material effect on the amount, timing and uncertainty of future cash flows of the Home Protection Fund are:
 - a. mortality and permanent incapacity risks. The Home Protection Fund is exposed to the risk of the experience being worse than what was assumed; and
 - b. epidemics such as Acquired Immune Deficiency Syndrome ("AIDS") and Severe Acute Respiratory Syndrome ("SARS") or widespread changes in lifestyle that could result in earlier and/or more claims than expected.
- iv. The Home Protection Fund has no major exposure to concentration of risks, other than that the insured members are residing in Singapore.

MediShield Life Fund

- i. The risks arising from insurance policies issued under the MediShield Life Scheme are those of a relatively homogeneous portfolio of health insurance policies.

The objectives in managing these risks are to ensure that:

- a. all legitimate claims of insured members are met;
 - b. the MediShield Life Fund is solvent at all times; and
 - c. the MediShield Life Fund is operated in accordance with the MediShield Life Scheme Act 2015, regulations and the operating policies of the MediShield Life Scheme.
- ii. The policies, processes and methods for managing insurance risks are to:
 - a. manage the MediShield Life Fund and insurance contract portfolio in accordance with sound actuarial, financial and accounting principles;
 - b. adopt an underwriting strategy to recognise additional premiums required to mitigate the insurance risks of new members with serious pre-existing medical conditions in accordance with guidelines for risk loading;
 - c. review regularly its experience, adequacy of premiums and reserves by the independent actuarial adviser of the MediShield Life Fund; and
 - d. retain sufficient surplus to allow for volatility of results.

The insurance contract portfolio's experience, fund solvency and premium adequacy are reviewed by the independent actuarial adviser of the MediShield Life Fund annually using the Risk Based Capital framework issued by the Monetary Authority of Singapore for the valuation of liabilities and establishment of capital requirement rules for insurers.

- iii. The terms and conditions of insurance contracts that have a material effect on the amount, timing and uncertainty of future cash flows of the MediShield Life Fund are:
 - a. the policies provide indemnity benefits covering specified medical and hospitalisation conditions. The amount payable depends on the cost incurred by the insured member in respect of any particular event or treatment and the specified upper limits;
 - b. the renewal of each insurance policy is guaranteed until the insured member dies, unless the insured member's cover is discontinued by the Board in circumstances specified in the legislation or by the Minister charged with the responsibility of the MediShield Life Scheme; and
 - c. premium rebate which are offered to insured members, as provided for in the MediShield Life Scheme Regulations 2015.
- iv. Insurance risks are concentrated on specified individual health risks applicable to residents of Singapore. This concentration is a direct result of the MediShield Life Scheme consisting of a single medical insurance product. The shared characteristics of the risks insured by the MediShield Life Fund include:
 - a. hospitalisation as the prime insured event;
 - b. all insured events occurring within Singapore; and
 - c. benefit payments being made in Singapore Dollars.
- v. With the exception of continuing outpatient treatments, the amounts of almost all claims are known within one year of the event occurring. For continuing outpatient treatments, each individual claim amount is known within a year, but liabilities to pay for the further treatments may continue for several years.

Lifelong Income Fund

- i. The risks arising from insurance policies issued under the Lifelong Income Scheme are mortality and interest rate risks of a relatively homogeneous portfolio of annuities. These risks do not vary significantly in relation to the location of the risk insured by the Lifelong Income Fund.

The objectives in managing these risks are to ensure that:

- a. all legitimate payments of insured members are met;
 - b. the Lifelong Income Fund is financially solvent at all times; and
 - c. the Lifelong Income Fund is operated in accordance with the Act, Lifelong Income Scheme regulations and the operating policies of the Lifelong Income Scheme.
- ii. The policies, processes and methods for managing insurance risks are to:
- a. adjust payouts to insured members as appropriate so that the pool of policies bears all mortality risk and interest rate risk;
 - b. invest in special issues of Singapore Government securities that earn an appropriate interest rate to cover expenditure and interest credits for insured members;
 - c. review regularly its experience in relation to the existing pricing assumptions; and
 - d. retain sufficient cash float to allow for volatility in death claims.

The Lifelong Income Scheme enables payouts to be adjusted over time to take account of variation in the experience for mortality and net interest credited, thus removing that risk from the Fund as a whole. The insurance contract portfolio's experience and fund solvency are reviewed by the independent actuarial adviser of the Lifelong Income Fund annually using the Risk Based Capital framework issued by the Monetary Authority of Singapore for the valuation of liabilities.

- iii. The terms and conditions of insurance contracts that have a material effect on the amount, timing, and uncertainty of future cash flows of the Lifelong Income Fund are:
- a. the provision that monthly payouts to a member be made while members are alive after the member's payout age, and cease when the member dies;
 - b. the provision for net investment returns from the assets of the scheme to be allocated among members; and
 - c. the provision under some contracts for a benefit to be paid to the member's beneficiaries on death.
- iv. The Lifelong Income Fund has no major exposure to concentration risk other than that the vast majority of insured members are residing in Singapore.

22.10 Insurance contract liabilities

The insurance contract liabilities of the Home Protection Fund, MediShield Life Fund and Lifelong Income Fund are determined by the Board based on the advice of the independent actuarial advisers of the Board. The insurance contract liabilities are valued using the methodology prescribed for insurers in Singapore as stated in the Insurance (Valuation and Capital) Regulations issued by the Monetary Authority of Singapore.

In respect of insurance contracts under the Home Protection Fund and MediShield Life Fund, the Board values the liabilities using realistic assumptions and discounting future cash flows at the appropriate rate. The method of valuation is a gross premium valuation method. The cash flows are projected in accordance with best estimate assumptions. Additional provision is required in the valuation assumptions to allow for any adverse deviation from the best estimate experience. The level of additional provision is reviewed periodically by the independent actuarial advisers to assess its appropriateness and sufficiency.

The Lifelong Income Scheme is designed to distribute 100% of its net assets to the insured members via monthly payouts starting from the annuity payout start age of each individual insured member for as long as the member lives. All risks are shared by the insured members. Therefore, for the insurance contracts issued under the Lifelong Income Fund, the insurance contract liabilities are valued as the total net assets held in the Lifelong Income Fund for the benefit of insured members. Valuation assumptions about future experience are not required as the liability value in aggregate is not affected by future interest rates, expenditure, withdrawals or mortality rates.

The assumptions used for the valuation of the Home Protection Fund and MediShield Life Fund are based on those prescribed in the valuation regulations issued by the Monetary Authority of Singapore that apply to insurers in Singapore. Valuation assumptions not prescribed by the Monetary Authority of Singapore are set according to experience studies or common market practice.

Home Protection Fund

The key assumptions used are:

- a. Mortality and permanent incapacity rates
Mortality and permanent incapacity rates are set based on experience studies carried out on the Home Protection Fund.
- b. Expense loadings
Expense assumptions are set based on an analysis of expense experience of the Home Protection Fund. Such a study is conducted on an annual basis. Consideration is also given to the expense budget that is approved for the following year.
- c. Lapse rates
Lapse rates are set based on experience studies carried out on the Home Protection Fund. Such a study is conducted on an annual basis.

d. Valuation discount rate

The valuation discount rates are prescribed by the Monetary Authority of Singapore as matching to the Singapore Government bond yields for cash flows prior to 15 years, a Long Term Risk Free Discount Rate ("LTRFDR") for cash flows after 20 years, and an interpolation of the 15 year Singapore Government bond yield and the LTRFDR for cash flows between 15 to 20 years. The Singapore Government bond prices and yields are published on the Singapore Government securities website.

e. The following table presents the sensitivity of the value of the insurance contract liabilities to movements in the assumptions used:

	2015		2014	
	Change in variable %	Increase in liability S\$'000	Change in variable %	Increase in liability S\$'000
Home Protection Fund				
Worsening of claim rates	+10	39,552	+10	32,761
Shift in risk-free yield curve	-0.5	6,228	-0.5	5,602
Worsening of base expense level	+10	5,753	+10	5,152
Change in lapse rates	-10	6,424	-10	5,123

MediShield Life Fund

The variability of insurance results will affect the value of insurance liabilities from year to year. Such variations, from the valuation assumptions, are normal and are to be expected in an insurance portfolio. The material variables are:

- mortality and lapse rates;
- claim frequency per person covered;
- average claim amount per claim;
- impact of inflation of healthcare costs on claim amounts;
- cessation rates for patients with outpatient claims in payments;
- changes in scheme and impact;
- the premium rates; and
- the discount rate used for calculating the value of liabilities, which is based on the risk free yield curve.

Data used to determine assumptions regarding claim amount, claim frequency, cessation of outpatient treatment, lapse and mortality are sourced from annual reviews of the experience of the MediShield Life Fund, augmented by periodic reviews of Singapore hospitalisation data carried out in conjunction with premium and benefit reviews. Data used to support assumptions regarding claim inflation is sourced from general economic published material, augmented by the experience of the MediShield Life Fund. Data to determine the discount rate assumed is widely published.

a. Mortality and lapse rates

The mortality assumptions are based on applying the experience of the MediShield Life Fund to the published Singapore mortality table "Complete Life Tables 2013-2014 for Singapore Resident Population" with some allowance for reductions to the mortality rate in line with expected future trends. Lapse and mortality assumptions are reviewed each year to reflect the scheme rules, underlying trends as well as the latest available and relevant experience.

b. and c. Claim frequency and average claim size

Claims assumptions are generally based on past hospitalisation experience data, modified for expected future inflation of these costs and by the claim benefits under the MediShield Life Scheme.

d. Claim inflation

Future trends in healthcare inflation and healthcare utilisation growth are combined into an assumption of claim inflation. The judgment of this assumption is based on published Singapore economic information, similar experience information from other countries, analysis of past experience, and identification of the forces that may operate in the future to affect this outcome.

e. Cessation rates for outpatient treatment

The cessation rates are based on an analysis of the experience of the Singapore population and of the MediShield Scheme over the past five years. The cessation rates vary by the duration that the claimant has been receiving outpatient treatment.

f. Changes in scheme and impact

From 1 November 2015, under the MediShield Life Scheme, better coverage and protection is provided to MediShield

Life members by guaranteeing the renewal of each insurance policy until the insured member dies and also by increasing the benefits payable for many of the specific treatments covered.

g. Premium rates

Premiums are assumed not to increase until experience requires it. The MediShield Life Fund has no shareholders, and all assets of the MediShield Life Fund are for the purpose of providing benefits to MediShield Life members in accordance with the MediShield Life Scheme. All benefits and premiums for MediShield Life Scheme are set out from time to time in relevant laws and regulations, and can be changed by those laws and regulations.

h. Valuation discount rate

The valuation discount rate is prescribed by the Monetary Authority of Singapore and effectively assumes the Singapore Government bond yields for cash flows prior to 15 years, a Long Term Risk Free Discount Rate ("LTRFDR") for cash flows after 20 years, and an interpolation of the 15 year Singapore Government bond yields. The Singapore Government bond prices and yields are published on the Singapore Government securities website.

During the year, management has assessed and changed the variable used in the assumption for "reduction in cessation rates of outpatient claims" to provide a more representative sensitivity analysis based on past experience. The following table presents the sensitivity of the value of the insurance contract liabilities to movements in the assumptions used:

	2015		2014	
	Change in variable %	Increase in liability S\$'000	Change in variable %	Increase in liability S\$'000
MediShield Life Fund				
Increase in average new claim size	+10	341,507	+10	176,328
Increase in new claim frequency	+10	341,507	+10	176,328
Increase in inflation of claim costs	+1 p.a.	152,007	+1 p.a.	97,153
Reduction in cessation rates of outpatient claims	-10	178,705	-10	114,898
Long-term premium rebate growth	NA	NA	+1 p.a.	346,197
Shift in risk-free yield curve	-0.5 p.a.	36,854	-0.5 p.a.	175,523
Change in lapse rates	-50	-201	-50	72,428

22.11 Financial risk management of Insurance Funds

Market risk

Market risk, such as interest rate risk, foreign currency risk and equity price risk, arises from the investments in global and local debt securities, equities and derivatives when the market values of assets and liabilities do not move consistently to changes in the financial markets. Given the duration of policy liabilities and uncertainty of cash flows of the Home Protection Fund and the MediShield Life Fund, it is not possible to hold assets that will perfectly match the policy liabilities.

Given the nature of the Lifelong Income Scheme where there is no minimum payout guarantees and payouts are adjusted in response to changes in interest rates, all market risk is borne by the insured members. Accordingly, there is no exposure to market risk for the Lifelong Income Fund.

Asset-liability decisions are considered by the Board with an objective of limiting the extent to which solvency can be affected by adverse market and interest rate movements. Market risk is actively managed through the setting of investment policy and asset allocation within the approved risk tolerance limits. The investment policy includes certain restrictions on currency, credit, diversification, borrowing and counterparty risk. Market risk is diversified by investing the assets of the Home Protection Fund and MediShield Life Fund in different asset classes and various markets. The assets of the Lifelong Income Fund are 100% invested in special issues of Singapore Government securities, advance deposits and cash. The Board regularly monitors the exposure of the Home Protection Fund and MediShield Life Fund to different asset classes to satisfy itself that these exposures are within the approved ranges.

Derivatives are financial contracts whose values are derived from the value of underlying assets. They are used for hedging purposes to manage portfolio risk and for efficient portfolio management to improve risk-adjusted performance. The major classes of derivatives are as follows:

- Futures / forwards contracts to buy or sell an asset on or before a future date at a price specified at the time of entry;
- Options contracts that give the owner the right to buy or sell an asset at the strike price, specified at the time of entry and lapsing on the maturity date; and
- Swaps contracts to exchange cash on or before a specified future date based on the underlying value of interest rates or other assets.

Approved guidelines detail the permissible derivative instruments and their risk limits. Ongoing monitoring and reporting are undertaken at various levels to ensure that investment activities are in accordance with the investment guidelines.


Interest rate risk

The Home Protection Fund and MediShield Life Fund are exposed to both fair value and cash flow interest rate risks as a result of investments in fixed and variable rate debt securities. The interest rates on these investments are determined based on prevailing market rates. The fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The cash flow interest rate risk is the risk that future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Exposure of the Lifelong Income Fund to interest rate risk is entirely borne by the insured members.

The investments in debt securities are as follows:

	Carrying amount (at fair value)		Percentage of total investment of the Insurance Funds	
	2015 S\$'000	2014 S\$'000	2015 %	2014 %
Home Protection Fund	681,308	767,800	63.0	63.1
MediShield Life Fund	1,847,075	1,688,086	67.7	65.9

The effective interest rates, carrying amounts and maturities of debts securities are shown in the following table:

								
		Effective interest rate (per annum)		Not later than one year		Later than one year and not later than five years		Later than five years
		2015 %	2014 %	2015 S\$'000	2014 S\$'000	2015 S\$'000	2014 S\$'000	2015 S\$'000
At fair value								
Denominated in SGD								
Home Protection Fund		0.50 – 4.00	0.01 – 4.00	22,643	17,630	174,230	252,827	271,294
MediShield Life Fund		0.01 – 4.50	0.01 – 4.25	133,614	67,539	419,482	442,855	292,015
Denominated in USD								
Home Protection Fund		0.25 – 8.13	0.13 – 8.13	31,337	8,958	31,132	51,181	23,881
MediShield Life Fund		0.01 – 8.13	0.00 – 9.25	69,258	12,506	62,889	57,366	187,567
Denominated in other currencies								
Home Protection Fund		1.00 – 10.00	0.30 – 10.00	1,252	16,509	48,828	45,739	76,711
MediShield Life Fund		0.00 – 10.50	0.00 – 10.50	47,310	91,732	175,177	166,794	459,763

The effective interest rates, carrying amounts and maturities of cash and cash equivalents are shown in the following table:

	Effective interest rate (per annum)		Years to maturity less than 1 year	
	2015 %	2014 %	2015 S\$'000	2014 S\$'000
Denominated in SGD				
Home Protection Fund	0.00 – 1.28	0.00 – 0.83	81,443	565,545
MediShield Life Fund	0.00 – 1.26	0.00 – 0.81	573,404	176,490
Denominated in USD				
Home Protection Fund	0.00 – 0.73	0.00 – 0.52	24,194	20,951
MediShield Life Fund	0.00 – 0.00	0.00 – 0.00	6,702	3,467
Denominated in other currencies				
Home Protection Fund	(0.85) – 3.04	0.00 – 3.14	62,793	59,457
MediShield Life Fund	0.00 – 0.00	0.00 – 0.00	6,918	9,673

Foreign currency risk

The Home Protection Fund and MediShield Life Fund are exposed to foreign exchange risk as a result of global investments. Hedging policies are put in place to mitigate these risks, where necessary. The sensitivity analysis for possible movements in key currencies with all other variables held constant is detailed in the sensitivity analysis below. As the Lifelong Income Fund only invests in Singapore Dollar denominated special issues of Singapore Government securities and advance deposits with the Monetary Authority of Singapore and cash, it is not exposed to any foreign exchange risk.

The following table presents major currency exposures of the Home Protection Fund and MediShield Life Fund as of the date of the financial statements, expressed in Singapore Dollars equivalent.

	Home Protection Fund		MediShield Life Fund	
	2015 S\$'000	2014 S\$'000	2015 S\$'000	2014 S\$'000
USD	324,866	49,134	776,587	208,907
Mexican Peso	16,962	20,448	93,012	64,329
Sterling Pounds	49,194	14,455	80,476	1,598
Euro	92,688	12,081	295,412	24
Korean Won	10,368	11,183	20,311	32,423
Brazilian Real	7,216	4,207	2,546	89,764

Equity price risk

The Home Protection Fund and MediShield Life Fund are exposed to equity price risk because the investments held are classified at fair value through profit or loss. The market values of these investments are affected by, amongst others, changes in market prices as a result of changes in the global economic conditions, macro and micro economic factors affecting the country where the investments are quoted, and factors specific to the investee corporations.

The fluctuations in market prices due to the above factors are unforeseen. To manage the price risk arising from investments in equity, the Home Protection Fund and MediShield Life Fund diversify their portfolios across different markets and industries whenever it is appropriate.

The Lifelong Income Fund is not exposed to equity price risk. There is no impact on the net assets of the Lifelong Income Fund as any changes resulting from movements in interest rates will result in a corresponding change in the insurance contract liabilities, so that total assets equal total liabilities.

Sensitivity analysis

The analysis below is presented for reasonably possible movements in key variables with all other variables remaining constant.

	Home Protection Fund		MediShield Life Fund	
	2015 S\$'000	2014 S\$'000	2015 S\$'000	2014 S\$'000
Change in variables:				
Equity prices				
+10%	40,413	45,118	89,879	88,373
-10%	(40,413)	(45,118)	(89,879)	(88,373)
Foreign currency				
+5%				
USD	16,243	2,457	38,829	10,445
Mexican Peso	848	1,022	4,651	3,216
Sterling Pounds	2,460	723	4,024	80
Euro	4,634	604	14,771	1
Korean Won	518	559	1,016	1,621
Brazilian Real	361	210	127	4,488
-5%				
USD	(16,243)	(2,457)	(38,829)	(10,445)
Mexican Peso	(848)	(1,022)	(4,651)	(3,216)
Sterling Pounds	(2,460)	(723)	(4,024)	(80)
Euro	(4,634)	(604)	(14,771)	(1)
Korean Won	(518)	(559)	(1,016)	(1,621)
Brazilian Real	(361)	(210)	(127)	(4,488)
Interest rate				
+50 bps	(22,599)	(26,341)	(52,521)	(52,735)
-50 bps	22,599	26,341	52,521	52,735

Concentration risk

Concentration of the investments of Home Protection Fund and MediShield Life Fund are analysed as follows:

	Percentage of investments			
	2015 S\$'000	2014 S\$'000	2015 %	2014 %
Home Protection Fund				
Debt securities				
Singapore	468,167	518,555	43	43
United States	60,585	71,425	6	6
Mexico	16,311	19,329	2	2
Italy	7,037	10,316	1	1
Brazil	7,077	4,036	1	–
Germany	7,130	17,513	1	1
United Kingdom	6,796	6,780	–	1
Japan	5,714	6,040	–	–
Korea	10,204	12,256	1	1
Others	92,287	101,550	8	8
Equity securities				
Singapore	56,765	64,222	5	5
United States	204,139	228,494	19	19
United Kingdom	23,697	28,031	2	2
Japan	29,324	28,214	3	2
Canada	9,938	14,533	1	1
Others	80,262	87,684	7	8
Derivatives				
United States	(4)	8	–	–
European Union	21	17	–	–
Japan	(9)	(32)	–	–
Others	(3,681)	(2,725)	–	–

		Percentage of investments		
	2015 S\$'000	2014 S\$'000	2015 %	2014 %
MediShield Life Fund				
Debt securities				
Singapore	794,008	675,082	29	26
United States	270,353	187,386	10	7
Brazil	7,527	95,123	–	4
Italy	61,234	100,774	2	4
Mexico	92,523	79,709	4	3
Germany	57,307	75,007	2	3
United Kingdom	45,521	40,680	2	1
Others	518,602	434,325	19	17
Equity securities				
Singapore	253,004	185,384	9	7
United States	281,762	304,455	10	12
United Kingdom	36,370	41,582	1	2
Japan	43,797	42,134	2	2
Others	283,859	310,176	11	12
Derivatives				
Japan	178	64	–	–
European Union	497	(2,310)	–	–
Others	(17,664)	(9,859)	(1)	–

The investments of the Lifelong Income Fund are concentrated in special issues of Singapore Government securities, advance deposits and cash held with a number of financial institutions.

Credit risk

The maximum credit risk exposure at the end of the year, in relation to each class of financial assets, is the carrying amount of those assets at the end of the year.

The Home Protection Fund and MediShield Life Fund are exposed to credit risk through (i) investments in cash and debt securities and (ii) exposure to counterparty's credit in derivative transactions. For the two types of exposures, financial loss may materialise as a result of credit default by the issuer or counterparty. For investments in debt securities, financial loss may also materialise as a result of the widening of credit spread or a downgrade of credit rating. The Lifelong Income Fund has minimal credit risk in respect of investments in special issues of Singapore Government securities and advance deposits with the Monetary Authority of Singapore.

Swaps, interest rate options, foreign exchange, currency options, over the counter options and other derivative positions are covered by International Swaps and Derivative Association master agreements. Derivative positions are marked to market daily, and the market value is considered to be the amount in the money. Collaterals may be provided or requested to or from counterparties dependent upon whether the derivative positions are out or in the money.

The Board manages credit risk actively through the setting of minimum credit rating requirements and investment limits for issuers and counterparties within the approved investment guidelines. These limits are reviewed as and when necessary. Ongoing monitoring and reporting are undertaken at various levels to ensure that all investment activities are in accordance with the investment guidelines.

Exposure of the Home Protection Fund and MediShield Life Fund to credit risk relating to their debts securities and financial derivatives are presented below (in millions of Singapore Dollars):

	AAA* S\$m	AA* S\$m	A* S\$m	BBB* S\$m	Not rated ** S\$m	Total S\$m
Home Protection Fund						
2015						
Singapore Government securities	468.2	—	—	—	—	468.2
Other Government bonds	63.9	39.7	45.0	37.3	—	185.9
Corporate bonds	3.9	5.1	14.5	3.7	—	27.2
Financial derivatives (counterparty)	—	—	(3.7)	—	—	(3.7)
	536.0	44.8	55.8	41.0	—	677.6
2014						
Singapore Government securities	512.6	—	—	—	—	512.6
Other Government bonds	95.9	36.3	54.7	32.2	—	219.1
Corporate bonds	6.5	10.0	15.9	3.7	—	36.1
Financial derivatives (counterparty)	—	—	(2.7)	—	—	(2.7)
	615.0	46.3	67.9	35.9	—	765.1

	AAA* S\$m	AA* S\$m	A* S\$m	BBB* S\$m	BB* S\$m	Not rated ** S\$m	Total S\$m
MediShield Life Fund							
2015							
Singapore Government securities	439.1	—	—	—	—	—	439.1
Statutory board bonds	—	—	—	—	—	269.2	269.2
Other Government bonds	376.5	165.4	247.0	196.5	0.5	—	985.9
Corporate bonds	14.0	14.7	81.1	16.4	—	18.6	144.8
Other fixed income instruments	1.3	3.5	1.9	1.4	—	—	8.1
Financial derivatives (counterparty)	—	—	(17.0)	—	—	—	(17.0)
	830.9	183.6	313.0	214.3	0.5	287.8	1,830.1
2014							
Singapore Government securities	382.9	—	—	—	—	—	382.9
Statutory board bonds	—	—	—	—	—	241.7	241.7
Other Government bonds	304.8	136.3	188.2	313.6	—	—	942.9
Corporate bonds	9.2	20.9	52.1	19.8	—	10.6	112.6
Other fixed income instruments	2.0	3.6	2.1	0.3	—	—	8.0
Financial derivatives (counterparty)	—	—	(12.1)	—	—	—	(12.1)
	698.9	160.8	230.3	333.7	—	252.3	1,676.0

* Based on public credit ratings assigned by external credit rating agencies Standard & Poor's, Moody's and Fitch.

** Based on internal credit ratings, and holdings are rated equivalent to Standard & Poor's credit ratings of "AAA to A".

Financial assets that are neither past due nor impaired

For the Home Protection Fund and MediShield Life Fund, the cash is placed as short term deposits with financial institutions which have good credit ratings, while debt securities and approved counterparties must meet stringent credit rating criteria. None of the financial assets of these insurance funds are past due nor impaired.

Liquidity risk

In the management of liquidity risk of the Insurance Funds, the Board seeks to ensure that even under adverse conditions, the Insurance Funds have access to the funds necessary to cover for claims and surrenders. Management monitors and maintains adequate cash and bank balances to finance the operations of the Insurance Funds and mitigate the effects of fluctuations in cash flows. In addition, the financial assets of the Insurance Funds can be readily sold or redeemed when the need arises.

The following tables show undiscounted financial liabilities with the remaining contractual maturity periods of the Insurance Fund. For liabilities arising from insurance contracts, the disclosure is the estimated timing of net cash outflows resulting from recognised insurance liabilities i.e. on a discounted basis.

	Not later than one year S\$'000	Later than one year and not later than five years S\$'000	Later than five years S\$'000	Total S\$'000
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Home Protection Fund

2015

Insurance contract liabilities	35,005	42,838	254,723	332,566
Claims intimated or admitted but not paid	35,123	–	–	35,123
Other payables	471	–	–	471
	70,599	42,838	254,723	368,160

2014

Insurance contract liabilities	59,242	81,726	279,726	420,694
Claims intimated or admitted but not paid	25,518	–	–	25,518
Other payables	977	–	–	977
	85,737	81,726	279,726	447,189

	Not later than one year S\$'000	Later than one year and not later than five years S\$'000	Later than five years S\$'000	Total S\$'000
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MediShield Life Fund

2015

Insurance contract liabilities	54,804	787,358	1,201,298	2,043,460
Claims intimated or admitted but not paid	7,177	–	–	7,177
Other payables	120,896	–	–	120,896
	182,877	787,358	1,201,298	2,171,533

2014

Insurance contract liabilities	145,673	889,476	995,837	2,030,986
Claims intimated or admitted but not paid	6,844	–	–	6,844
Other payables	52,699	–	–	52,699
	205,216	889,476	995,837	2,090,529

	Not later than one year S\$'000	Later than one year and not later than five years S\$'000	Later than five years S\$'000	Total S\$'000
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Lifelong Income Fund

2015

Insurance contract liabilities	153,788	768,489	8,244,764	9,167,041
Claims intimated or admitted but not paid	86	–	–	86
Other payables	1,401	–	–	1,401
	155,275	768,489	8,244,764	9,168,528

2014

Insurance contract liabilities	124,425	624,065	6,279,259	7,027,749
Other payables	2,048	–	–	2,048
	126,473	624,065	6,279,259	7,029,797

22.12 Fair value of assets and liabilities

The carrying amount of financial assets and liabilities with a maturity of less than a year including cash and cash equivalents, other receivables, and other payables are estimated to approximate their fair values due to the short period to maturity.

	Fair value through profit or loss S\$'000	Loans and receivables S\$'000	Other financial liabilities S\$'000	Total carrying amount S\$'000	Fair value S\$'000
Home Protection Fund					
31 December 2015					
Investments					
- debt securities	681,308	—	—	681,308	681,308
- equity securities	404,125	—	—	404,125	404,125
- derivatives	(3,673)	—	—	(3,673)	(3,673)
Premium and other receivables	—	12,436	—	12,436	12,436
Accrued interest receivables	—	5,569	—	5,569	5,569
Cash and cash equivalents	—	168,430	—	168,430	168,430
	1,081,760	186,435	—	1,268,195	1,268,195
Other payables	—	—	(471)	(471)	(471)

31 December 2014					
Investments					
- debt securities	767,800	—	—	767,800	767,800
- equity securities	451,178	—	—	451,178	451,178
- derivatives	(2,732)	—	—	(2,732)	(2,732)
Other receivables	—	12,579	—	12,579	12,579
Accrued interest receivables	—	8,560	—	8,560	8,560
Cash and cash equivalents	—	645,953	—	645,953	645,953
	1,216,246	667,092	—	1,883,338	1,883,338
Other payables	—	—	(977)	(977)	(977)

	Fair value through profit or loss S\$'000	Loans and receivables S\$'000	Other financial liabilities S\$'000	Total carrying amount S\$'000	Fair value S\$'000
MediShield Life Fund					
31 December 2015					
Investments					
- debt securities	1,847,075	—	—	1,847,075	1,847,075
- equity securities	898,792	—	—	898,792	898,792
- derivatives	(16,989)	—	—	(16,989)	(16,989)
Premium and other receivables	—	169,242	—	169,242	169,242
Accrued interest receivables	—	11,311	—	11,311	11,311
Cash and cash equivalents	—	587,024	—	587,024	587,024
	2,728,878	767,577	—	3,496,455	3,496,455
Other payables	—	—	(120,896)	(120,896)	(120,896)

31 December 2014					
Investments					
- debt securities	1,688,086	—	—	1,688,086	1,688,086
- equity securities	883,731	—	—	883,731	883,731
- derivatives	(12,105)	—	—	(12,105)	(12,105)
Other receivables	—	62,442	—	62,442	62,442
Accrued interest receivables	—	11,191	—	11,191	11,191
Cash and cash equivalents	—	189,630	—	189,630	189,630
	2,559,712	263,263	—	2,822,975	2,822,975
Other payables	—	—	(52,699)	(52,699)	(52,699)

The carrying amounts of special issues of Singapore Government securities and advance deposits in the Lifelong Income Fund approximate their fair values due to the investment arrangement with the Singapore Government as disclosed in note 22.3. The aggregate net fair values of recognised financial assets and liabilities which are not carried at fair value in the statements of net assets at 31 December are represented in the following table:

	Held-to-maturity S\$'000	Loans and receivables S\$'000	Other financial liabilities S\$'000	Total carrying amount S\$'000	Fair value S\$'000
Lifelong Income Fund					
31 December 2015					
Investments					
- special issues of Singapore					
Government securities	9,044,324	–	–	9,044,324	9,044,324
- advance deposits	959	–	–	959	959
Accrued interest receivables	–	123,195	–	123,195	123,195
Cash and cash equivalents	–	50	–	50	50
	9,045,283	123,245	–	9,168,528	9,168,528
Other payables	–	–	(1,401)	(1,401)	(1,401)
31 December 2014					
Investments					
- special issues of Singapore					
Government securities	6,936,795	–	–	6,936,795	6,936,795
- advance deposits	3,315	–	–	3,315	3,315
Accrued interest receivables	–	89,637	–	89,637	89,637
Cash and cash equivalents	–	50	–	50	50
	6,940,110	89,687	–	7,029,797	7,029,797
Other payables	–	–	(2,048)	(2,048)	(2,048)

Assets and liabilities measured at fair value

The following table shows an analysis of each class of assets and liabilities measured at fair value at the end of the year.

	2015			
	Fair value measurements at the end of the year			
	Level 1 S\$'000	Level 2 S\$'000	Level 3 S\$'000	Total S\$'000
Home Protection Fund				
Recurring fair value measurements				
Financial assets:				
Financial assets through profit or loss				
Equity securities	403,306	819	–	404,125
Debt securities	555,464	125,844	–	681,308
Total financial assets through profit or loss	958,770	126,663	–	1,085,433
Derivatives				
- Interest rate futures contracts	64	–	–	64
- Forward currency contracts	2,426	–	–	2,426
Total derivatives	2,490	–	–	2,490
Financial assets as at 31 December 2015	961,260	126,663	–	1,087,923
Financial liabilities:				
Derivatives				
- Interest rate futures contracts	(13)	–	–	(13)
- Forward currency contracts	(6,150)	–	–	(6,150)
Financial liabilities as at 31 December 2015	(6,163)	–	–	(6,163)

2014				
Fair value measurements at the end of the year				
	Level 1	Level 2	Level 3	Total
	S\$'000	S\$'000	S\$'000	S\$'000
Home Protection Fund				
Recurring fair value measurements				
Financial assets:				
Financial assets through profit or loss				
Equity securities	449,632	1,546	–	451,178
Debt securities	615,234	152,566	–	767,800
Total financial assets through profit or loss	1,064,866	154,112	–	1,218,978
Derivatives				
- Interest rate futures contracts	85	–	–	85
- Forward currency contracts	3,508	–	–	3,508
Total derivatives	3,593	–	–	3,593
Financial assets as at 31 December 2014	1,068,459	154,112	–	1,222,571
Financial liabilities:				
Derivatives				
- Interest rate futures contracts	(31)	–	–	(31)
- Forward currency contracts	(6,294)	–	–	(6,294)
Financial liabilities as at 31 December 2014	(6,325)	–	–	(6,325)

2015				
Fair value measurements at the end of the year				
	Level 1	Level 2	Level 3	Total
	S\$'000	S\$'000	S\$'000	S\$'000
MediShield Life Fund				
Recurring fair value measurements				
Financial assets:				
Financial assets through profit or loss				
Equity securities	897,953	839	–	898,792
Debt securities	1,011,525	827,401	8,149	1,847,075
Total financial assets through profit or loss	1,909,478	828,240	8,149	2,745,867
Derivatives				
- Interest rate futures contracts	773	–	–	773
- Forward currency contracts	14,847	–	–	14,847
- Interest rate swap	–	15	–	15
- Exchange cleared swap	–	944	–	944
- Currency swap	–	311	–	311
- Credit default swap	–	52	–	52
- RPI inflation index swap	–	262	–	262
- Options	–	282	–	282
Total derivatives	15,620	1,866	–	17,486
Financial assets as at 31 December 2015	1,925,098	830,106	8,149	2,763,353
Financial liabilities:				
Derivatives				
- Interest rate futures contracts	(504)	–	–	(504)
- Forward currency contracts	(26,570)	–	–	(26,570)
- Interest rate swap	–	(1,848)	–	(1,848)
- Exchange cleared swap	–	(3,317)	–	(3,317)
- Currency swap	–	–	–	–
- Credit default swap	–	(839)	–	(839)
- RPI inflation index swap	–	(1,089)	–	(1,089)
- Options	–	(308)	–	(308)
Financial liabilities as at 31 December 2015	(27,074)	(7,401)	–	(34,475)

	2014			
	Fair value measurements at the end of the year			
	Level 1 S\$'000	Level 2 S\$'000	Level 3 S\$'000	Total S\$'000
MediShield Life Fund				
Recurring fair value measurements				
Financial assets:				
Financial assets through profit or loss				
Equity securities	881,942	1,789	–	883,731
Debt securities	789,963	891,344	6,779	1,688,086
Total financial assets through profit or loss	1,671,905	893,133	6,779	2,571,817
Derivatives				
- Interest rate futures contracts	497	–	–	497
- Forward currency contracts	22,025	–	–	22,025
- Interest rate swap	–	28	–	28
- Exchange cleared swap	–	2,460	–	2,460
- Currency swap	–	47	–	47
- Credit default swap	–	21	–	21
- RPI inflation index swap	–	198	–	198
- Options	–	255	–	255
Total derivatives	22,522	3,009	–	25,531
Financial assets as at 31 December 2014	1,694,427	896,142	6,779	2,597,348
Financial liabilities:				
Derivatives				
- Interest rate futures contracts	(912)	–	–	(912)
- Forward currency contracts	(30,138)	–	–	(30,138)
- Interest rate swap	–	(151)	–	(151)
- Exchange cleared swap	–	(4,054)	–	(4,054)
- Currency swap	–	–	–	–
- Credit default swap	–	(1,049)	–	(1,049)
- RPI inflation index swap	–	(717)	–	(717)
- Options	–	(615)	–	(615)
Financial liabilities as at 31 December 2014	(31,050)	(6,586)	–	(37,636)

Level 2 fair value measurements

The following is a description of the valuation techniques and inputs used in the fair value measurement for assets and liabilities that are categorised within Level 2 of the fair value hierarchy:

Debt securities

Debt securities are valued using either the Bloomberg Fair Value Model based on comparably rated bonds with similar characteristics i.e. currency, market type, industry type and credit rating or by evaluating U.S. Treasuries from reliable sources with sound historical accuracies.

Equity securities

Equity securities classified under the Level 2 pricing hierarchy are unquoted securities due to their trading status being unlisted, delisted, suspended or illiquid owing to various types of corporate actions. The underlying securities are priced at the last bid price.

Derivatives

Interest rate swaps, interest rate options and currency swaps are used to manage interest rate exposures, hedge against exposure to exchange rate risks and manage volatility exposures.

Interest rate swap contracts are valued by applying forward pricing and swap models, using present value calculations. The models incorporate market observable inputs, including the credit quality of counterparties, foreign exchange spot rates, foreign exchange forward rates, interest rate curves and forward rate curves.

Credit default swaps are valued based on credit spread curves derived by market and details of the trades.

Level 3 fair value measurements

i. Information about significant unobservable inputs used in Level 3 fair value measurements

The following table shows the information about fair value measurements using significant unobservable inputs (Level 3):

MediShield Life Fund

Description	Fair value at 31 December 2015 S\$'000	Valuation techniques	Unobservable inputs	Range ¹
Agency Mortgage Backed Securities	38	Valued based on an appropriate effective margin applied to discount cash flows to compute an evaluated price.	Discount rate	1% to 3%
Agency Collateral Mortgage Obligation	35	Valued based on, either a volatility-driven, multi-dimensional single cash flow stream model or option-adjusted spread model, depending upon the characteristics of a given tranche.	Discount rate	1% to 3%
Non-Agency Collateral Mortgage Obligation	8,076	Valued based on, either a volatility-driven, multi-dimensional single cash flow stream model or option-adjusted spread model, depending upon the characteristics of a given tranche.	Discount rate	1% to 3%

MediShield Life Fund

Description	Fair value at 31 December 2014 S\$'000	Valuation techniques	Unobservable inputs	Range ¹
Agency Mortgage Backed Securities	249	Valued based on an appropriate effective margin applied to discount cash flows to compute an evaluated price.	Discount rate	1% to 4%
Agency Collateral Mortgage Obligation	47	Valued based on, either a volatility-driven, multi-dimensional single cash flow stream model or option-adjusted spread model, depending upon the characteristics of a given tranche.	Discount rate	1% to 4%
Non-Agency Collateral Mortgage Obligation	6,483	Valued based on, either a volatility-driven, multi-dimensional single cash flow stream model or option-adjusted spread model, depending upon the characteristics of a given tranche.	Discount rate	1% to 4%

Debt securities

For debt securities, significant increase (decrease) in prepayment rates, probability of default and loss severity in the event of default would result in a significantly lower (higher) fair value measurement. Generally, a change in the assumption used for the probability of default, as usually measured by a change of credit rating, is accompanied by a directionally similar change in the assumption used for the loss severity and a directionally opposite change in the assumption used for the prepayment rates.

Although the Board assessed that its estimates of fair value are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value. The favourable and unfavourable effects of using reasonably possible alternative assumptions, which include default rates, have been calculated by adjusting the interest

¹ Source: FNMA benchmark yields from 2 years to 30 years.

rate assumptions within a range of possible alternatives. For fair value measurements in the Level 3 category, changing the assumptions used, to reasonably possible alternative assumptions would have the following effects:

Debt securities
S\$'000

Impact on net assets of:

2015

MediShield Life Fund

+100bps	(10)
-100bps	10

2014

MediShield Life Fund

+100bps	(20)
-100bps	20

ii. Movements in Level 3 assets and liabilities measured at fair value

The following tables present the reconciliation for all assets and liabilities measured at fair value based on significant unobservable inputs (Level 3).

	Debt securities S\$'000	Credit default swaps S\$'000	Total S\$'000
Home Protection Fund			
At 1 January 2014	6,566	(77)	6,489
Gains or losses included in changes in fund balances for the year presented in net investment gains	(981)	26	(955)
Purchases	5,079	–	5,079
Sales	(10,664)	51	(10,613)
Transfers into Level 3	–	–	–
Transfers out of Level 3	–	–	–
At 31 December 2014	–	–	–

	Debt securities S\$'000	Credit default swaps S\$'000	Total S\$'000
MediShield Life Fund			
At 1 January 2014	3,221	(25)	3,196
Gains or losses included in changes in fund balances for the year presented in net investment gains	(5)	(7)	(12)
Purchases	6,547	–	6,547
Sales	(6,205)	32	(6,173)
Transfers into Level 3	3,221	–	3,221
Transfers out of Level 3	–	–	–
At 31 December 2014	6,779	–	6,779
Gains or losses included in changes in fund balances for the year presented in net investment gains	327	–	327
Purchases	3,395	–	3,395
Sales	(2,352)	–	(2,352)
Transfers into Level 3	–	–	–
Transfers out of Level 3	–	–	–
At 31 December 2015	8,149	–	8,149

Fair value measurements using significant unobservable inputs (Level 3)			
Financial assets at fair value through profit or loss			Total
Debt securities S\$'000	Credit default swaps S\$'000		S\$'000

Home Protection Fund

2014

Total (loss) / gain for the year included in

Profit or loss:

- Other income	(981)	26	(955)
Net (loss) / gain from financial assets at fair value through profit or loss	(981)	26	(955)

Fair value measurements using significant unobservable inputs (Level 3)			
Financial assets at fair value through profit or loss			Total
Debt securities S\$'000	Credit default swaps S\$'000		S\$'000

MediShield Life Fund

2015

Total gain for the year included in

Profit or loss:

- Other income	327	–	327
Net gain from financial assets at fair value through profit or loss	327	–	327

Fair value measurements using significant unobservable inputs (Level 3)			
Financial assets at fair value through profit or loss			Total
Debt securities S\$'000	Credit default swaps S\$'000		S\$'000

MediShield Life Fund

2014

Total (loss) for the year included in

Profit or loss:

- Other income	(5)	(7)	(12)
Net (loss) from financial assets at fair value through profit or loss	(5)	(7)	(12)

iii. Valuation policies and procedures

Management oversees the financial reporting valuation process for all securities and is responsible for setting and documenting the valuation policies and procedures. Management values securities based on the pricing provided by the custodian, which relies on globally established industry pricing vendors.

Management is kept informed by the custodian of any change in pricing vendors or pricing methodology as and when a change arises, and ensures that only reputable and established pricing vendors are used. Management reviews the pricing guidelines provided by the custodian on an annual basis to satisfy that all asset classes are priced according to the guidelines.

In addition, management performs a monthly reconciliation between statements provided by the custodian and that provided by the external fund managers. Pricing differences exceeding certain percentages are investigated and acted upon.

23. NET ASSETS OF TRUST FUNDS

	Note	2015 S\$'000	2014 S\$'000
Deferment Bonus Fund	23.1	840,101	845,893
CPF LIFE Bonus Fund	23.2	524,105	565,141
Trust Fund for the Special Employment Credit Scheme	23.3	895,384	1,155,081
Trust Fund for the Workfare Special Bonus Scheme	23.4	25,337	26,136
Other Trust Funds	23.5	57,226	118,567
		2,342,153	2,710,818

Details of the trust funds are set out below, have been prepared from the records of the trust funds, and reflect only transactions handled by the Board.

23.1 Deferment Bonus Fund

The Deferment Bonus Fund was set up and constituted under a trust deed in 2008 for the purpose of a scheme which provides for bonus payouts to help CPF members cope with the later drawdown age for the minimum sum and to encourage CPF members to voluntarily defer their drawdown age.

The Board is appointed as the trustee of the Deferment Bonus Fund, with effect from 29 June 2011, by the Government under the Deferment Bonus Fund Trust Deed and relevant Supplementary Deeds.

The Deferment Bonus Fund receives funds from the Government and interest income on advance deposits placed with the Accountant-General through the Monetary Authority of Singapore and pays Deferment Bonus and Voluntary Deferment Bonus to eligible CPF members, and operating expenses incurred for the administration of the Deferment Bonus Fund.

The trust period of the Deferment Bonus Fund ends on 31 January 2024. At the expiration of the trust period, all remaining assets of the fund shall be returned to the Government pursuant to the Deferment Bonus Fund Trust Deed.

	Note	2015 S\$'000	2014 S\$'000
Fund balance		840,101	845,893
Represented by:			
Advance deposits with Monetary Authority of Singapore		840,101	845,893
Net assets	23	840,101	845,893

	Note	2015 S\$'000	2014 S\$'000
Receipts			
Interest income from advance deposits		21,289	21,575
Disbursements			
Payment of Deferment Bonus and Voluntary Deferment Bonus to members		(26,502)	(31,639)
Agency fee paid to CPF Board		(564)	(678)
Professional fees		(15)	(14)
		(27,081)	(32,331)
Net disbursements during the year		(5,792)	(10,756)
Fund balance as at 1 January		845,893	856,649
Fund balance as at 31 December	23	840,101	845,893

23.2 CPF LIFE Bonus Fund

The CPF LIFE Bonus Fund was set up and constituted under a trust deed in 2009 for the purpose of helping eligible senior Singaporean citizens participate in the Lifelong Income Scheme by providing a bonus, paid into their CPF Retirement Accounts and/or as premiums for their CPF LIFE Annuity Plans.

The Board is appointed as the trustee of the CPF LIFE Bonus Fund, with effect from 29 June 2011, by the Government under the CPF LIFE Bonus Fund Trust Deed and relevant Supplementary Deeds.

The CPF LIFE Bonus Fund receives funds from the Government and interest income on advance deposits placed with the Accountant-General through the Monetary Authority of Singapore and pays CPF LIFE Bonus to eligible CPF members, and operating expenses incurred for the administration of the CPF LIFE Bonus Fund.

The trust period of the CPF LIFE Bonus Fund ends on 1 May 2020. At the expiration of the trust period, all remaining assets of the fund shall be returned to the Government pursuant to the CPF LIFE Bonus Fund Trust Deed.

	Note	2015 S\$'000	2014 S\$'000
Fund balance		524,105	565,141
Represented by:			
Advance deposits with Monetary Authority of Singapore		524,105	565,141
Net assets	23	524,105	565,141

	Note	2015 S\$'000	2014 S\$'000
Receipts			
Interest income from advance deposits		14,337	15,141
Disbursements			
Payment of CPF LIFE Bonus to members		(54,409)	(49,769)
Agency fee paid to CPF Board		(910)	(889)
Professional fees		(15)	(14)
Interest expense		(39)	(19)
		(55,373)	(50,691)
Net disbursements during the year		(41,036)	(35,550)
Fund balance as at 1 January		565,141	600,691
Fund balance as at 31 December	23	524,105	565,141

23.3 Trust Fund for the Special Employment Credit Scheme

The Trust Fund for the Special Employment Credit Scheme was set up and constituted under a trust deed in 2012 for the purpose of a scheme which provides financial incentives to encourage employers to hire older Singaporean workers and to boost the employability of these older Singaporean workers.

The Board is appointed as the trustee of the Trust Fund for the Special Employment Credit Scheme with effect from 8 March 2012, by the Government under the Trust Deed to Trust Fund for the Special Employment Credit Scheme and relevant Supplementary Deeds.

The Trust Fund for the Special Employment Credit Scheme receives funds from the Government and interest income on advance deposits placed with the Accountant-General through the Monetary Authority of Singapore and pays Special Employment Credit to eligible beneficiaries, and operating expenses incurred for the scheme and administration of the Trust Fund for the Special Employment Credit Scheme.

The trust period of the Trust Fund for the Special Employment Credit Scheme ends on 31 August 2018. At the expiration of the trust period, all remaining assets of the fund shall be returned to the Government pursuant to the Trust Deed to Trust Fund for the Special Employment Credit Scheme.

	Note	2015 S\$'000	2014 S\$'000
Fund balance		895,384	1,155,081
Represented by:			
Advance deposits with Monetary Authority of Singapore		895,315	1,152,295
Cash		69	2,786
Net assets	23	895,384	1,155,081

	Note	2015 S\$'000	2014 S\$'000
Receipts			
Funds from Government		375,000	—
Interest income from advance deposits		3,804	5,650
		378,804	5,650
Disbursements			
Special Employment Credit disbursed		(635,618)	(546,968)
Agency fee paid to CPF Board		(2,868)	(2,103)
Professional fees		(15)	(14)
		(638,501)	(549,085)
Net disbursements during the year		(259,697)	(543,435)
Fund balance as at 1 January		1,155,081	1,698,516
Fund balance as at 31 December	23	895,384	1,155,081

23.4 Trust Fund for the Workfare Special Bonus Scheme

The Trust Fund for the Workfare Special Bonus Scheme was set up and constituted under a trust deed in 2012 for the purpose of a scheme which provides a financial sum to older low-wage Singaporeans residing in Lower Value Properties as a bonus for engaging in regular and productive work.

The Board is appointed as the trustee of the Trust Fund for the Workfare Special Bonus Scheme with effect from 13 March 2012, by the Government under the Trust Deed to Trust Fund for the Workfare Special Bonus Scheme and relevant Supplementary Deeds.

The Trust Fund for the Workfare Special Bonus Scheme receives funds from the Government and interest income on advance deposits placed with the Accountant-General through the Monetary Authority of Singapore and pays Workfare Special Bonus to eligible beneficiaries, and operating expenses incurred for the scheme and administration of the Trust Fund for the Workfare Special Bonus Scheme.

The trust period of the Trust Fund for the Workfare Special Bonus Scheme ends on 30 June 2017. At the expiration of the trust period, all remaining assets of the fund shall be returned to the Government pursuant to the Trust Deed to Trust Fund for the Workfare Special Bonus Scheme.

	Note	2015 S\$'000	2014 S\$'000
Fund balance		25,337	26,136
Represented by:			
Special issues of Singapore Government securities		19,000	–
Advance deposits with Monetary Authority of Singapore		6,337	26,135
Cash		*	1
Net assets	23	25,337	26,136

* Less than \$1,000

	Note	2015 S\$'000	2014 S\$'000
Receipts			
Interest income from advance deposits		89	103
Disbursements			
Workfare Special Bonus disbursed		(665)	(3,942)
Agency fee paid to CPF Board		(208)	(463)
Professional fees		(15)	(14)
		(888)	(4,419)
Net disbursements during the year		(799)	(4,316)
Fund balance as at 1 January		26,136	30,452
Fund balance as at 31 December	23	25,337	26,136

23.5 Other Trust Funds

Other Trust Funds are set up to account for funds received from the Government which the Board acts as an administrator, and the funds are held in trust and managed by the Board on behalf of the respective Government ministries.

	Note	2015 S\$'000	2014 S\$'000
Fund balance		57,226	118,567
Represented by:			
Cash at banks held in trust by CPF Board	9	57,226	118,567
Net assets	23	57,226	118,567

	Note	2015 S\$'000	2014 S\$'000
Receipts			
Funds received from Government ministries		3,346,879	1,961,526
Interest income		292	46
		3,347,171	1,961,572
Disbursements			
Disbursements to CPF members and the public		(3,408,512)	(2,028,418)
Net disbursements during the year		(61,341)	(66,846)
Fund balance as at 1 January		118,567	185,413
Fund balance as at 31 December	23	57,226	118,567

24. RELATED PARTY TRANSACTIONS

Definition of related party

The Board is a statutory board established under the CPF Act (Chapter 36, Revised Edition 2013). Government ministries including statutory boards under their purview are deemed related parties to the Board.

i. Key management compensation

Key management personnel of the Board are those persons having the authority and responsibility for planning, directing and controlling the activities of the Board. The members and core management of the Board are considered key management personnel.

Compensation of key management personnel comprises:

	2015 S\$'000	2014 S\$'000
Salaries and other short-term employee benefits	6,722	6,314
CPF Contributions	308	261
Post-employment benefits	5	24

Other related party transactions

Other than disclosed elsewhere in the financial statements, the significant transactions with related parties based on terms agreed between the parties involved are as follows:

Central Provident Fund

ii. Expenses incurred for services rendered

	2015 S\$'000	2014 S\$'000
Statutory boards	4,978	7,407

iii. Agency fees income

The Board handles agency work on behalf of various Government ministries. These agency income are included as part of agency, consultancy and data processing fees disclosed in note 15.

	2015 S\$'000	2014 S\$'000
Government ministries	55,069	47,883
Statutory boards	3,791	3,015

iv. Other income

A transfer of equipment to CPF is recognised as income as follows:

	2015 S\$'000	2014 S\$'000
Statutory board	—	536

v. Special issues of Singapore Government securities

Transactions in special issues of Singapore Government securities are as follows:

	2015 S\$'000	2014 S\$'000
Placement	23,657,481	21,921,865
Redemption	—	215,533

Insurance Funds

vi. Trading of debt securities

Trading of debt securities issued by the Singapore Government and Government ministries are as follows:

	2015 S\$'000	2014 S\$'000
Home Protection Fund		
Sales	93,237	375,227
Purchases	52,361	357,874
MediShield Life Fund		
Sales	309,705	125,333
Purchases	421,173	251,145

vii. Special issues of Singapore Government securities

Transactions in special issues of Singapore Government securities are as follows:

	2015 S\$'000	2014 S\$'000
Lifelong Income Fund		
Placement	2,107,528	2,121,241

25. EVENT OCCURRING AFTER THE REPORTING PERIOD

Central Provident Fund Board entered into Sale and Purchase Agreement on 26 November 2015 to sell its property at 79 Robinson Road, Singapore 068897 for a consideration of \$550 million. The property was classified as asset held for sale as at 31 December 2015 at its carrying amount. The sale was completed on 26 January 2016 and a net gain on disposal of approximately \$515 million was recognised upon completion of the sale.

26. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the year ended 31 December 2015 were authorised for issue by the members of the Board on 20 April 2016.

ANNEXES



ANNEX A

RATES OF CPF CONTRIBUTIONS, 1955 – 2015

STARTING	AGE OF EMPLOYEE	CONTRIBUTION RATE (% of wage)		CREDITED INTO (% of wage)			TOTAL (% of wage)	ORDINARY WAGE CEILING (\$)
		BY EMPLOYER	BY EMPLOYEE	ORDINARY ACCOUNT	SPECIAL ACCOUNT	MEDISAVE ACCOUNT		
Jul 1955	-	5	5	-	-	-	10	500
Sep 1968	-	6.5	6.5	-	-	-	13	2,307.69
Jan 1970	-	8	8	-	-	-	16	1,875
Jan 1971	-	10	10	-	-	-	20	1,500
Jul 1972	-	14	10	-	-	-	24	1,500
Jul 1973	-	15	11	-	-	-	26	1,500
Jul 1974	-	15	15	-	-	-	30	1,500
Jul 1975	-	15	15	-	-	-	30	2,000
Jul 1977	-	15.5	15.5	30	1	-	31	2,000
Jul 1978	-	16.5	16.5	30	3	-	33	3,000
Jul 1979	-	20.5	16.5	30	7	-	37	3,000
Jul 1980	-	20.5	18	32	6.5	-	38.5	3,000
Jul 1981	-	20.5	22	38.5	4	-	42.5	3,000
Jul 1982	-	22	23	40	5	-	45	3,000
Jul 1983	-	23	23	40	6	-	46	3,000
Nov 1983	-	23	23	40	6	-	46	4,000
Apr 1984	-	23	23	40	-	6	46	4,000
Jul 1984	-	25	25	40	4	6	50	5,000
Jul 1985	-	25	25	40	4	6	50	6,000
Apr 1986	-	10	25	29	-	6	35	6,000
Jul 1988	55 years & below	12	24	30	-	6	36	6,000
	Above 55 - 60 years	11	20	25	-	6	31	
	Above 60 - 65 years	9	19	22	-	6	28	
	Above 65 years	8	18	20	-	6	26	
Jul 1989	55 years & below	15	23	30	2	6	38	6,000
	Above 55 - 60 years	12	16	22	-	6	28	
	Above 60 - 65 years	8	13	15	-	6	21	
	Above 65 years	6	11	11	-	6	17	
Jul 1990	55 years & below	16.5	23	30	3.5	6	39.5	6,000
	Above 55 - 60 years	12.5	12.5	19	-	6	25	
	Above 60 - 65 years	7.5	7.5	9	-	6	15	
	Above 65 years	5	5	4	-	6	10	
Jul 1991	55 years & below	17.5	22.5	30	4	6	40	6,000
	Above 55 - 60 years	12.5	12.5	19	-	6	25	
	Above 60 - 65 years	7.5	7.5	9	-	6	15	
	Above 65 years	5	5	4	-	6	10	
Jul 1992	35 years & below	18	22	30	4	6	40	6,000
	Above 35 - 55 years	18	22	29	4	7	40	
	Above 55 - 60 years	12.5	12.5	18	-	7	25	
	Above 60 - 65 years	7.5	7.5	8	-	7	15	
	Above 65 years	5	5	3	-	7	10	

STARTING	AGE OF EMPLOYEE	CONTRIBUTION RATE (% of wage)		CREDITED INTO (% of wage)			TOTAL (% of wage)	ORDINARY WAGE CEILING (\$)
		BY EMPLOYER	BY EMPLOYEE	ORDINARY ACCOUNT	SPECIAL ACCOUNT	MEDISAVE ACCOUNT		
Jul 1993	35 years & below	18.5	21.5	30	4	6	40	6,000
	Above 35 - 45 years	18.5	21.5	29	4	7	40	
	Above 45 - 55 years	18.5	21.5	28	4	8	40	
	Above 55 - 60 years	7.5	12.5	12	-	8	20	
	Above 60 - 65 years	7.5	7.5	7	-	8	15	
	Above 65 years	5	5	2	-	8	10	
Jul 1994	35 years & below	20	20	30	4	6	40	6,000
	Above 35 - 45 years	20	20	29	4	7	40	
	Above 45 - 55 years	20	20	28	4	8	40	
	Above 55 - 60 years	7.5	12.5	12	-	8	20	
	Above 60 - 65 years	7.5	7.5	7	-	8	15	
	Above 65 years	5	5	2	-	8	10	
Jan 1999	35 years & below	10	20	24	-	6	30	6,000
	Above 35 - 45 years	10	20	23	-	7	30	
	Above 45 - 55 years	10	20	22	-	8	30	
	Above 55 - 60 years	4	12.5	8.5	-	8	16.5	
	Above 60 - 65 years	2	7.5	1.5	-	8	9.5	
	Above 65 years	2	5	-	-	7	7	
Apr 2000	35 years & below	12	20	24	2	6	32	6,000
	Above 35 - 45 years	12	20	23	2	7	32	
	Above 45 - 55 years	12	20	22	2	8	32	
	Above 55 - 60 years	4.5	12.5	9	-	8	17	
	Above 60 - 65 years	2.5	7.5	2	-	8	10	
	Above 65 years	2.5	5	-	-	7.5	7.5	
Jan 2001	35 years & below	16	20	26	4	6	36	6,000
	Above 35 - 45 years	16	20	23	6	7	36	
	Above 45 - 55 years	16	20	22	6	8	36	
	Above 55 - 60 years	6	12.5	10.5	-	8	18.5	
	Above 60 - 65 years	3.5	7.5	2.5	-	8.5	11	
	Above 65 years	3.5	5	-	-	8.5	8.5	
Oct 2002	35 years & below	16	20	26	4	6	36	6,000
	Above 35 - 45 years	16	20	23	6	7	36	
	Above 45 - 55 years	16	20	22	6	8	36	
	Above 55 - 60 years	6	12.5	10.5	-	8	18.5	
	Above 60 - 65 years	3.5	7.5	2.5	-	8.5	11	
	Above 65 years	3.5	5	-	-	8.5	8.5	
Oct 2003	35 years & below	13	20	22	5	6	33	6,000
	Above 35 - 45 years	13	20	20	6	7	33	
	Above 45 - 55 years	13	20	18	7	8	33	
	Above 55 - 60 years	6	12.5	10.5	-	8	18.5	
	Above 60 - 65 years	3.5	7.5	2.5	-	8.5	11	
	Above 65 years	3.5	5	-	-	8.5	8.5	
Jan 2004	35 years & below	13	20	22	5	6	33	5,500
	Above 35 - 45 years	13	20	20	6	7	33	
	Above 45 - 55 years	13	20	18	7	8	33	
	Above 55 - 60 years	6	12.5	10.5	-	8	18.5	
	Above 60 - 65 years	3.5	7.5	2.5	-	8.5	11	
	Above 65 years	3.5	5	-	-	8.5	8.5	

STARTING	AGE OF EMPLOYEE	CONTRIBUTION RATE (% of wage)		CREDITED INTO (% of wage)			TOTAL (% of wage)	ORDINARY WAGE CEILING (\$)
		BY EMPLOYER	BY EMPLOYEE	ORDINARY ACCOUNT	SPECIAL ACCOUNT	MEDISAVE ACCOUNT		
Jan 2005	35 years & below	13	20	22	5	6	33	5,000
	Above 35 - 45 years	13	20	20	6	7	33	
	Above 45 - 50 years	13	20	18	7	8	33	
	Above 50 - 55 years	11	19	15	7	8	30	
	Above 55 - 60 years	6	12.5	10.5	-	8	18.5	
	Above 60 - 65 years	3.5	7.5	2.5	-	8.5	11	
	Above 65 years	3.5	5	-	-	8.5	8.5	
Jan 2006	35 years & below	13	20	22	5	6	33	4,500
	Above 35 - 45 years	13	20	20	6	7	33	
	Above 45 - 50 years	13	20	18	7	8	33	
	Above 50 - 55 years	9	18	12	7	8	27	
	Above 55 - 60 years	6	12.5	10.5	-	8	18.5	
	Above 60 - 65 years	3.5	7.5	2.5	-	8.5	11	
	Above 65 years	3.5	5	-	-	8.5	8.5	
Jul 2007	35 years & below	14.5	20	23	5	6.5	34.5	4,500
	Above 35 - 45 years	14.5	20	21	6	7.5	34.5	
	Above 45 - 50 years	14.5	20	19	7	8.5	34.5	
	Above 50 - 55 years	10.5	18	13	7	8.5	28.5	
	Above 55 - 60 years	7.5	12.5	11.5	-	8.5	20	
	Above 60 - 65 years	5	7.5	3.5	-	9	12.5	
	Above 65 years	5	5	1	-	9	10	
Sep 2010	35 years & below	15	20	23	5	7	35	4,500
	Above 35 - 45 years	15	20	21	6	8	35	
	Above 45 - 50 years	15	20	19	7	9	35	
	Above 50 - 55 years	11	18	13	7	9	29	
	Above 55 - 60 years	8	12.5	11.5	-	9	20.5	
	Above 60 - 65 years	5.5	7.5	3.5	-	9.5	13	
	Above 65 years	5.5	5	1	-	9.5	10.5	
Mar 2011	35 years & below	15.5	20	23	5.5	7	35.5	4,500
	Above 35 - 45 years	15.5	20	21	6.5	8	35.5	
	Above 45 - 50 years	15.5	20	19	7.5	9	35.5	
	Above 50 - 55 years	11.5	18	13	7.5	9	29.5	
	Above 55 - 60 years	8.5	12.5	11.5	0.5	9	21	
	Above 60 - 65 years	6	7.5	3.5	0.5	9.5	13.5	
	Above 65 years	6	5	1	0.5	9.5	11	
Sep 2011	35 years & below	16	20	23	6	7	36	5,000
	Above 35 - 45 years	16	20	21	7	8	36	
	Above 45 - 50 years	16	20	19	8	9	36	
	Above 50 - 55 years	12	18	13	8	9	30	
	Above 55 - 60 years	9	12.5	11.5	1	9	21.5	
	Above 60 - 65 years	6.5	7.5	3.5	1	9.5	14	
	Above 65 years	6.5	5	1	1	9.5	11.5	
Sep 2012	35 years & below	16	20	23	6	7	36	5,000
	Above 35 - 45 years	16	20	21	7	8	36	
	Above 45 - 50 years	16	20	19	8	9	36	
	Above 50 - 55 years	14	18.5	13.5	9.5	9.5	32.5	
	Above 55 - 60 years	10.5	13	12	2	9.5	23.5	
	Above 60 - 65 years	7	7.5	3.5	1.5	9.5	14.5	
	Above 65 years	6.5	5	1	1	9.5	11.5	

STARTING	AGE OF EMPLOYEE	CONTRIBUTION RATE (% of wage)		CREDITED INTO (% of wage)			TOTAL (% of wage)	ORDINARY WAGE CEILING (\$)
		BY EMPLOYER	BY EMPLOYEE	ORDINARY ACCOUNT	SPECIAL ACCOUNT	MEDISAVE ACCOUNT		
Jan 2014	35 years & below	16	20	23	6	7	36	5,000
	Above 35 - 45 years	16	20	21	7	8	36	
	Above 45 - 50 years	16	20	19	8	9	36	
	Above 50 - 55 years	14	18.5	13.5	9.5	9.5	32.5	
	Above 55 - 60 years	10.5	13	12	2	9.5	23.5	
	Above 60 - 65 years	7	7.5	3.5	1.5	9.5	14.5	
	Above 65 years	6.5	5	1	1	9.5	11.5	
Jan 2015*	35 years & below	17	20	23	6	8	37	5,000
	Above 35 - 45 years	17	20	21	7	9	37	
	Above 45 - 50 years	17	20	19	8	10	37	
	Above 50 - 55 years	16	19	14	10.5	10.5	35	
	Above 55 - 60 years	12	13	12	2.5	10.5	25	
	Above 60 - 65 years	8.5	7.5	3.5	2	10.5	16	
	Above 65 years	7.5	5	1	1	10.5	12.5	

* Contribution and allocation rates for employees with monthly wages of \$750 or more. For employees with monthly wages of less than \$750 please refer to Annex D.

ANNEX B

CPF INTEREST RATES, 2006 – 2015

YEAR	CPF INTEREST RATE PER ANNUM (%)			
	ORDINARY ACCOUNT	MEDISAVE ACCOUNT	SPECIAL ACCOUNT	RETIREMENT ACCOUNT
JAN – DEC 2006	2.50	4.00	4.00	4.00
JAN – DEC 2007	2.50	4.00	4.00	4.00
JAN – DEC 2008	2.50	4.00	4.00	4.00
JAN – DEC 2009	2.50	4.00	4.00	4.00
JAN – DEC 2010	2.50	4.00	4.00	4.00
JAN – DEC 2011	2.50	4.00	4.00	4.00
JAN – DEC 2012	2.50	4.00	4.00	4.00
JAN – DEC 2013	2.50	4.00	4.00	4.00
JAN – DEC 2014	2.50	4.00	4.00	4.00
JAN – DEC 2015	2.50	4.00	4.00	4.00

ANNEX C

MEMBERSHIP, CONTRIBUTIONS & MEMBERS' BALANCES, 2006 - 2015

YEAR END	NUMBER OF MEMBERS ('000)	TOTAL CONTRIBUTION (\$'000)	TOTAL BALANCES (\$'000)
2006	3,100	16,547,062	125,803,762
2007	3,163	18,185,002	136,586,858
2008	3,234	20,293,636	151,307,064
2009	3,291	20,124,892	166,804,016
2010	3,343	21,992,739	185,887,975
2011	3,376	24,628,413	207,545,500
2012	3,419	26,048,399	230,157,671
2013	3,508	28,530,047	252,968,636
2014	3,593	29,722,128	275,363,930
2015	3,686	32,049,136	299,522,383

ANNEX D

CPF CONTRIBUTIONS IN RESPECT OF PRIVATE SECTOR EMPLOYEES (FROM 1 JANUARY – 31 DECEMBER 2015)

Employee's total wages for the calendar month (1)	AGE OF EMPLOYEE									
	50 YEARS AND BELOW		ABOVE 50-55		ABOVE 55-60		ABOVE 60-65		ABOVE 65	
	Total CPF contributions (Employer's share & Employee's share) for the calendar month (2)	Employee's share of CPF contributions for the calendar month (3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
≤ \$50	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
> \$50 to \$500	<u>17%</u> of the employee's total wages for the month	Nil	16%	Nil	12%	Nil	8.5%	Nil	7.5%	Nil
> \$500 to < \$750	a. <u>17%</u> of the employee's total wages for the month; and	a. Nil	16%	Nil	12%	Nil	8.5%	Nil	7.5%	Nil
	b. <u>0.6</u> of the difference between the employee's total wages for the month and \$500	b. <u>0.6</u> of the difference between the employee's total wages for the month and \$500	0.57	0.57	0.39	0.39	0.225	0.225	0.15	0.15
≥ \$750	a. <u>37%</u> of the employee's Ordinary Wages for the month up to <u>\$1,850</u> ; and	a. <u>20%</u> of the employee's Ordinary Wages for the month up to \$1,000; and	35% max \$1,750	19% max \$950	25% max \$1,250	13% max \$650	16% max \$800	7.5% max \$375	12.5% max \$625	5% max \$250
	b. <u>37%</u> of the Additional Wages payable to the employee in the month	b. <u>20%</u> of the Additional Wages payable to the employee in the month	35%	19%	25%	13%	16%	7.5%	12.5%	5%

For employees in the above 50 to 55, above 55 to 60, above 60 to 65 and above 65 age groups, replace the figures underlined in columns (2) and (3) with the corresponding figures in columns (4) to (11).

ANNEX E

CPF CONTRIBUTIONS IN RESPECT OF GOVERNMENT PENSIONABLE EMPLOYEES AND PENSIONABLE EMPLOYEES IN DESIGNATED STATUTORY BODIES (FROM 1 JANUARY – 31 DECEMBER 2015)

Employee's total wages for the calendar month (1)	AGE OF EMPLOYEE									
	50 YEARS AND BELOW		ABOVE 50-55		ABOVE 55-60		ABOVE 60-65		ABOVE 65	
	Total CPF contributions (Employer's share & Employee's share) for the calendar month (2)	Employee's share of CPF contributions for the calendar month (3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
> \$0.01	a. <u>12.75%</u> of the employee's Ordinary Wages excluding the non-pensionable variable payment and non-pensionable component; and	a. Nil	12%	Nil	9%	Nil	6.375%	Nil	5.625%	Nil
	<u>17%</u> of the non-pensionable variable payment and non-pensionable component for the month subject to a maximum of <u>\$850</u> ; and	Nil	16% max \$800	Nil	12% max \$600	Nil	8.5% max \$425	Nil	7.5% max \$375	Nil
	b. a further <u>15%</u> of the employee's Ordinary Wages excluding the non-pensionable variable payment and non-pensionable component; and	b. <u>15%</u> of the employee's Ordinary Wages excluding the non-pensionable variable payment and non-pensionable component; and	14.25%	14.25%	9.75%	9.75%	5.625%	5.625%	3.75%	3.75%
	<u>20%</u> of the non-pensionable variable payment and non-pensionable component for the month subject to a maximum of <u>\$1,000</u> ; and	<u>20%</u> of the non-pensionable variable payment and non-pensionable component for the month subject to a maximum of <u>\$1,000</u> ; and	19% max \$950	19% max \$950	13% max \$650	13% max \$650	7.5% max \$375	7.5% max \$375	5% max \$250	5% max \$250
	c. <u>37%</u> of any Additional Wages payable	c. <u>20%</u> of any Additional Wages payable	35%	19%	25%	13%	16%	7.5%	12.5%	5%

For employees in the above 50 to 55, above 55 to 60, above 60 to 65 and above 65 age groups, replace the figures underlined in columns (2) & (3) with the corresponding figures in columns (4) to (11).

ANNEX F

CPF CONTRIBUTIONS IN RESPECT OF GOVERNMENT NON-PENSIONABLE EMPLOYEES AND NON-PENSIONABLE EMPLOYEES IN DESIGNATED STATUTORY BODIES AND AIDED SCHOOLS (FROM 1 JANUARY – 31 DECEMBER 2015)

Employee's total wages for the calendar month (1)	AGE OF EMPLOYEE									
	50 YEARS AND BELOW		ABOVE 50-55		ABOVE 55-60		ABOVE 60-65		ABOVE 65	
	Total CPF contributions (Employer's share & Employee's share) for the calendar month (2)	Employee's share of CPF contributions for the calendar month (3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
≤ \$50	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
> \$50 to \$500	<u>17%</u> of the employee's total wages for the month	Nil	16%	Nil	12%	Nil	8.5%	Nil	7.5%	Nil
> \$500 to < \$750	a. <u>17%</u> of the employee's total wages for the month; and	a. Nil	16%	Nil	12%	Nil	8.5%	Nil	7.5%	Nil
	b. <u>0.6</u> of the difference between the employee's total wages for the month and \$500	b. <u>0.6</u> of the difference between the employee's total wages for the month and \$500	0.57	0.57	0.39	0.39	0.225	0.225	0.15	0.15
≥ \$750	a. <u>37%</u> of the employee's Ordinary Wages for the month up to <u>\$1,850</u> ; and	a. <u>20%</u> of the employee's Ordinary Wages for the month up to <u>\$1,000</u> ; and	35% max \$1,750	19% max \$950	25% max \$1,250	13% max \$650	16% max \$800	7.5% max \$375	12.5% max \$625	5% max \$250
	b. <u>37%</u> of the Additional Wages payable to the employee in the month	b. <u>20%</u> of the Additional Wages payable to the employee in the month	35%	19%	25%	13%	16%	7.5%	12.5%	5%

For employees in the above 50 to 55, above 55 to 60, above 60 to 65 and above 65 age groups, replace the figures underlined in columns (2) and (3) with the corresponding figures in columns (4) to (11).

ANNEX G

WITHDRAWALS UNDER SECTION 15 AND SECTION 25 OF THE CPF ACT – 2015

GROUND FOR WITHDRAWAL	NUMBER	AMOUNT (\$M)
55 Years and Above	389,598	3,720.7
Leaving Singapore and West Malaysia	5,348	517.0
Permanent Incapacity	937	47.5
Unsound Mind	43	2.1
Death	20,510	672.8
Malaysian Citizen	8,243	195.8
Total	424,679	5,155.90

ANNEX H

DISTRIBUTION OF CPF MEMBERS' BALANCES BY AGE GROUP AND SEX AS AT 31 DECEMBER 2015

Age Groups (Years)	MALE		FEMALE		NOT SPECIFIED		TOTAL	
	Number ('000)	Balances (\$'000)	Number ('000)	Balances (\$'000)	Number ('000)	Balances (\$'000)	Number ('000)	Balances (\$'000)
Up to 20	65	78,068	61	93,305	-	-	126	171,373
>20 - 25	126	915,091	121	1,526,143	-	-	248	2,441,234
>25 - 30	134	4,967,350	140	6,586,240	-	-	274	11,553,590
>30 - 35	144	10,652,664	155	11,419,635	0.0	0	299	22,072,299
>35 - 40	156	16,147,550	164	16,367,736	0.0	145	321	32,515,431
>40 - 45	171	22,537,201	172	20,935,424	0.0	223	343	43,472,848
>45 - 50	182	25,397,136	178	21,154,784	0.0	418	360	46,552,339
>50 - 55	213	28,485,030	185	21,767,741	0.2	901	398	50,253,672
>55 - 60	188	21,389,489	169	16,558,033	0.1	673	358	37,948,194
Above 60	409	30,169,770	416	22,034,557	0.3	529	826	52,204,856
Unspecified	72	179,764	58	152,392	3.9	4,390	134	336,547
All Groups	1,861	160,919,114	1,820	138,595,990	5	7,279	3,686	299,522,383

Figures include self-employed persons.

Total may not add up due to rounding.

DISTRIBUTION OF ACTIVE CPF MEMBERS BY REGROSSED BALANCES* AND AGE GROUP AS AT 31 DECEMBER 2015

Balance Group (\$)	AGE GROUP (YEARS)											TOTAL	
	Up to 20	>20 - 25	>25 - 30	>30 - 35	>35 - 40	>40 - 45	>45 - 50	>50 - 55	>55 - 60	Above 60	Not Specified	Active Members	Balances (\$'000)
Below 1,000	26,490	4,410	2,330	1,330	810	470	230	110	80	280	10	36,570	14,330
1,000 to below 2,000	8,460	5,470	3,080	1,700	890	570	260	110	100	330	# 0	20,970	30,995
2,000 to below 3,000	4,580	6,460	2,720	1,300	720	470	240	130	130	440	# 0	17,180	42,646
3,000 to below 4,000	2,740	6,450	2,380	1,150	620	410	190	120	150	520	-	14,730	51,402
4,000 to below 5,000	1,780	6,040	2,240	1,020	590	380	210	120	160	660	-	13,180	59,254
5,000 to below 6,000	1,200	5,710	2,240	870	510	330	210	130	170	750	-	12,120	66,647
6,000 to below 7,000	850	5,220	2,240	860	490	350	230	140	200	910	-	11,490	74,680
7,000 to below 8,000	700	4,590	2,180	880	510	380	220	160	230	960	-	10,810	80,947
8,000 to below 9,000	490	4,110	2,020	820	530	350	250	170	230	1,020	-	9,970	84,651
9,000 to below 10,000	480	3,720	2,070	760	480	330	260	160	270	1,090	-	9,620	91,370
10,000 to below 20,000	1,630	27,830	19,490	7,290	4,660	3,510	2,720	2,160	3,360	13,940	# 0	86,590	1,292,888
20,000 to below 30,000	210	17,090	20,550	7,220	4,480	3,700	3,210	2,960	4,250	14,970	# 0	78,620	1,958,113
30,000 to below 40,000	40	10,220	21,410	7,290	4,670	3,740	3,530	3,500	4,870	13,120	-	72,390	2,528,237
40,000 to below 50,000	10	5,890	20,570	7,630	4,730	3,880	3,710	3,880	4,690	13,860	-	68,840	3,096,462
50,000 to below 60,000	# 0	3,420	20,080	8,380	4,980	4,120	3,820	4,110	4,720	11,390	-	65,030	3,573,173
60,000 to below 70,000	# 0	1,890	18,360	8,920	5,620	4,330	4,050	4,220	4,570	10,220	-	62,160	4,037,439
70,000 to below 80,000	# 0	830	16,040	9,970	5,910	4,600	4,070	4,210	4,240	9,410	-	59,260	4,441,876
80,000 to below 90,000	-	440	14,130	11,020	6,220	4,590	4,110	4,350	4,260	9,140	-	58,260	4,950,959
90,000 to below 100,000	# 0	190	11,350	11,820	6,540	4,600	4,110	4,320	4,060	8,240	-	55,220	5,242,264
100,000 to below 150,000	# 0	140	28,840	59,300	35,770	23,880	19,430	20,150	20,440	34,460	-	242,420	30,084,363
150,000 & above	-	20	6,670	84,030	147,760	171,770	160,380	155,430	121,710	106,090	-	953,860	335,736,068
All Groups	49,670	120,130	220,970	233,550	237,450	236,740	215,430	210,630	182,890	251,800	20	1,959,270	397,538,765

Figures exclude all self-employed persons.

Total may not add up due to rounding.

* Regressed Balances include amounts withdrawn under Investment, Education, Residential Properties, Non-Residential Properties and Public Housing Schemes as at end of period.

Number of active CPF members is less than 5.



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