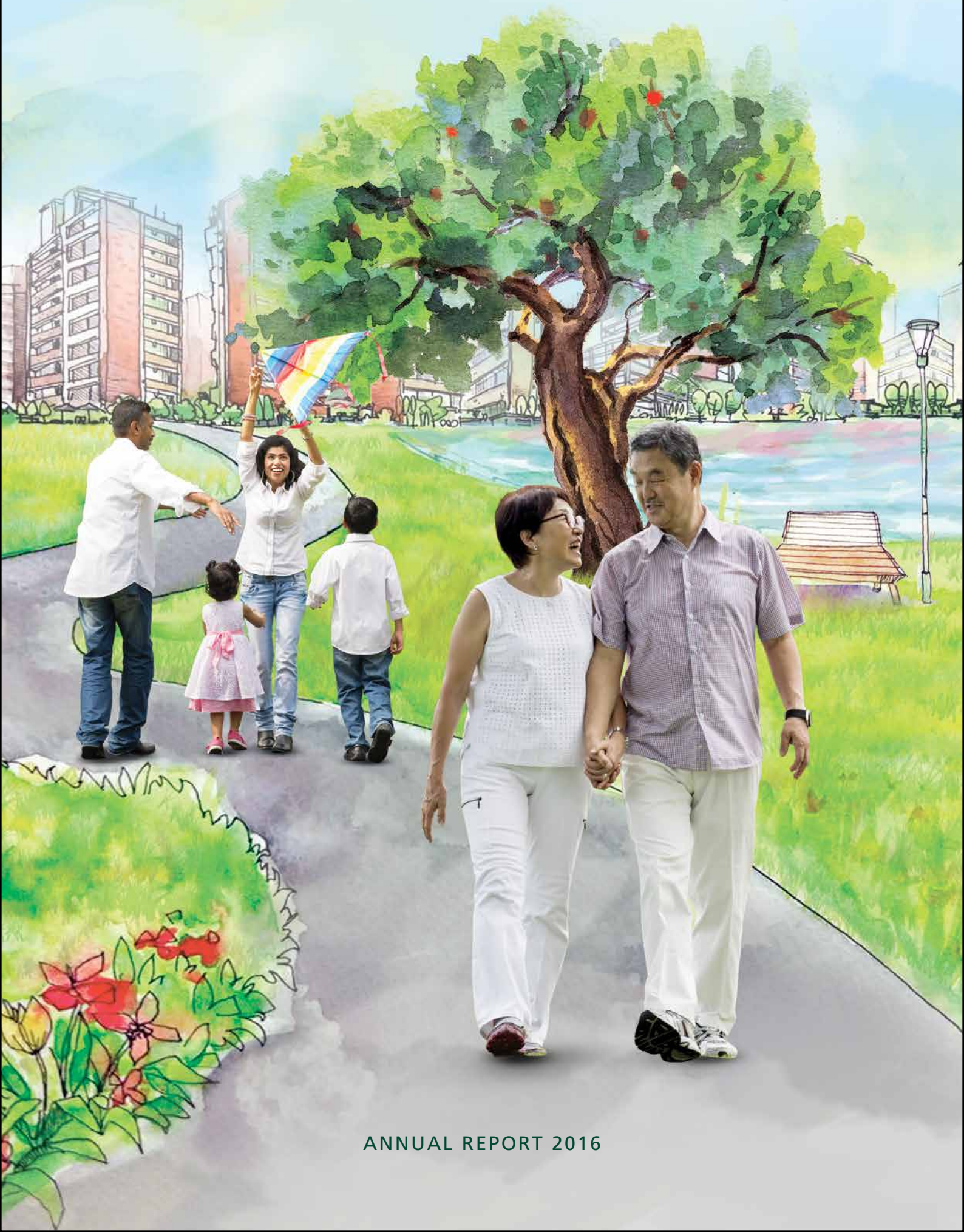




Central Provident Fund Board



ANNUAL REPORT 2016



ANNUAL REPORT 2016

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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



**COMPREHENSIVE
& EFFECTIVE
SCHEMES**

**SATISFIED &
WELL-INFORMED
CUSTOMERS**

**COST-EFFICIENT
OPERATIONS**

**COMPETENT
& ENGAGED
PEOPLE**

**FOCUS ON
CUSTOMERS**

I deepen the trust and respect customers have in the Board's service in all my interactions.

**TAKE CHARGE AND
INNOVATE**

I initiate and am receptive to big and small innovations that help the Board save cost, improve productivity and/or provide better service.

**LEARN
AND GROW**

I continuously learn and apply new skills and knowledge to meet the challenges of my work and environment.

**TEAM UP FOR
RESULTS**

We work together within and across departments to deliver results.

CORPORATE



Strategic Planning

Strategic shifts and long term trends for more robust workplans



CHAIRMAN'S STATEMENT

UPDATE ON THE CENTRAL PROVIDENT FUND AND INSURANCE FUNDS

In 2016, the number of CPF members increased by 2% to 3.8 million, and total CPF balances grew by 10% to \$328.9 billion. This excludes the net amount withdrawn for housing and investments, which stood at \$221.1 billion as at end-2016. 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 extra 1% interest earned on the first \$60,000 of a member's combined balances. CPF members aged 55 and above also earned an additional 1% extra interest on the first of their combined CPF balances \$30,000, enabling them to earn up to 6% interest per year on their retirement balances.

As at end-2016, about 607,000 members were insured under the Home Protection Scheme (HPS), and the Home Protection Fund stood at about \$1.0 billion. About 900 HPS claims amounting to \$82.5 million were approved in the course of the year. The MediShield Life Fund stood at about \$1.4 billion at end-2016. About 507,000 MediShield Life claims were approved, amounting to \$758.0 million, in 2016.

“In 2016, about 2,700 members transferred some of their CPF savings to their spouse's account. This was 70% more than in 2015 and about one-third of the increase was due to the enhancement in our rules – one in five spouses who had received transfers were able to have at least the BRS in their CPF account.”



MAJOR CPF ENHANCEMENTS IN 2016

Helping Members To Save More For Retirement

To help CPF members save more for their retirement, several enhancements were implemented in January 2016. The CPF salary ceiling was raised from \$5,000 to \$6,000 to keep pace with wage growth in recent years. This enhancement benefited about 1 million CPF members. In order to help older workers save more, the CPF contribution rates for workers aged above 50 to 65 years old were increased, benefitting about 570,000 members. In addition, about 1 million CPF members aged 55 and above also benefited from the additional 1% extra interest earned on the first \$30,000 of their combined CPF balances.

Providing Greater Flexibility

The CPF Advisory Panel (CAP) was formed in September 2014 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 Government had accepted the CAP recommendations and the first set of recommendations was implemented by the CPF Board from 1 January 2016.

One of the enhancements was to make it easier for members to transfer CPF savings to their spouse's CPF account. Members need to only set aside the Basic Retirement Sum (BRS) to transfer CPF savings above this amount to their spouse's CPF account. In 2016, about 2,700 members transferred some of their CPF savings to their spouse's account. This was 70% more than in 2015 and about one-third of the increase was due to the enhancement in our rules – one in five spouses who had received transfers were able to have at least the BRS in their CPF account.

The Enhanced Retirement Sum (ERS), set at three times the BRS, was introduced for members who desire higher monthly payouts in retirement. Under this option, members aged 55 and above can receive top-ups to their Retirement Account beyond the Full Retirement Sum (FRS), up to the ERS. About 9,000 members exercised this new option in 2016. Overall, there were more cash top-ups to members' CPF accounts in 2016 - 49,000 members received cash top-ups in 2016, 27% more than in 2015. A total of \$860m was received in cash top-ups.

CPF members were also given the option of deferring the starting age of their CPF LIFE payouts up to age 70, so as to enjoy higher monthly payouts. In 2016, about 900 CPF members exercised the option, of whom about 70% were still working.

Helping Members Plan For Retirement

The CPF Board has been providing guided one-to-one retirement planning service to CPF members to help members understand the CPF schemes and options available to them. Members have found this service useful. 95% of members who attended the CPF Retirement Planning Service (CRPS) would recommend this service to their friends and family members. From 2017, this service will be made available to all CPF members when they turn age 54 to help them make more informed choices to better plan for their retirement.

Silver Support Scheme

The Silver Support Scheme, administered by the CPF Board, provides quarterly cash payouts to elderly Singaporeans who have lower incomes over their lifetime and less retirement support. The first Silver Support payout was made in July 2016, and more than 140,000 citizens aged 65 and above benefitted from the Silver Support Scheme in 2016.

ENHANCEMENTS TO CPF IN 2017 AND BEYOND

Part Two of CPF Advisory Panel (CAP) Recommendations

In August 2016, the Government accepted the second set of CAP recommendations, which included an additional CPF LIFE plan to cater to CPF members who are concerned about increases in the cost of living during their retirement years. The CPF LIFE Escalating Plan will offer members the option of having a lower initial monthly payout which then escalates at 2% a year. This additional plan will be made available to members from January 2018.

The CPF Board is also working with the Ministry of Manpower on the CPF Lifetime Retirement Investment Scheme (LRIS), a simpler investment option catering to CPF members who are not sufficiently confident of making active investment decisions or navigating the wide range of investment offerings under the CPF Investment Scheme (CPFIS). The LRIS will have low fees, simple investment choices, investments that are passively managed, and mechanisms to encourage long term investment. In line with the CAP recommendations, the CPF Board is also working with the Ministry of Manpower to review the CPFIS to better target it at knowledgeable CPFIS investors who are confident of managing their investments on their own and have the time to do so.

Enhancement to Workfare Income Supplement (WIS) Scheme

At Budget 2016, the Government announced a series of enhancements to the Workfare Income Supplement (WIS) Scheme which had been implemented since January 2017. Firstly, the qualifying income ceiling has been raised from \$1,900 to \$2,000 a month so that more workers can now receive WIS. Secondly, the WIS payout has been increased. Workers can now receive higher WIS payouts of up to \$3,600 a year, from \$3,500 a year previously. Thirdly, WIS payouts are now made more frequently – monthly instead of quarterly. This provides a more direct and timely reward for work efforts.

CONCLUSION AND APPRECIATION

Over the years, the CPF system has served Singaporeans well in supporting their retirement, housing and healthcare needs. The CPF Board will continue to strengthen the CPF system to help Singaporeans improve their retirement adequacy. 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 2016, we had some changes of Board Members. We would particularly want to extend our appreciation to former Board Members Mrs Tan Ching Yee and Mr Derrick Wan for their contributions. We also welcome on-board two new Board Members: Mr Chan Heng Kee and Mr Lim Zhi Jian. We look forward to their valued contributions to the Board.



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,
Graduate School of Business,
Stanford University, USA



Mr Chan Heng Kee

Permanent Secretary
Ministry of Health
(Government Representative)
Master of Science in Electrical
Engineering, Stanford University, USA
Master of Business Administration,
Massachusetts Institute of
Technology, USA



Mr Lim Zhi Jian

Director of Reserves and Investment
Ministry of Finance
(Government Representative)
Master in Public Administration,
Harvard University, USA



Mr John Ng

Chief Executive Officer
Singapore LNG Corporation Pte Ltd
(Employer Representative)
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

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



Ms Cham Hui Fong

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



Ms Mary Liew

President, National Trades
Union Congress
General Secretary, Singapore
Maritime Officers' Union
(Employee Representative)
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 Laws (Honours),
University of Singapore



Mr Tan Teck Huat

Finance Director
QAF Limited
Master of Arts, University of
Cambridge, UK



Mr Tung Siew Hoong

Director, Portfolio Execution Group
GIC Private Limited
Master of Social Sciences in Statistics
and Economics, National University
of Singapore

BOARD MEMBERS WHO COMPLETED THEIR TERMS DURING THE YEAR:

Mrs Tan Ching Yee

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

BOARD MEMBERS WHO STEPPED DOWN FROM THE BOARD DURING THE YEAR:

Mr Derrick Wan

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



CEO'S STATEMENT

The CPF Board plays a key role in Singapore's social security system and in securing the retirement adequacy of our members. In 2016, we continued to enhance our schemes, services and operations to better serve our members and advance our vision as a trusted and respected social security organisation, committed to enable Singaporeans to have a secure retirement.

ENHANCING CPF POLICIES & SCHEMES

In 2016, the CPF Board ramped up its operations to implement enhancements to CPF policies and schemes, including the CPF Advisory Panel (CAP)'s recommendations approved by the Government. These enhancements, which would help members better prepare for retirement, included:

- Raising the CPF salary ceiling from \$5,000 to \$6,000
- Increasing CPF contribution rates for workers aged above 50 to 65 years old
- Providing members aged 55 and above an additional extra interest of 1% on the first \$30,000 of their combined CPF balances
- Giving members a wider range of payout options based on three levels of retirement sums – the Basic Retirement Sum, the Full Retirement Sum, and the Enhanced Retirement Sum
- Giving members the option to transfer CPF savings above the Basic Retirement Sum to their spouses' CPF accounts
- Allowing members to defer their Payout Start Age up to age 70

We will be launching the new CPF LIFE Escalating Plan in January 2018. This additional plan seeks to address members' concern with the rising cost of living. Members will have the option to start their CPF LIFE monthly payout with a lower initial payout, which then escalates at 2% a year. CPF members who are already on other CPF LIFE Plans will have one year from January 2018 to switch to this new option.

The CPF Board is working with the Ministry of Manpower to develop the CPF Lifetime Retirement Investment Scheme (LRIS) which will cater to members who prefer a simpler investment option that is passively managed and offers low fees as well as mechanisms to encourage long term investment. We are also working with the Ministry of Manpower to review the CPF Investment Scheme (CPFIS) to better target it at knowledgeable CPFIS investors who feel confident of managing their investments on their own and have the time to do so.

REACHING OUT TO MEMBERS

Stepping Up Engagement Efforts

The CPF Board stepped up our engagement efforts in 2016 to reach out to more Singaporeans and help them better understand the CPF system, including the recent CPF enhancements, and the importance of planning early for their retirement. This was done over a variety of channels and platforms to engage different segments of members.

Big 'R' Chat Campaign

The Big 'R' (Retirement) Chat Campaign, which was initiated in 2015 to encourage members to start planning for their retirement, was expanded in 2016. The campaign showed members how their CPF savings helped build a foundation for their golden years through home ownership, healthcare protection and lifelong income. It also highlighted how members can make use of the additional options and flexibility introduced with the 2016 enhancements to better meet their retirement needs. These messages were carried across multiple media channels ranging from out-of-home to digital platforms, as well as a series of five roadshows island-wide which attracted over 80,000 visitors.

“In 2016, we continued to enhance our schemes, services and operations to better serve our members and advance our vision as a trusted and respected social security organisation, committed to enable Singaporeans to have a secure retirement.”



Online Engagement

A series of YouTube videos titled 'Are you cleverer than a typical Singaporean?' was rolled out by the CPF Board to introduce financial concepts and financial literacy principles to Singaporeans. It was based on a game show format, and targeted younger members. With this series, the Board's YouTube channel subscriber base more than doubled. In addition, through regular postings of visually-engaging content and informative articles, CPF Board's Facebook fan base also grew by 83% to more than 100,000 fans in 2016.

Grassroots "Kopi Talk" Sessions

The CPF Board worked with the People's Association and the Ministry of Manpower on four vernacular "Kopi Talk" dialogue sessions to explain the purpose of the CPF system. Fronted by the Minister for Manpower, Mr Lim Swee Say, these sessions reached out to about 1,000 grassroots leaders. The "CPF: As easy as 1, 2, 3" video was used to explain the key things to know about the CPF system through a simple narrative. Most of the participants felt that they understood the CPF schemes better after the sessions and were more confident to share with their residents the role that CPF played in retirement.

Enhanced Yearly Statement of Accounts

In 2016, the Yearly Statement of Accounts that CPF members receive at the start of each year was enhanced. A new illustrated summary was included to provide members with an easy-to-understand snapshot of contributions made to their CPF savings as well as how the monies have been used. It also provided personalised financial tips to help members build up their CPF savings. The pictorial format was well received by members who found it more informative and easier to understand.

CPF Mobile Service Centres

To bring CPF services closer to our members, including the elderly living in the heartlands, we piloted the CPF Mobile Service Centres initiative in March 2016. The CPF Mobile Service Centres were operated at different locations island-wide every two months, serving members through appointments or walk-ins. By December 2016, more than 7,000 members had visited these Service Centres to make enquiries on their CPF accounts, perform a range of CPF transactions or attend one-to-one CPF Retirement Planning Service sessions. Members have found the Mobile Service Centres to be convenient and accessible for CPF transactions and queries. The CPF Board will continue this initiative in 2017.

OPERATIONS

Enhancing Services to Members

The CPF Board is committed to provide effective and quality services to members, and will continue to undertake innovations to enhance members' service experience.

Call Authentication Service

On 1 March 2017, we rolled out a new Call Authentication Service to the public. With call authentication, CPF members will be able to enjoy convenient and personalised guidance over the phone, without having to make trips to the Service Centres. The CPF Board is the first public agency to implement the call authentication service by leveraging the Whole-of-Government SingPass 2nd-Factor Authentication (2FA) service.

CPF Retirement Planning Service

The CPF Retirement Planning Service provides personalised guidance to members reaching the age of 55, so that they can make informed decisions about their CPF retirement choices and understand the implications on their existing obligations, such as housing loans. From 2017, this service will be expanded to all CPF members when they turn 54.

Upgrading of CPF Service Centres

With the sale of the CPF Building, the CPF Service Centre at 79 Robinson Road was relocated to 45 Maxwell Road, URA Centre East Wing, a central location with easy accessibility. The move was completed seamlessly in February 2017.

We are also progressively refreshing our Service Centres to better serve our members. Completed in November 2016, the newly-upgraded CPF Jurong Service Centre comprises two levels for more focused service delivery, with Club 55 services on the first floor and non-club 55 services on the higher floor. The Jurong Service Centre now also features an improved self-help lobby, a colour-zone design concept to facilitate members' movement and dedicated Club 55 counters to provide members with more privacy.

Enforcement and Deterrence

We continued to protect the rights of our members through the three-pronged approach of education, deterrence and enforcement - which included pro-active audits and action on complaints received. This is implemented in tandem with the WorkRight Initiative, a collaboration with the Ministry of Manpower, to educate employees and employers on their employment rights and obligations under the Employment Act and CPF Act. In 2016, we recovered a total of \$635.1 million in owed and late CPF contributions.

Enhancing Electronic Services for Employers

The CPF Board introduced various enhancements in 2016 to improve employers' e-submission experience. A key enhancement was the migration of employers from using the 'online' form mode to using the CPF e-Submit@web, allowing employers to enjoy the convenience of auto-computation of CPF contributions. We also introduced the CPF e-Submit@mobile to allow employers to submit their CPF contributions conveniently via their mobile phones. As at 31 December 2016, 85.2% of all employers submitted their employees' CPF contributions electronically.

Agency Projects – Disbursements Made in 2016

Under the GST Voucher Scheme, the CPF Board disbursed \$650.2 million in cash to 1.3 million Singapore citizens and \$123.9 million into the Medisave accounts of 415,000 Singapore citizens.

Under the Pioneer Generation Package, a total of \$183.5 million was credited into the Medisave accounts of 415,000 eligible Pioneers.

The CPF Board disbursed \$92.9 million in Medisave top-ups to 514,000 Singapore citizens under the 5-year Medisave Top-up announced in Budget 2014 to help citizens aged 55 and above who did not receive the Pioneer Generation benefits.

The CPF Board also disbursed \$663.8 million of Workfare Income Supplement (WIS) payments to around 429,000 Singaporeans workers for working in 2015. Another \$423.8 million of WIS payments were made to about 359,000 workers for working between January and September 2016.

The CPF Board also implemented the Silver Support Scheme and disbursed Silver Support payouts to more than 140,000 seniors in 2016. 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.

APPRECIATION

On behalf of the Management, I would like to express my deepest appreciation to all staff of the CPF Board for their unwavering dedication and hard work to fulfil the Board's mission and vision. I would also like to thank our Board Chairman and Board Members for their strong stewardship and steadfast support of Management initiatives. I look forward to the journey ahead together as we strive to better serve our members and enable them to have a secure retirement.

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 Employee representatives respectively, 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 2016.

All Board Members, with the exception of the Chief Executive Officer ("CEO"), are non-executive members. The Board's composition takes into account relevant 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 2016.

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. The Audit Committee was chaired by Mr Tan Teck Huat and included Professor Annie Koh and Mr Lau Wing Tat as its members in 2016. Mr Derrick Wan relinquished his Audit Committee membership when he left the Board on 30 September 2016.

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. It also oversees the Board's whistle-blowing programme.

The Audit Committee met thrice in 2016 and urgent matters were approved by circulation.

Investment Committee

The Investment Committee was chaired by Mr Tung Siew Hoong, and comprised six other members in 2016 - Mr Lau Wing Tat, Mr Derrick Wan, Mr Ng Chee Peng, Ms Celestine Khoo, Mr Wong Ban Suan and Mr Alan Yeo. Mr Derrick Wan relinquished his Investment Committee membership when he left the Board on 30 September 2016 and was replaced by Mr Lim Zhi Jian. Ms Khoo, Mr Wong, and Mr Yeo were co-opted 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, appointment of investment consultant, custodian, external fund managers and other third parties, overall approach to risk management, rebalancing guidelines, the implementation of tactical asset allocation and performance reporting framework.

The Investment Committee met four times in 2016 and urgent matters were approved by circulation.

MediShield Life and Insurance Schemes Committee

The MediShield Life and Insurance Schemes Committee was chaired by Mrs Tan Ching Yee from 1 August 2014 to 30 June 2016, and Mr Chan Heng Kee from 1 July 2016 to current. The MediShield Life and Insurance Schemes Committee comprised seven other members in 2016 - Mr John Ng, Mr Ng Chee Peng, Ms Cham Hui Fong, Ms Lee Keng Yi, Professor Annie Koh, Mr Chin Chee Kiat, and Mr Chi Cheng Hock. Mr Chan and Professor Koh were appointed to the committee in July 2016. Mr Chin and Mr Chi were co-opted for their actuarial expertise.

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 scheme and CPF LIFE. The Committee also manages the solvency and liquidity of the insurance funds based on the return objectives, risk tolerance levels and risk management framework established for each fund, and in accordance to the guidelines set by the Minister overseeing the relevant scheme.

The MediShield Life and Insurance Schemes Committee met thrice in 2016.

Public Engagement Committee

The Public Engagement Committee was chaired by Mr Augustin Lee and comprised five other members in 2016 - Mr Zahidi Bin Abdul Rahman, Mr Sarjit Singh Gill, Ms Mary Liew, Mr Ng Chee Peng and Mr Janadas Devan. Mr Devan was co-opted to augment the expertise of the Committee.

The Public Engagement Committee advises the Board on public communications strategies. It also provides strategic guidance on stakeholder engagement with the People, Public and Private sectors.

The Public Engagement Committee met twice in 2016.

Risk Management Committee

The Risk Management Committee was chaired by Mr Chiang Chie Foo and comprised three other members in 2016 - Mr John Ng, Mr Sarjit Singh Gill and Mr Ng Chee Peng.

The Risk Management Committee assists the Board in overseeing 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 overseeing Board-level risks in conjunction with other Board Committees.

The Risk Management Committee met twice in 2016.

Staff Committee

The Staff Committee was chaired by Mr Chiang Chie Foo and comprised four other members in 2016 - Mr Augustin Lee, Mr Ng Chee Peng, Mr Tan Teck Huat and Mr Tung Siew Hoong. The Committee is the approving authority for key human resource and remuneration policies as well as the appointment and promotion of senior executives. It met once in 2016.

Attendance at Meetings

Board Members' attendance at Board and Board Committee meetings in 2016 is set out in the following table.

	Board		Board Committees											
	No. of Meetings		Audit Committee		MediShield Life and Insurance Schemes Committee		Investment Committee		Risk Management Committee		Staff Committee		Public Engagement Committee	
Board Members	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	1	1		
Mr Augustin Lee (Deputy Chairman) <i>First Appointed in 2011</i>	4	3									1	1	2	2
Mr Ng Chee Peng <i>First Appointed in 2015</i>	4	4			3	3	4	4	2	2	1	1	2	2
Mr Chan Heng Kee ¹ <i>First Appointed in 2016</i>	2	2			1	1								
Mr Lim Zhi Jian ² <i>First Appointed in 2016</i>	1	1					1	1						
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>	4	4											2	2
Ms Cham Hui Fong <i>First Appointed in 2015</i>	4	3			3	2								
Ms Mary Liew <i>First Appointed in 2014</i>	4	2											2	-
Ms Lee Keng Yi <i>First Appointed in 2015</i>	4	4			3	2								
Professor Annie Koh <i>First Appointed in 2014</i>	4	4	3	3	1	-								
Mr Lau Wing Tat <i>First Appointed in 2012</i>	4	4	3	3			4	4						
Mr Sarjit Singh Gill <i>First Appointed in 2012</i>	4	4							2	2			2	2
Mr Tan Teck Huat <i>First Appointed in 2014</i>	4	4	3	3							1	1		
Mr Tung Siew Hoong <i>First Appointed in 2010</i>	4	4					4	4			1	1		

Board Members whose terms ended in 2016

	Board		Board Committees											
	No. of Meetings		Audit Committee		MediShield Life and Insurance Schemes Committee		Investment Committee		Risk Management Committee		Staff Committee		Public Engagement Committee	
Board Members	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Mrs Tan Ching Yee ¹ <i>First Appointed in 2014</i>	2	2			2	2								
Mr Derrick Wan ² <i>First Appointed in 2013</i>	3	3	2	2			3	3						

¹ Mrs Tan Ching Yee was a Board Member from 1 August 2014 to 30 June 2016. Mr Chan Heng Kee was appointed to CPF as a Board Member with effect from 1 July 2016.

² Mr Derrick Wan was a Board Member from 1 July 2013 to 30 September 2016. Mr Lim Zhi Jian was appointed to CPF as a Board Member with effect from 1 October 2016.



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 its financial reporting, and the efficiency and effectiveness of its risk management, internal controls 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 in accordance 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 wrongdoing. The programme is regularly communicated to all staff.

Both staff and vendors 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. It provides 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. 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 Financial Year 2016, 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 2016.

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 were 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) and (b) of the Singapore Constitution, the Board is required to present its 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.

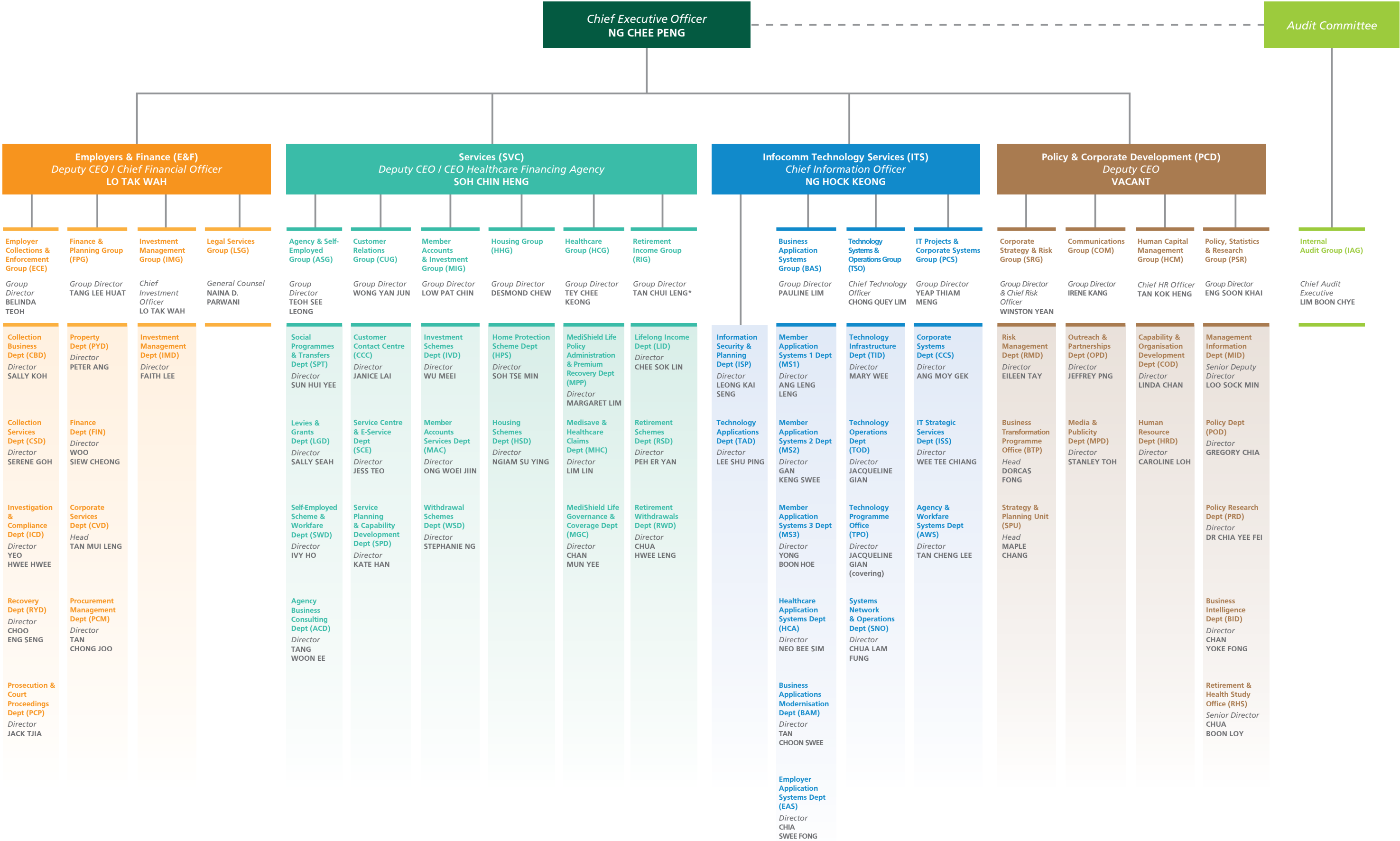
CORE MANAGEMENT

- 1 **Mr Wong Yan Jun**
Group Director
(Customer Relations)
 - 2 **Mr Yeap Thiam Meng**
Group Director
(IT Projects and Corporate Systems)
 - 3 **Mr Low Pat Chin**
Group Director
(Member Accounts and Investment)
 - 4 **Mr Teoh See Leong**
Group Director
(Agency and Self-Employed)
 - 5 **Ms Belinda Teoh**
Group Director
(Employer Collections and Enforcement)
 - 6 **Mr Tey Chee Keong**
Group Director
(Healthcare)
 - 7 **Mr Lim Boon Chye**
Chief Audit Executive
(Internal Audit)
 - 8 **Mr Desmond Chew**
Group Director
(Housing)
 - 9 **Mr Ng Hock Keong**
Chief Information Officer
 - 10 **Mr Ng Chee Peng**
Chief Executive Officer
 - 11 **Mr Soh Chin Heng**
Deputy Chief Executive Officer
(Services)
 - 12 **Mr Lo Tak Wah**
Deputy Chief Executive Officer
(Employers and Finance)
Chief Financial Officer
Chief Investment Officer
(Investment Management)
 - 13 **Ms Naina D. Parwani**
General Counsel
(Legal Services)
 - 14 **Mrs Tan Chui Leng**
Group Director
(Retirement Income)
 - 15 **Mr Winston Yean**
Group Director
(Corporate Strategy and Risk)
Chief Risk Officer
 - 16 **Mr Tang Lee Huat**
Group Director
(Finance and Planning)
 - 17 **Mrs Pauline Lim**
Group Director
(Business Application Systems)
 - 18 **Mr Eng Soon Khai**
Group Director
(Policy, Statistics and Research)
 - 19 **Mr Tan Kok Heng**
Chief HR Officer
(Human Capital Management)
 - 20 **Mr Chong Quey Lim**
Chief Technology Officer
(Technology Systems and Operations)
- Ms Irene Kang (Not pictured)**
Group Director
(Communications)



ORGANISATION STRUCTURE

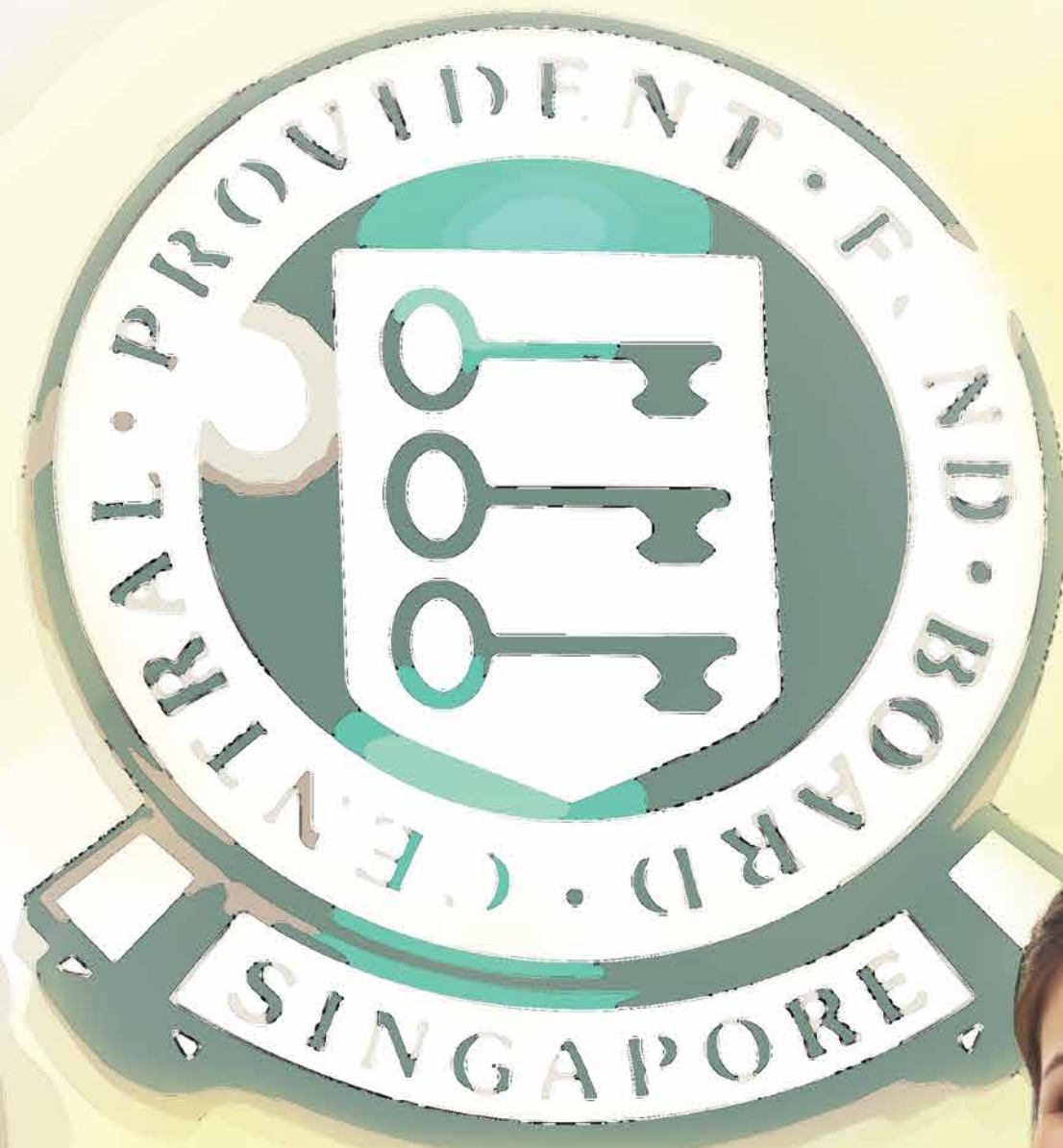
As at 1 April 2017



* The Retirement Management Office (RMO) under RIG (not pictured above) reports directly to Group Director (Retirement Income).

REVIEW OF OPERATIONS





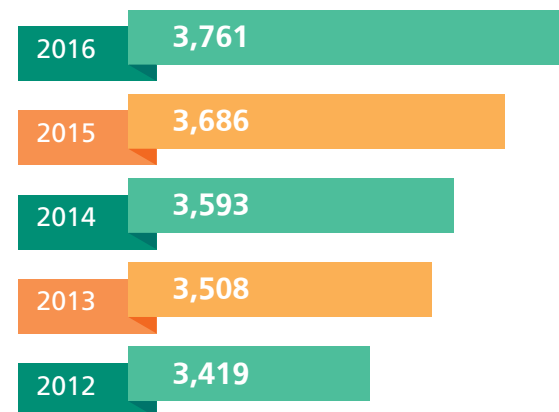
OVERVIEW



CPF MEMBERSHIP

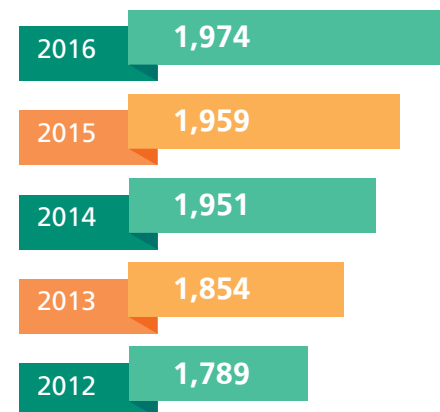
As at 31 December 2016, CPF membership rose by 2.0% to 3.8 million. The number of active CPF members increased by 0.8% to 2.0 million.

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)

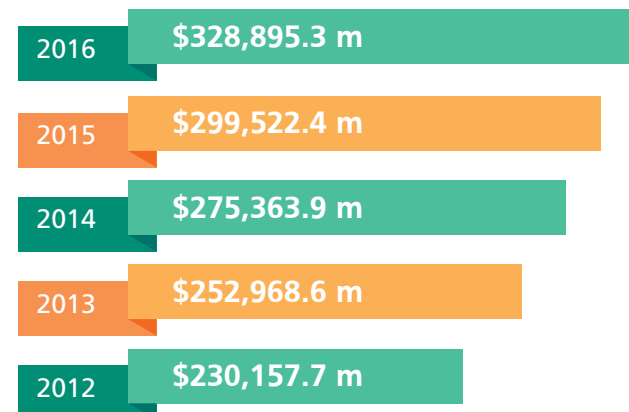


* Active CPF member refers to a person who has at least one contribution paid for him for the current or any of the preceding three months. The figure excludes self-employed persons who are not employees concurrently.

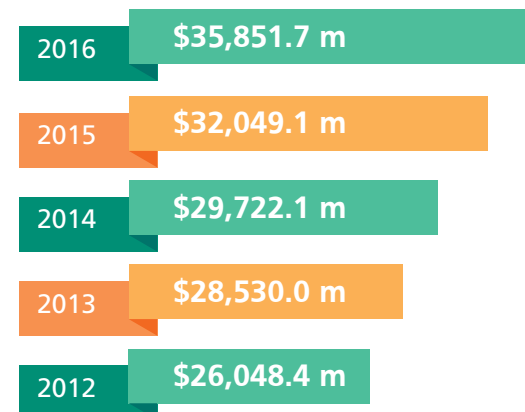
CPF MEMBERS' BALANCES

In 2016, the total CPF members' balances grew by 9.8% to \$328,895.3 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 2016, 150,832 employers made CPF contributions for their employees.

The amount of contributions collected and credited into CPF members' accounts during the year amounted to \$35,851.7 million, an increase of 11.9% as compared to \$32,049.1 million in 2015.

The average default rate for employers who failed to pay CPF contributions on time in 2016 was 1.6%. This was lower than the average default rate of 3.4% in 2015.

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 2016 resulted in a total recovery of \$635.1 million in owed and late CPF contributions.

Since September 2012, the Ministry of Manpower and CPF Board have been working together, through the 'WorkRight' initiative to educate employees and employers on their employment rights and obligations under the Employment Act and CPF Act. The number of inspections has since increased from 500 to more than 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 2016 to 31 December 2016 *

Age Group	Contribution Rate (% of Wage)			Credited Into (% of Wage)		
	By Employer	By Employee	Total	Ordinary Account	Special Account	Medisave Account
35 years & below	17	20	37	23	6	8
Above 35-45 years	17	20	37	21	7	9
Above 45-50 years	17	20	37	19	8	10
Above 50-55 years	17	20	37	15	11.5	10.5
Above 55-60 years	13	13	26	12	3.5	10.5
Above 60-65 years	9	7.5	16.5	3.5	2.5	10.5
Above 65 years	7.5	5	12.5	1	1	10.5

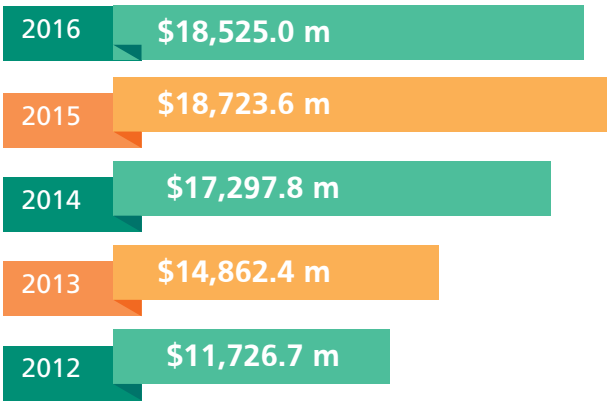
* For employees with monthly wages of \$750 or more. For employees with monthly wages of less than \$750, please refer to Annex D.

At 55, a Retirement Account will be created for the CPF member using savings from the member's Special and/or Ordinary accounts to form the retirement sum. The retirement sum will provide the member with monthly payouts in old age. Under CPF LIFE, the member can receive monthly payouts for as long as he lives.

CPF WITHDRAWALS

Withdrawals from CPF members’ balances decreased by 1.1% to reach \$18,525.0 million in 2016.

Annual Withdrawals*



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

INTEREST EARNED BY CPF MEMBERS

In 2016, 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).

CPF members aged 55 and above also earned 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 earned 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 earned up to 6% interest on their retirement balances in 2016.

This is part of the Government’s effort to enhance the retirement savings of CPF members.

The OA interest rate is calculated 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. It is reviewed quarterly to keep up with prevailing market interest rates. In 2016, the interest rate was 2.5% per annum for the OA.

Savings in the SMA are invested in special issues of Singapore Government securities (SSGS) which earn an interest rate pegged to either the 12-month average yield of 10-year Singapore Government Securities (10YSGS) plus 1%, or 4%, whichever is higher, adjusted quarterly. In 2016, the interest credited to the SMA was 4% per annum.

RA monies credited in 2016 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 2016, or the current floor rate of 4% per annum, whichever is higher. The interest rate earned by RA monies is the weighted average interest rate of the entire portfolio of these SSGS, which is adjusted in January each year to take into account the coupon rates payable by the new SSGS issuance. In 2016, the interest credited to the RA was 4% per annum.

The 4% per annum interest rate floor for the Special, Medisave and Retirement accounts was extended to 31 December 2017, in view of the continuing low interest rate environment.

The total interest credited into CPF members’ accounts in 2016 amounted to \$12,048.2 million, including \$1,248.8 million and \$228.1 million in extra interest and additional extra interest respectively.



RETIREMENT



RETIREMENT SUM SCHEME

The Full Retirement Sum (FRS) for CPF members who turned 55 years old between 1 January 2016 and 31 December 2016 is \$161,000. The savings in Special and Ordinary accounts will be transferred to the Retirement Account to form the FRS. 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 (BRS) of \$80,500, if they own a property¹.

In 2016, 39,395 active CPF members turned 55, of which 55.3% were able to set aside their FRS fully in cash², or set aside at least their BRS in cash and owned at least one local residential property. This is higher than the 53.6% seen in 2015.

CPF LIFE

Singapore has one of the highest life expectancy 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.

For members reaching age 55 from 1 May 2016³, CPF LIFE is automatically extended to those who have at least \$60,000 in their Retirement Account (RA) six months before their payout eligibility age. With this change, CPF members will only need to choose their CPF LIFE Plan when they wish to start receiving payouts. This can take place any time between their payout eligibility age and age 70. Members as well as those who were already automatically included in CPF LIFE are also given the option to defer their payout start age to enjoy a higher payout. CPF members who are not automatically included in CPF LIFE can apply to join the annuity scheme 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, close to 174,000 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), to eligible Singaporeans. As at 31 December 2016, more than \$350 million of L-Bonus was given to 80% of CPF LIFE participants.

As at 31 December 2016, more than 49,000 CPF members have started receiving their monthly payouts from CPF LIFE. A total of \$906 million had been paid to them since the scheme started in September 2009.

In 2016, the CPF Advisory Panel recommended the introduction of an additional CPF LIFE plan to provide members the option of starting their CPF LIFE payout with a lower initial payout that would escalate at 2% per year. Together with the CPF LIFE Standard and Basic Plans, the CPF LIFE Escalating Plan will provide members the flexibility to choose from level payouts or payouts that escalate at a set percentage every year. For the same amount of annuity premium and payout start age, the Escalating Plan will have starting payouts that are about 20% lower than that of the Standard Plan. The CPF LIFE Escalating Plan is scheduled to be implemented in January 2018.

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 2016, a total of \$348.4 million of D-Bonus had been credited to the Retirement Account (RA) of eligible CPF members.

CPF members who voluntarily defer monthly payouts 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 2016, a total of \$187.3 million worth of V-Bonus had been 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 Retirement Account (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 a total of 146,340 cash and CPF top-ups amounting to \$1.8 billion to RA and SA in 2016. This represented an increase of 30.0% and 96.0% in the number of top-ups and top-up amount respectively, compared to 2015.

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 (BRS). In addition, to encourage both husband and wife to have their own CPF LIFE payouts, members can also transfer their CPF savings above the BRS to their spouse. This will enable both husband and wife to enjoy the benefits of the extra interest paid on the first \$60,000 of combined CPF savings. Of the top-ups made, 12,938 were top-ups above the current Full Retirement Sum (FRS)⁴ in the recipients' RA and 3,821 were CPF transfers to spouses.

WITHDRAWAL AT AGE 55

In 2016, members who have reached the age of 55 can choose to withdraw their CPF savings after setting aside the Full Retirement Sum (FRS) in their Retirement Account (RA). For those who are unable to set aside the FRS, they can still withdraw up to \$5,000 of their CPF savings⁵.

Members who own a property and have more than the Basic Retirement Sum (BRS) in their RA may withdraw the savings above the BRS by pledging⁶ their property. Those who are in receipt of lifelong monthly income from their annuities or pension may also withdraw their RA savings.

In 2016, \$3,343.7 million was withdrawn, compared to \$3,720.7 million withdrawn in 2015.

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 2016, there were 917,373 CPF members who invested under the CPFIS-OA Scheme, an increase of 0.7% from 911,322 CPF members as at 31 December 2015. However, the total amount of OA savings invested decreased by 4.9% to \$18,139.6 million as at 31 December 2016, from \$19,070.9 million as at 31 December 2015.

As at 31 December 2016, there were 343,796 CPF members who invested under the CPFIS-Special Account (CPFIS-SA) Scheme, a decrease of 6.5% from 367,818 CPF members as at 31 December 2015. The total amount of SA savings invested decreased by 4.3% to \$5,025.7 million as at 31 December 2016, from \$5,251.6 million as at 31 December 2015.

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 in accordance with 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, \$822.7 million were withdrawn on death and medical grounds. CPF members who left Singapore and West Malaysia permanently withdrew \$753.6 million from their CPF in 2016.

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 2016, a total of 11,265 applications were approved under the scheme, an increase of 4.7% from 10,763 applications in 2015. The gross amount withdrawn increased by 7.7% from \$98.3 million to \$105.9 million in 2016. The total amount repaid to lending members decreased by 8.7% from \$ 72.8 million to \$66.5 million in 2016.

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

² For those who do not own property.

³ Prior to 1 May 2016, CPF members who turned 55 between 1 January 2013 and 30 April 2016 and have at least \$40,000 in their RA at age 55 or at least \$60,000 in their RA near their payout eligibility age would be automatically included in CPF LIFE.

⁴ Refers to the Full Retirement Sum of \$161,000 in 2016.

⁵ 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.

⁶ From 1 January 2016, a member who had used his CPF savings for his property may withdraw his Retirement Account (RA) savings above the Basic Retirement Sum without pledging his property, if the existing charge on the property and the sum he has set aside in his RA are sufficient to meet his Full Retirement Sum.

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.

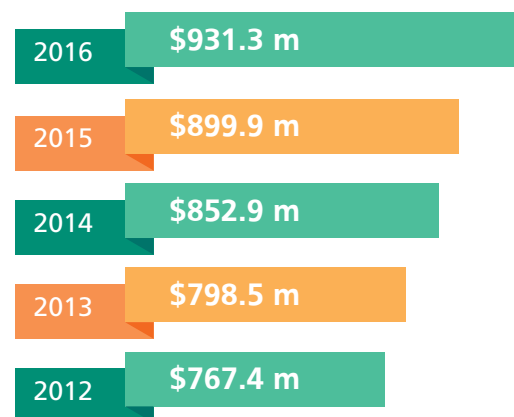
The Basic Healthcare Sum (BHS) was introduced from 1 January 2016. It is the estimated savings required for basic subsidised healthcare needs in old age. The BHS is adjusted annually and will not change after a member turns age 65, so as to provide greater certainty on the amount of Medisave required to meet his retirement healthcare needs. The BHS was \$49,800 in 2016 and has been fixed for all CPF members aged 65 and above in 2016. From 1 January 2017, the BHS was adjusted to \$52,000 and is applicable to all CPF members aged 65 and below in 2017.

In 2016, the following enhancements were made to the Medisave Scheme to help CPF members pay their medical bills:

- The Medisave withdrawal limit for pre-delivery expenses under the Medisave Maternity Package was raised from \$450 to \$900 from 24 March 2016.
- The Medisave lifetime withdrawal limit for home palliative care was extended to cover day hospice care from 1 August 2016. Similar to home palliative care, for patients who are diagnosed with terminal cancer or end-stage organ failure and are using their own Medisave, the lifetime withdrawal limit will be lifted.

Annual Medisave withdrawals for direct medical expenses increased by 3.5% from \$899.9 million in 2015 to \$931.3 million in 2016.

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.

CPF TRANSFERS TO MEDISAVE ACCOUNT

Since 1 April 2016, CPF members aged 55 and above who have set aside their cohort Full Retirement Sum (FRS), in cash or cash and property pledged, may apply to transfer their Ordinary and Special accounts (OSA) savings directly to their own MA, up to their BHS. In 2016, a total of 145 members transferred \$1.2 million from their OSA to their own MA.

From 1 January 2017, these members may also transfer their OSA savings to the MA of their loved ones who are aged 55 and above, up to the BHS. Loved ones include siblings, spouses, parents, parents-in-law, grandparents and grandparents-in-law.

MEDISAVE GRANT FOR NEWBORNS

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. In 2016, \$218.3 million was paid out to newborns born in 2015¹ and 2016.

MEDISAVE FOR THE SELF-EMPLOYED

Self-employed persons are required to contribute to Medisave based on their annual net trade income. In 2016, self-employed persons contributed a total of \$660.9 million to their CPF accounts. Of this amount, \$523.2 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 is a basic health insurance plan administered by the CPF Board on behalf of the Ministry of Health (MOH). MediShield Life helps to pay for large hospital bills and selected costly outpatient treatments, such as dialysis and chemotherapy for cancer. It is designed for subsidised treatment in public hospitals and provides lifetime coverage for all Singapore Citizens and Permanent Residents.

To help Singaporeans with their MediShield Life premiums, the Government has provided \$902 million in Premium Subsidies and other forms of support in 2016 including:

- Majority of 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 the Pioneer Generation;
- Transitional Subsidies to ease the shift to MediShield Life for all Singapore Citizens for the first four years; and
- Additional Premium Support for the needy who are unable to afford their premiums even after subsidies, Medisave and family support.

No Singaporean will lose their MediShield Life coverage due to the inability to pay premiums.

Since the implementation of MediShield Life on 1 November 2015, the number of claims and amount approved under MediShield Life have increased significantly. In 2016, \$758.0 million was approved to meet 507,000 claims under MediShield Life, compared to \$448.1 million to meet about 344,000 claims under MediShield / MediShield Life in 2015. The increase was mainly due to the scheme covering more people and offering better benefits.

Singaporeans 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.

MediShield Life premiums may be fully paid using Medisave. Additional Withdrawal Limits (AWLs) are applicable for the payment of premiums for the additional private insurance coverage. The AWLs are 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

PIONEER GENERATION PACKAGE

The Pioneer Generation Package (PGP) was introduced in 2014 to honour and recognise Singapore's Pioneer Generation, who contributed significantly in the early days of our nation building. The package comprise four key components: outpatient care subsidies, annual Medisave Top-Ups, PGP Subsidies for MediShield Life, and the Pioneer Generation Disability Assistance Scheme for Pioneers with at least moderate disability.

The CPF Board administers two of the four components of the package, Medisave Top-ups and MediShield Life Pioneer Generation Subsidies. The Ministry of Health (MOH) administers the subsidies for outpatient care, and the Agency for Integrated Care (AIC) administers the Pioneer Generation Disability Assistance Scheme.

In 2016, a total of \$183.5 million was credited to the Medisave Accounts of 415,000 eligible Pioneers. In addition, the total subsidies disbursed in 2016 for MediShield Life premiums for Pioneers was \$190.7 million.

¹ Children born in 2015 who were eligible for the enhanced grant received an additional top-up payment in 2016.

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.

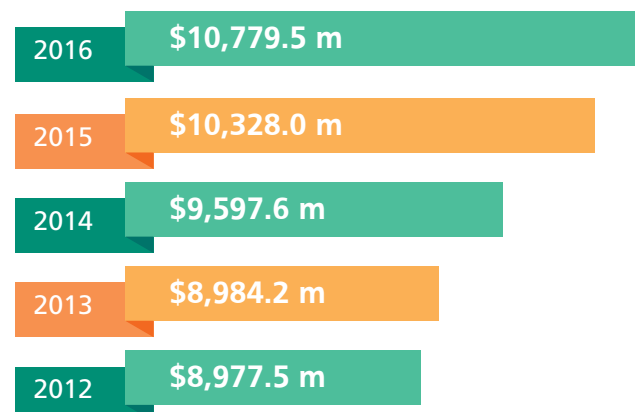
During the year, \$7,864.9 million was withdrawn by 519,210 CPF members to pay for their flats financed with HDB loans, while \$2,914.6 million was withdrawn by 220,754 CPF members to pay for their flats financed with bank loans.

PRIVATE PROPERTIES SCHEME

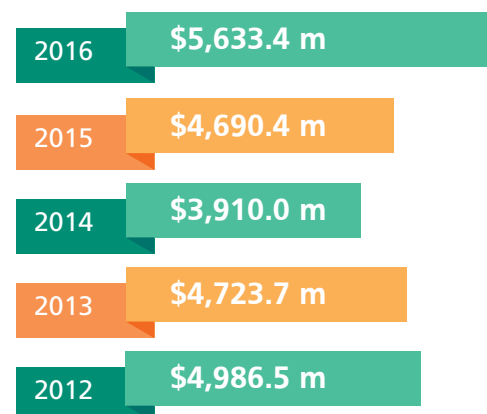
Under the Private Properties Scheme, CPF members can use their CPF savings to buy private properties and executive condominiums (ECs), and to pay their housing loans. The usage of CPF savings for private properties and ECs are also subject to VL and WL.

During the year, \$5,633.4 million was withdrawn by 201,763 CPF members to pay for their private properties and ECs.

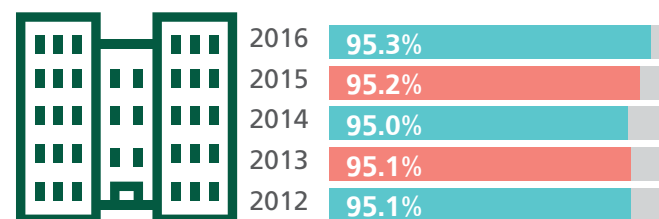
Annual Withdrawal (Gross) under Public Housing Scheme



Annual Withdrawal (Gross) Under Private Properties Scheme



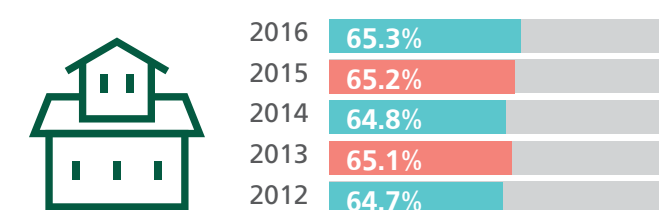
Active* CPF Members Who Bought Their Public Housing Properties with CPF Savings as a Percentage of Active CPF Members Aged 21 and Above Who Currently Own Public Housing Properties as at 31 December**



* 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.

From 1 May 2016, DPS benefits were enhanced to also cover terminal illness¹ and total permanent disability as a whole².

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 2016, 1,878,242 CPF members were covered under the scheme, a decrease of 0.4% compared to 1,885,263 in 2015. The total sum assured decreased from \$93,524 million in 2015 to \$92,964 million in 2016.

During the year, a total of 2,745 claims were approved and paid. Of these, 1,801 were for death cases and 944 for terminal illness and total permanent disability cases. The total claim amount paid was \$140.7 million, compared to \$133.9 million for 2,626 paid claims in 2015.

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.

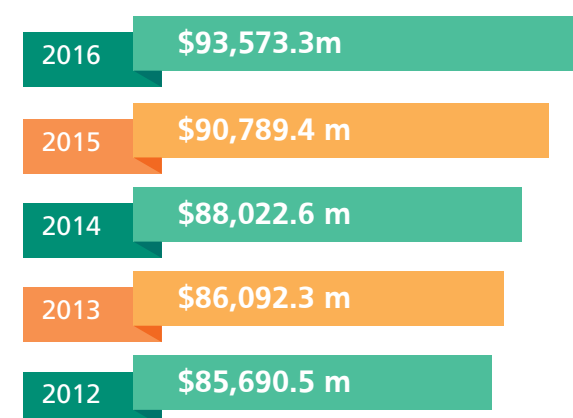
From 1 May 2016, similar to DPS, HPS benefits were also enhanced to cover terminal illness³ and total permanent disability as a whole⁴. In addition, CPF members who meet the claim criteria from 1 May 2016 will be paid the HPS sum assured instead of the outstanding housing loan. If the sum assured is more than the outstanding housing loan, the excess will be paid into their Ordinary Accounts.

As at December 2016, 607,130 CPF members were covered for a total sum assured of \$93,573.3 million. The membership increased by 0.23% compared to 2015. A total of 933 claims amounting to \$82.5 million were approved. This comprised 587 claims for death cases and 346 for terminal illness and total permanent disability cases.

Cumulative Number of Members Covered under HPS as at 31 December



Remaining Sum Assured



¹ Terminal illness refers to an illness that is likely to result in the death within 12 months. A claim can only be made if the terminal illness occurred on or after 1 May 2016.

² Total Permanent Disability refers to (i) the inability to take part in any employment permanently or (ii) the total permanent loss of physical function of both eyes, two limbs or one eye and one limb. A claim under (ii) can only be made if the total permanent loss of physical function occurred on or after 1 May 2016.

³ Refer to footnote 1.

⁴ Refer to footnote 2.

WORKFARE





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 2016, WIS payments totalling \$663.8 million were made to around 429,000 Singaporean workers for working in 2015. Another \$423.8 million were made to about 359,000 workers for working between January and September 2016.

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 Workforce Singapore (WSG). About 44,000 WIS recipients received \$12.0 million in TCA payments in 2016.

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 a 15% discount off adult fares. As at December 2016, 233,000 WIS recipients have been issued with the WTCS card.



CPF SERVICES



YEARLY STATEMENT OF ACCOUNT

The Yearly Statement of Account (YSOA) was enhanced in 2016 with an illustrated summary that presented a graphical overview of the various contributions to members' CPF savings in the year, and how members used their CPF savings for important needs such as housing, healthcare and retirement. The YSOA also provided personalised financial tips on how members can grow their CPF savings. CPF members have found the enhanced YSOA easy to understand and informative. The Board will continue to look at ways to improve the statements for members.

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

The CPF homepage received over 23.8 million hits in 2016. Of the 60 million transactions performed last year on the CPF Board's digital service platforms, over 57.2 million were online transactions.

Through *my cpf* portal, integrated with a customer relationship management system, the CPF Board is able to deliver more personalised services and targeted messages to CPF members. Under *my cpf* portal, CPF members can access their CPF account balances and statements as well as other online services such as viewing My Messages and submitting applications through My Requests.

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 channel, employers can electronically submit their contribution details using AXS stations across the island.

To enhance employers' e-submission experience, various enhancements were introduced in 2016. One key enhancement was the migration of employers using the 'online' form mode to the CPF e-Submit@web mode to make CPF contribution submissions. With the migration, around 20,000 employers are able to enjoy the added functionality of auto-computation when making CPF contributions. CPF e-Submit@mobile was also introduced to allow CPF employers to submit their CPF contributions conveniently via their mobile phones.

As at 31 December 2016, 85.2% of all employers submitted their employees' CPF contributions electronically. In terms of employee count, 97.1% of all employees have their CPF contributions submitted electronically.

CPF MOBILE SERVICES

For greater convenience to CPF members, we offer CPF mobile services to provide accessibility to CPF digital 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, using their SingPass. More than 2.1 million transactions were performed through 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 2016, more than 350,000 transactions were performed via AXS stations and close to 24,000 CPF payment transactions were performed via Self-Service Automated Machines (SAM).

SERVICE CENTRES

In 2016, the five CPF Service Centres served about 1.1 million CPF members and employers. Of these, about 580,000 CPF members and employers were served over the counters while the rest had self-help or were assisted at the Self-Help Lobbies to perform simple transactions at the CPF websites, such as the printing of statements, viewing of account balances and application for subsequent 55 withdrawals.

Club 55 and CPF Retirement Planning Service

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 2016, more than 333,000 elderly CPF members benefited from this priority service.

In 2015, the CPF Board introduced the one-on-one CPF Retirement Planning Service (CRPS) as part of the Club 55 service at the Service Centres. Since then, more than 2,200 members who were reaching 55 years of age have benefitted from the service. In 2016, CPF Board extended the service to more than 20,000 members.

During the CRPS session, members can learn the impact of the creation of their Retirement Account at age 55 on their CPF balances, 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 CRPS will be made available to all CPF members turning 54 from 2017. In addition, the CPF Board is also looking into extending CRPS to members from other age group. In November 2016, CRPS for members approaching their payout eligibility age (PEA) was piloted. Thus far, all members who had participated in this pilot have expressed that they would recommend CRPS to others.

Appointment, 1-Question Fast Counter and SMS Queue Alert Service

To shorten waiting times, CPF members can make an appointment with a Customer Service Executive for CPF-related enquiries and transactions at a date and time of their choice. In 2016, more than 23,000 CPF members benefited from this service.

Among walk-in members, more than 200,000 members used the "1-Question Fast Counter" which provides shorter waiting time and faster service to CPF members with simpler enquiries.

To further enhance member's service experience, the SMS queue alert service was introduced in 2016 to provide walk-in members with an SMS notification when their turn is approaching. Hence, customers have the flexibility to make better use of their time instead of waiting in the Service Centres.

Upgrading of CPF Jurong Service Centre

In 2016, CPF Jurong Service Centre was expanded and redesigned to better cater to the growing demand of members. The upgraded Jurong Service Centre comprises two levels for more focused service delivery, with Club 55 service at the first floor. It has a colour-zoned design concept to facilitate members' navigation, dedicated Club 55 counters to provide greater privacy to customers and a new Self-Help Lobby to improve members' experience at the Service Centre.

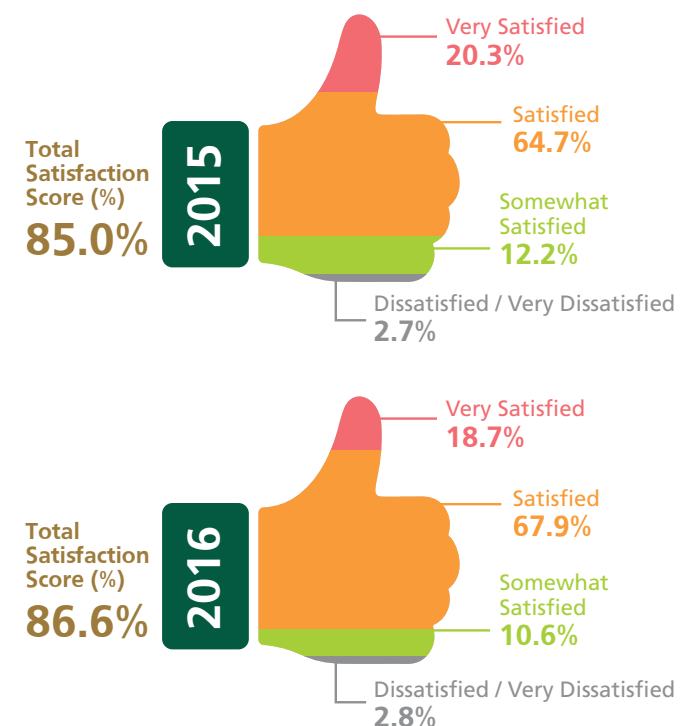
CUSTOMER CONTACT CENTRE

In 2016, the Customer Contact Centre handled 733,000 calls from CPF members and employers. Of these, 171,000 calls were enquiries on national projects, such as the new Silver Support Scheme, 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 9,000 responses from customers. Apart from handling calls, the Customer Contact Centre also handled 100,000 correspondences from CPF members.

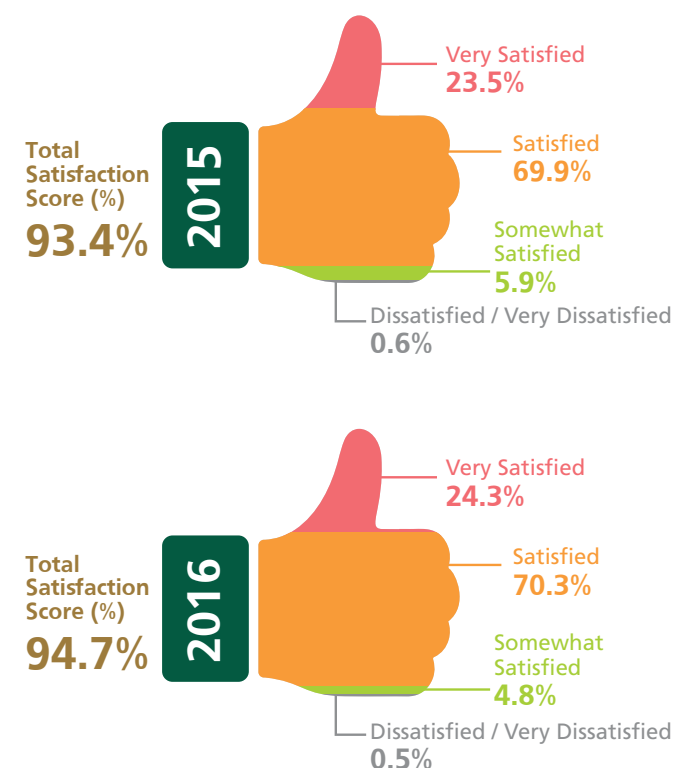
SERVICE FEEDBACK

The CPF Board conducts annual surveys to gather feedback from CPF members and employers on our electronic service, counter, telephone and other services. In 2016, the survey results showed that 86.6% of CPF members and 94.7% of employers were satisfied or very satisfied with the overall services of the CPF Board.

Member Services Survey



Employer Services Survey



PUBLIC COMMUNICATIONS

In 2016, 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.

Publicity Campaigns

Building upon its success in 2015, the CPF Board continued the Big 'R' Chat campaign in 2016 to show how CPF establishes a foundation for members' golden years through home ownership, healthcare protection and lifelong income. The campaign messages, which also included how members can benefit from the CPF enhancements that provided them with more options to grow their CPF savings, were carried through advertisements across a variety of mass and social media channels, such as print, online, out-of-home, CPFB's Facebook, YouTube and Service Centres.

As part of the Big 'R' Chat campaign, the CPF Board organised a series of retirement planning roadshows in the heartlands of Singapore. Designed to make retirement planning less daunting, the roadshows featured interactive activities and Virtual Reality booths where visitors discovered their retirement personalities and enjoyed an immersive 360° Virtual Reality experience. More than 80,000 members participated in the roadshows, which were also complemented by talks on CPF topics at various community centres.

2016 was the fifth year that CPF Board and the Ministry of Manpower (MOM) collaborated on the WorkRight programme. By tapping on mass and social media, we continued to heighten awareness of employment rights and obligations under the CPF Act and the Employment Act. In 2016, MOM and CPF Board collaborated with Lianhe Wanbao on a WorkRight Talkshow at Toa Payoh Hub to highlight the importance of CPF contributions and employment entitlements for informal workers. A mobile advisory clinic called "WorkRight on the Move" was also launched to provide basic advisory services on employment matters.

Online Engagement

In 2016, CPF Board's Facebook fan base grew by 83% to more than 100,000 fans through the regular posting of visually-engaging branded content and informative articles. Complementing the Facebook outreach, the *Are You Ready* educational website garnered 1.8 million page views in 2016.

The Board also launched a new YouTube edutainment series titled "Are You Cleverer Than A Typical Singaporean?" for younger members. With the series, the number of YouTube subscribers more than doubled. Each episode received more than 100,000 views and was received positively by netizens.

Positioned as a lifestyle magazine, the Board's quarterly online publication "InTouch with CPF" features real-life profiles, CPF tips as well as expert advice on financial planning. The InTouch subscriber base increased from about 9,000 to more than 12,000 members in 2016.

The Board also stays connected with CPF members and employers through electronic direct mailers that provided timely and targeted CPF information. The subscriber base grew by almost 30,000 in 2016 to more than 890,000 CPF members.

Outreach and Education

The CPF Board organised and participated in 141 events, reaching out to more than 40,000 CPF members and employers. Over 96% of the participants found the outreach events useful, applicable and well presented. To reach out to more members, the Board also introduced lunchtime and evening talks on retirement planning targeted at working adults.

In 2016, the Board worked with People's Association to grow its grassroots engagement through the "Kopi Talk" dialogue sessions. These dialogue sessions were conducted to equip grassroots leaders with a simple narrative on the 1,2,3s of CPF, and the options available to members to have more savings and flexibility in planning their retirement. Minister for Manpower Mr Lim Swee Say fronted four sessions which reached out to about 1,000 grassroots leaders.

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 2016, we reached out to more than 600 students through this national education programme. The Board also collaborated with various institutes of higher learning and youth associations to conduct talks and roadshows to engage and enthuse more than 5,000 post-secondary students to start planning financially for their future.

In addition, CPF Board piloted the Mobile Service Centre in 2016 to proactively reach out to members in the heartlands. The Mobile Service Centre was located at different Community Centres/Clubs for two months each. Members can visit the Mobile Service Centre to make enquiries on their CPF and perform a range of CPF-related transactions.

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 Post-Secondary Education Account Funds for the Ministry of Education, as well as the National Service HOME Award for the Ministry of Home Affairs and the Ministry of Defence. We also administer the Government-Paid Leave Schemes on behalf of the Ministry of Social and Family Development.

In 2016, the CPF Board administered the Goods and Services Tax (GST) Voucher Scheme and the 5-year Medisave Top-Up for the Ministry of Finance. In the same year, the Board also administered the Silver Support Scheme for the Ministry of Manpower.

SILVER SUPPORT SCHEME

The Board implemented the Silver Support Scheme in 2016, with the first payout made to eligible recipients in July 2016. The 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. As at 31 December 2016, we disbursed Silver Support payouts to more than 140,000 seniors.

GST VOUCHER

The GST Voucher Scheme, introduced in 2012, is a permanent scheme to help lower 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 2016, the Government announced that eligible GST Voucher – Cash recipients will receive a one-off GST Voucher – Cash Special Payment of up to \$200, as additional assistance with their living expenses.

As at 31 December 2016, 1.3 million Singapore citizens received \$650.2 million in cash, and 415,000 Singapore citizens received \$123.9 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 2016, 514,000 Singapore citizens received \$92.9 million in their Medisave.

GOVERNMENT-PAID LEAVE SCHEMES

Singapore's Marriage and Parenthood (M&P) Package was introduced in 2001, and enhanced in 2004, 2008 and 2013. The Government-Paid Leave Schemes under the M&P Package aim to foster an overall pro-family environment in

Singapore. The schemes enable Singaporeans to have more support in getting married, having and raising children.

The Government-Paid Leave Schemes comprise six schemes: 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.

As at 31 December 2016, a total of 224,421 applications were processed and \$305.9 million was reimbursed under the Government-Paid Leave Schemes.

SPECIAL EMPLOYMENT CREDIT

The Special Employment Credit (SEC) was first introduced as a 2011 Budget Initiative to raise the employment rates of older Singaporeans. It was enhanced in 2012 to provide employers with continuing support to hire older Singaporean workers and was due to end on 31 December 2016. At Budget 2016, it was announced that the SEC will be extended for three years (viz. 1 January 2017 to 31 December 2019) to continue providing a wage offset to employers hiring Singaporean workers earning up to \$4,000 who are either aged 55 and above, or are persons with disabilities.

An additional wage offset of up to 3% of an employee's monthly wages was introduced for one year at Budget 2015 to encourage employers to voluntarily re-employ Singaporeans aged 65 and above earning up to \$4,000 a month. This additional wage offset was extended until 30 June 2017.

A total of \$686 million of SEC was paid to 117,000 employers who hired 521,000 eligible employees from 1 January to 31 December 2016.

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, and 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 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 included computing and transmitting Wage Credit allotment details to the main administrator (IRAS).

A total of \$667 million of Wage Credit was paid to 89,000 employers who gave their employees wage increases in 2015 and/or 2016.

TEMPORARY EMPLOYMENT CREDIT

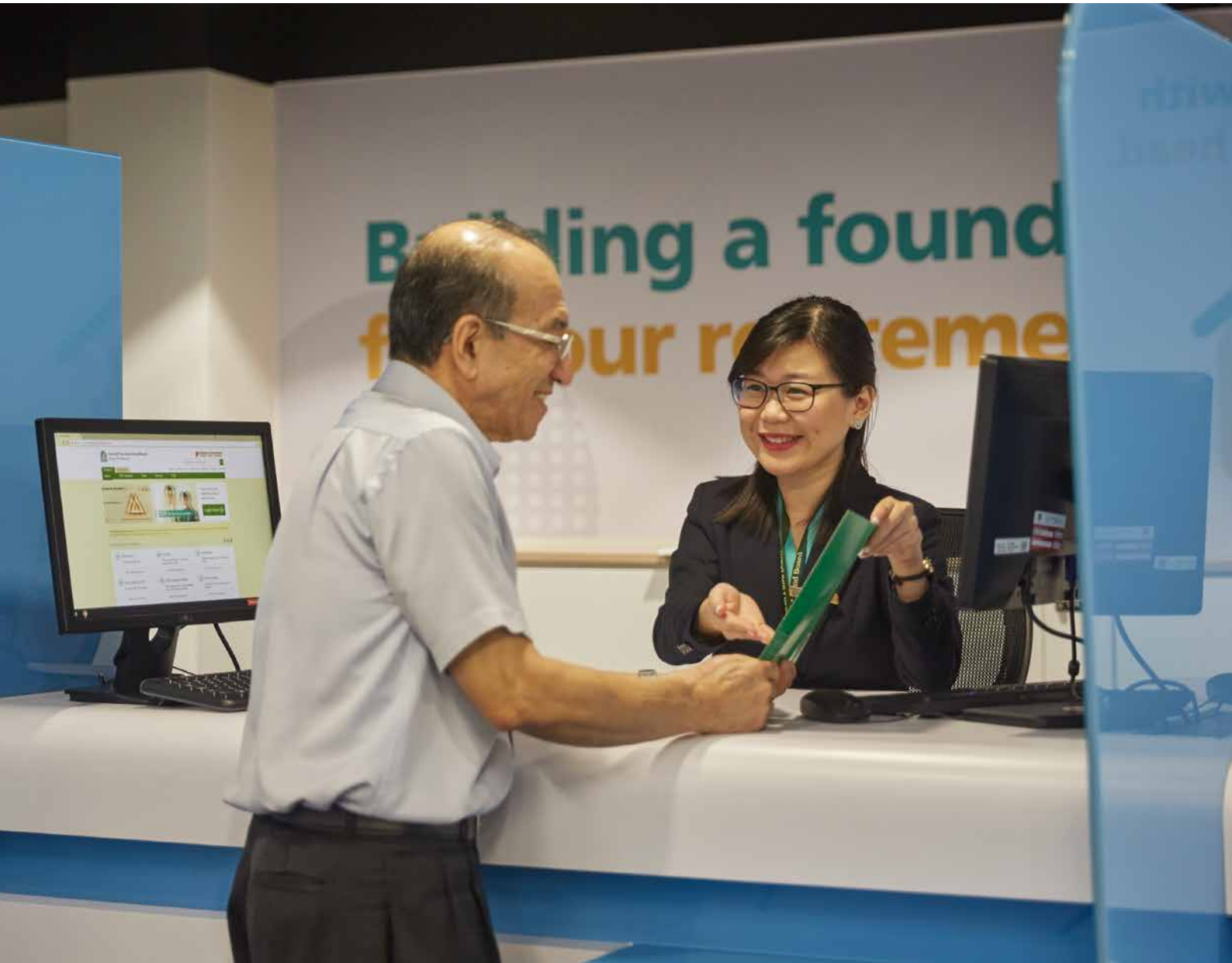
The TEC was introduced as a 2014 Budget initiative to alleviate the rise in business costs due to the increase in Medisave contribution rates in 2015. It also provides additional support to help employers adjust to the cost increases associated with the changes in the employer CPF contributions, which took effect from January 2016.

The TEC 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 \$764 million of TEC was paid to 166,000 employers who hired 1,948,000 eligible employees from 1 January to 31 December 2016.

IT INITIATIVES

The CPF Board is using Information Technology (IT) as a key enabler to deliver quality and trusted services to our members. We continue to invest in new capabilities to keep pace with rapid advancements in technology. The CPF Board has started a key project in re-architecting the core processing IT applications and has also embarked on a customer experience transformation journey with the ongoing implementation of a new Customer Relationship Management System (CRMS). In tandem, increasing the resiliency and security of our IT systems and infrastructure remains a key priority. The CPF Board will also continue to provide strong IT support in the implementation of Whole-of-Government projects in collaboration with other government agencies.



ORGANISATIONAL EXCELLENCE

Excellence in Public Service Awards (ExPSA)

The Excellence in Public Service Awards (ExPSA) recognise individuals who have provided outstanding service and organisations which attained organisational excellence. The following individuals and teams won awards:

Award	Recipient(s) / Project Team / Project Title
PS21 Star Service Award for consistently high standards of service excellence	Lim Violet, Assistant Customer Service Manager (Service Centre and E-Service) Lionel Soh, Executive (Self-employed and Workfare)
PS21 Distinguished Star Service Award for extraordinary contribution in service delivery	Lionel Soh, Executive (Self-employed and Workfare)
PS21 Star Service Team Award for quality customer service and dedication to service excellence	Employer Collections and Enforcement Group (ECE) for the strong inter-department collaborations to provide excellent service delivery for employers.
Best Practice Award – Stakeholder Communications and Engagement, for using innovative communication and engagement methods to engage stakeholders	CPF Communications Strategy: From Apathy to Affinity
Best Practice Award – Regulation, for implementing innovative regulatory practices which supported Whole-of-Government outcomes	Balancing Enforcement and Customer Service

PS21 ExCEL Awards

The Board received two 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. In the initiative “Touching Hearts, Changing Lives, with One-to-One Retirement Planning at the Heartlands”, the CPF Board partnered People’s Association to better reach out to and engage CPF members at the heartlands. The initiative received positive feedback and was awarded a Gold for the Most Innovative Project / Policy Award. The Board also received a Merit Award for the Innovation Spotlight for the Y-So-Awesome project which helped to transform the CPF Yearly Statement of Account into an informative dashboard for members to better understand how their CPF savings were being used.

Commonwealth Association for Public Administration and Management (CAPAM) International Innovation Awards

The CAPAM International Innovation Awards celebrate the spirit of innovation in Public Service by recognising organisations that have made significant contributions to improving governance and services in the public sector.

The Board received a Certificate of Distinction for its submission titled “Balancing Enforcement and Customer Service in Central Provident Fund Board” under the category of “Innovation in Public Service Management”. The award serves as a recognition of the Board’s efforts in encouraging employer compliance with the CPF Act via

a three-pronged approach, which included education and outreach on employer’s obligation, strengthening efforts and stepping up on enforcement to better deter CPF non-compliance.

Public Sector Pro-Enterprise Initiative Award

This award recognises individual public sector teams that have significant contributions in making the regulatory environment more pro-enterprise. The CPF Board had two winning entries for the period of September 2015 to February 2016 and March 2016 to August 2016. The first winning entry was on the review of late payment interest waiver to give employers who request a waiver for the first time an equal and fair assessment. The second winning entry was on the review of the process for payment of composition amount by employers who defaulted on their CPF payments. Following the review, these employers need not contact the case officers or visit the CPF Service Centres, but could check the CPF website for the various payment methods and requirements for compounding late payment offences, helping them to save time and be better informed.

Pro-Enterprise Ranking (PER) Survey

In 2016, CPF Board was given a Pro-Enterprise Index (PEI) of 86.8, and ranked 7th out of 29 government agencies in the Ministry of Trade and Industry’s Pro-Enterprise Ranking (PER) Survey 2016.

Minister for Manpower Award

The Minister for Manpower Award recognises outstanding projects implemented by the respective agencies under the Ministry of Manpower. CPF Board received the Minister for Manpower Award in 2016 for its project "Implementation of MediShield Life".

Marketing Excellence Awards 2016

CPF Board's Big 'R' Chat campaign in 2016 clinched a total of four marketing awards. The Board won three Marketing Excellence Awards, namely Excellence in Content Marketing/Native Advertising/Branded Content (Gold); Excellence in Government Sector Marketing (Bronze); and Excellence in Brand Awareness (Bronze). The Board also won one MARKies Awards, namely Best Idea – TV/Video Advertising (Silver). Organised annually by the Marketing Magazine, the awards recognise the work of Singapore's top marketers and set the benchmark for the industry.

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 commend staff who exemplify our core value of Focus on Customers. The WOW Idea Award recognises teams for implementing transformational innovation with high impact outcome. The Agency & Self-Employed Group received the award for their project to create a citizen-centric experience for its citizen disbursement schemes by providing timely and effective e-notifications, encouraging self-help via website and reducing reliance on cheques. This initiative reduced enquiries at all service channels as information and electronic transactions were made easily accessible.

The Top Savings Award was given to three project teams which had helped the Board save more than \$278,000 in total. The Team Excellence Awards were given to nine teams in 2016 to recognise teams which have lived out the value of Team Up for Results. The award acknowledges that the nature of work in the Board has become increasingly complex and requires teams to work across departments and groups to deliver excellent results.

The Staff Excellence Award, the pinnacle of individual staff awards, was given out to 21 officers in 2016 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. In 2016, the Board gave out the Long Service Award to 314 officers.

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 95.8% in 2016. The SHARE donation from CPF staff amounted to \$87,570.

This strong support and commitment by staff earned the CPF Board the SHARE Programme Platinum Award for the 23rd consecutive year in 2016. The award is given by the Community Chest in recognition of the CPF Board's efforts in raising funds for the needy.

COMMUNITY SERVICE PROGRAMME

Adopted Home

The CPF Board focused our charity efforts on the elderly in 2016 and continued its adoption of the St John's Home for Elderly Persons. Quarterly visits to the Home were organised in 2016 which provided staff the opportunity to interact with the residents, present gifts, and engage them with games and performances.

Staff Volunteerism

The CPF Board extended our support to children in 2016, providing our staff with additional options for volunteerism. We partnered Community Chest in reaching out to special needs children and their family members from AWWA Community Integration Service. Staff also volunteered at Arc Children's Centre and participated in the "Walk-for-Rice" Programme organised by South East CDC.

Fund Raising

There were also various staff-initiated fund raising activities such as the Community Service Committee's Annual Charity Bazaar, 'Sponsor-A-Child' and Nuts Sale with all proceeds donated to the St John's Home for Elderly Persons, AWWA and/or Arc Children's Centre. Our staff generously contributed \$66,600 through these activities.

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 ten ASEAN countries, namely Brunei, Cambodia, Indonesia, Lao PDR, Malaysia, Myanmar, Philippines, Singapore, Thailand and Vietnam. The CPF Board held the ASSA Chairmanship from 10 September 2015 to 22 September 2016. The Chairmanship was handed over to the Philippines Social Security Association during the 33rd ASSA Board Meeting held in Manila, Philippines on 22 September 2016.

As part of our international engagement efforts, the CPF Board received almost 300 visitors from foreign national provident funds and government bodies in 2016.



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 69 to 150 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 2016, and the changes in these fund balances and cash flows for the financial year then ended.

On behalf of the Board

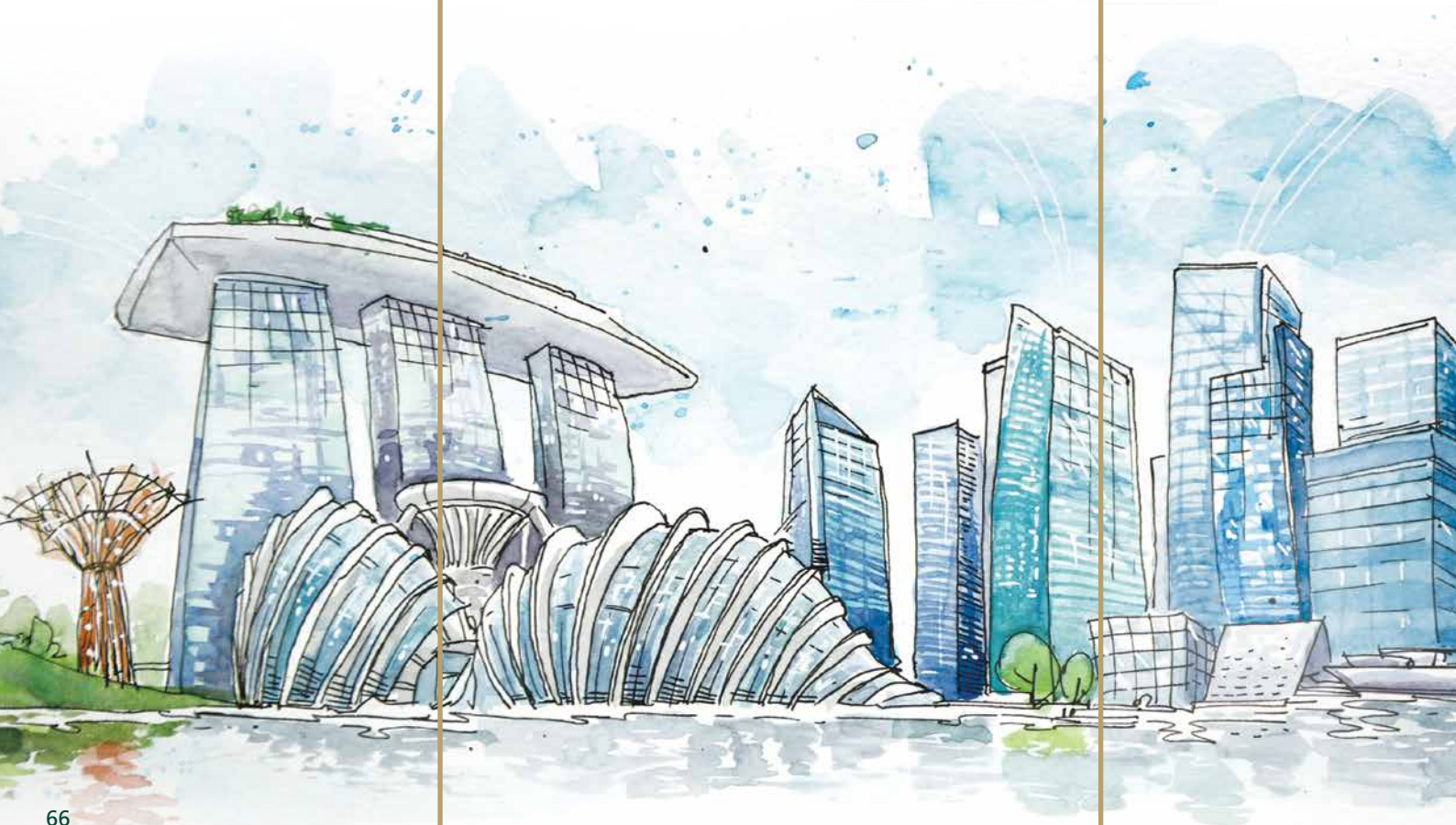


CHIANG CHIE FOO
Chairman



NG CHEE PENG
Chief Executive Officer

3 May 2017



INDEPENDENT AUDITOR'S REPORT

for the financial year ended 31 December 2016

Independent auditor's report to the members of the Central Provident Fund Board

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

Opinion

We have audited the 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 2016, the statement of changes in fund balances and the statement of cash flows of the funds for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Central Provident Fund Act, Chapter 36, Revised Edition 2013 (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 2016 and the changes in these fund balances and cash flows for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Board in accordance with the Accounting and Corporate Regulatory Authority (ACRA) *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Management is responsible for the other information. The other information comprises the information included in the annual report and the statement by the members of the Board, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management 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 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.

A statutory board is constituted based on its Act and its dissolution requires Parliament's approval. In preparing the financial statements, the management of the Board is responsible for assessing the Board's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless there is intention to wind up the Board or for the Board to cease operations.

The management of the Board is responsible for overseeing the Board's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Board's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management of the Board.
- Conclude on the appropriateness of the management of the Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Board's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Board to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the management of the Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other legal and regulatory requirements**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.

Basis for opinion

We conducted our audit in accordance with SSAs. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Compliance Audit* section of our report. We are independent of the Board in accordance with the ACRA Code together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on management's compliance.

Responsibilities of Management 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 responsibilities for compliance audit

Our responsibility is to express an opinion on management's compliance based on our audit of the financial statements. 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.



Ernst and Young LLP
Public Accountants and
Chartered Accountants

Singapore
3 May 2017

STATEMENT OF NET ASSETS OF FUNDS

as at 31 December 2016

	Note	2016 S\$'000	2015 S\$'000
Central Provident Fund			
Total assets			
Property, plant and equipment	3	151,442	75,746
Intangible assets	4	35,873	40,592
Investment property	5	–	70,600
Asset held for sale	6	–	34,400
Investments	7	328,185,333	299,150,459
Debtors and other receivables	8	3,480,031	2,929,672
Cash and cash equivalents	9	443,550	179,671
		332,296,229	302,481,140
Total liabilities			
Deferred capital grant	10	8,923	11,468
Creditors, accruals and provisions	11	345,282	511,054
		354,205	522,522
Net assets of the Central Provident Fund	19	331,942,024	301,958,618
Insurance Funds			
Net assets			
Home Protection Fund	22	1,018,888	900,035
MediShield Life Fund	22	1,446,541	1,324,922
Lifelong Income Fund	22	–	–
Other Funds			
Net assets of Trust Funds	23	2,576,398	2,342,153

STATEMENT OF CHANGES IN FUND BALANCES

for the year ended 31 December 2016

	Note	2016 S\$'000	2015 S\$'000
Central Provident Fund			
Fund balances as at 1 January		301,958,618	277,777,500
Add:			
Contributions (net of refunds) by members	12	33,813,929	30,201,879
Government grants to members	13	1,885,953	1,692,894
Dividends from Special Discounted Shares		151,793	154,363
Income from investments	14	12,303,203	11,044,962
Net change in fair value of available-for-sale financial assets		8,146	(45,828)
Net gain from sale of asset held for sale		515,126	–
Change in fair value of investment property	5	–	79
Interest income from bank deposits		4,871	1,524
Other operating income	15	152,201	147,880
		48,835,222	43,197,753
Less:			
Withdrawals (net of refunds) by members	16	18,525,047	18,723,556
General and administrative expense		33,030	20,885
Other operating expenses	18	293,739	272,194
		18,851,816	19,016,635
Net increase in the Central Provident Fund		29,983,406	24,181,118
Fund balances as at 31 December	19	331,942,024	301,958,618
Represented by:			
Members' accounts	19	328,895,282	299,522,383
General moneys of the Fund	19	53,089	51,179
Accumulated surplus	19	2,978,119	2,377,668
Fair value reserve	19	15,534	7,388
	19	331,942,024	301,958,618

STATEMENT OF CASH FLOWS

for the year ended 31 December 2016

	Note	2016 S\$'000	2015 S\$'000
Central Provident Fund			
Cash flows from operating activities			
Net increase in the Central Provident Fund		29,983,406	24,181,118
Adjustments for:			
Income from investments	14	(12,303,203)	(11,044,962)
Net change in fair value of available-for-sale financial assets		(8,146)	45,828
Change in fair value of investment property	5	–	(79)
Interest income from bank deposits		(4,871)	(1,524)
Depreciation and amortisation	18	21,592	14,861
Government grants	15	(5,292)	(16,674)
Loss/(gain) from sale of property, plant and equipment		66	(300)
Net gain from sale of asset held for sale		(515,126)	–
Gain from sale of intangible asset		–	(14)
Property, plant and equipment written off		188	73
Intangible assets written off		114	50
Cash generated before changes in operating assets and liabilities		17,168,728	13,178,377
Changes in operating assets and liabilities:			
Debtors and other receivables		(11,566)	(12,978)
Creditors, accruals and provisions		(91,898)	157,723
Net acquisition of special issues of Singapore Government securities		(27,645,915)	(23,657,481)
Net placement of advance deposits		(1,052,261)	(401,285)
Cash used in operations		(11,632,912)	(10,735,644)
Interest received from held-to-maturity financial assets and bank deposits		11,668,435	10,686,092
Net cash generated from / (used in) operating activities		35,523	(49,552)
Cash flows from investing activities			
Payments for purchase of property, plant and equipment		(11,434)	(12,210)
Payments for purchase of intangible assets		(17,300)	(13,757)
Subsequent expenditure on investment property		–	(999)
Acquisition of available-for-sale financial assets		(542,297)	(209,517)
Proceeds from sale of property, plant and equipment		37	300
Proceeds from sale of asset held for sale		495,000	–
Proceeds from sale of intangible asset		–	72
Proceeds from sale of available-for-sale financial assets		89,750	39,409
Redemption and capital reduction of available-for-sale financial assets		119,594	12,116
Interest received from available-for-sale financial assets		65,943	60,521
Dividends received		28,320	21,989
Deposits received for asset held for sale		–	55,000
Net cash generated from / (used in) investing activities		227,613	(47,076)
Cash flows from financing activities			
Grants received from Government		13,731	17,158
Net cash from financing activities		13,731	17,158
Net increase/(decrease) in cash and cash equivalents		276,867	(79,470)
Cash and cash equivalents as at 1 January		122,445	201,915
Cash and cash equivalents as at 31 December	9	399,312	122,445

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2016

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

- (a) 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.
- (b) The **MediShield Life Fund** is set up 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.
- (c) 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 (\$) 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 (\$'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:

	Estimated useful life
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 following standards and interpretations have been issued but are not yet effective for the reporting period ended 31 December 2016:

Description	Effective for annual periods beginning on or after
Amendments to FRS 7 <i>Disclosure Initiative</i>	1 Jan 2017
SB-FRS 109 <i>Financial Instruments</i>	1 Jan 2018
SB-FRS 115 <i>Revenue from Contracts with Customers</i>	1 Jan 2018
SB-FRS 116 <i>Leases</i>	1 Jan 2019

Except for SB-FRS 109 and SB-FRS 116, 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.

SB-FRS 109 *Financial Instruments*

FRS 109 introduces new requirements for classification and measurement of financial assets, impairment of financial assets and hedge accounting. Financial assets are classified according to their contractual cash flow characteristics and the business model under which they are held. The impairment requirements in FRS 109 are based on an expected credit loss model and replace the FRS 39 incurred loss model. Adopting the expected credit losses requirements will require the Board to make changes to its current systems and processes.

FRS 109 is effective for annual periods beginning on or after 1 January 2018 with early application permitted. Retrospective application is required, but comparative information is not compulsory. The Board is currently assessing the impact of FRS 109 and plans to adopt the standard on the required effective date.

SB-FRS 116 *Leases*

SB-FRS 116 requires lessees to recognise most leases on balance sheets to reflect the rights to use the leased assets and the associated obligations for lease payments as well as the corresponding interest expense and depreciation charges. The standard includes two recognition exemption for lessees – leases of 'low value' assets and short-term leases. The new standard is effective for annual periods beginning on or after 1 January 2019.

The Board is currently assessing the impact of the new standard and plans to adopt the new standard on the required effective date. The Board expects the adoption of the new standard will result in increase in total assets and total liabilities, EBITDA and gearing ratio.

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 2015		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
Additions		–	–	66	7,335	2,124	6,169	1,207	16,901
Disposals / Written off		–	–	–	(2,956)	(436)	(3,501)	–	(6,893)
Reclassification		–	–	–	–	2,676	–	(2,676)	–
Transfer from investment property	5	31,546	39,054	–	–	–	–	–	70,600
At 31 December 2016		62,741	74,278	3,548	35,196	12,794	34,414	1,207	224,178
Accumulated depreciation									
At 1 January 2015		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
Depreciation for the year		713	1,982	100	1,298	1,574	5,653	–	11,320
Disposals / Written off		–	–	–	(2,864)	(359)	(3,185)	–	(6,408)
At 31 December 2016		8,686	18,227	907	24,274	2,256	18,386	–	72,736
Carrying amount									
At 1 January 2015		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
At 31 December 2016		54,055	56,051	2,641	10,922	10,538	16,028	1,207	151,442

Depreciation charges amounting to S\$200,000 (2015: S\$132,000) and S\$2,000 (2015: S\$2,000) were allocated to Home Protection Fund and MediShield Life Fund respectively. The remaining depreciation charge of S\$11,118,000 (2015: S\$9,047,000) was accounted for under the Central Provident Fund.

4. Intangible assets

Cost

At 1 January 2015	83,458
Additions	24,736
Disposals / Written off	(375)
Transfer	6,140
At 31 December 2015	113,959
Additions	3,952
Written off	(34,540)
Transfer	1,655

At 31 December 2016

Accumulated amortisation

At 1 January 2015	68,798
Amortisation charge for the year	5,814
Disposals / Written off	(267)
At 31 December 2015	74,345
Amortisation charge for the year	10,474
Written off	(34,426)

At 31 December 2016

Carrying amount

At 1 January 2015	14,660
At 31 December 2015	39,614

At 31 December 2016

	Computer software / application system S\$'000	Computer software / application system under development S\$'000	Total S\$'000
At 1 January 2015	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
Additions	3,952	1,917	5,869
Written off	(34,540)	–	(34,540)
Transfer	1,655	(1,655)	–
At 31 December 2016	85,026	1,240	86,266
Accumulated amortisation			
At 1 January 2015	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
Amortisation charge for the year	10,474	–	10,474
Written off	(34,426)	–	(34,426)
At 31 December 2016	50,393	–	50,393
Carrying amount			
At 1 January 2015	14,660	3,190	17,850
At 31 December 2015	39,614	978	40,592
At 31 December 2016	34,633	1,240	35,873

5. Investment property

	Note	2016 S\$'000	2015 S\$'000
At 1 January		70,600	70,300
Subsequent expenditure		–	221
Change in fair value		–	79
Transfer to property, plant and equipment	3	(70,600)	–
At 31 December		–	70,600

The Board transferred the property at 3 Bishan Place that was held as investment property to property, plant and equipment after the Board occupied more than 10% of the floor space in 2016 in accordance to the Board's accounting policy.

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

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

The fair value of investment property at the end of the last financial year was based on valuation conducted by an independent valuer, Knight Frank Pte Ltd. The fair value was derived using the comparable sales method, taking into consideration the highest-and-best-use of the property. In addition, the capitalisation approach was 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 was satisfied that the valuation techniques and estimates were reflective of current market conditions.

6. Asset held for sale

	Note	2016 S\$'000	2015 S\$'000
At 1 January		34,400	–
Transfer from property, plant and equipment	3	–	34,400
Disposal		(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	2016 S\$'000	2015 S\$'000
Held-to-maturity financial assets			
Special issues of Singapore Government securities:			
- Floating rate	(a)	272,965,610	251,917,333
- Fixed rate	(b)	41,472,349	34,874,711
		314,437,959	286,792,044
Advance deposits	(c)	11,211,552	10,159,291
		325,649,511	296,951,335
Available-for-sale financial assets			
Singapore Government securities		489,404	489,114
Statutory board bonds		300,400	422,463
Corporate bonds		1,134,342	875,849
		1,924,146	1,787,426
Equity securities		611,676	411,698
		2,535,822	2,199,124
		328,185,333	299,150,459

(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%, 4.50%, 5.00% and 6.00% (2015: 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 6.00% (2015: 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 interest rate of 2.50% (2015: 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	2016 S\$'000	2015 S\$'000
Debtors - schemes	(a)	20,195	8,360
Accrued interest receivable			
- special issues of Singapore Government securities and advance deposits		3,403,554	2,856,209
- other investments		22,453	19,543
Deposits paid		5,536	5,528
Prepayments		6,252	4,741
Other receivables		22,041	35,291
		3,480,031	2,929,672

(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	2016 S\$'000	2015 S\$'000
Cash at banks		159,550	179,671
Bank deposits		284,000	–
Cash and cash equivalents		443,550	179,671
Less: Cash at banks managed by the Board on behalf of trust funds and Government ministries	23.5	(44,238)	(57,226)
Cash and cash equivalents in the statement of cash flows		399,312	122,445

10. Deferred capital grant

	2016 S\$'000	2015 S\$'000
At 1 January	11,468	–
Received/receivable during the year	329	12,053
Amortisation charge for the year	(2,874)	(585)
At 31 December	8,923	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	2016 S\$'000	2015 S\$'000
Amount due to trust funds and Government ministries for cash at banks managed on behalf by the Board	9	44,238	57,226
Creditors – schemes	(a)	174,394	259,802
Deposits received for asset held for sale		–	55,000
Security, renovation and rental deposits received		2,408	3,702
Accrued expenses		24,743	23,774
Provisions	(b)	60,641	57,598
Other payables		38,858	53,952
		345,282	511,054

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

(b) Provisions include provision on potential claims of S\$9,672,000 (2015: S\$9,834,000), and provision on administration and operating expenses of S\$3,684,000 (2015: S\$3,997,000) 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	2016 S\$'000	2015 S\$'000
Contributions credited in the year		33,865,213	30,257,999
Less: Refund of contributions:			
- Refunds of excess contributions on additional wages	(a)	(31,035)	(35,987)
- Refunds to self-employed persons	(b)	(1,542)	(1,854)
- Other refunds	(c)	(18,707)	(18,279)
		33,813,929	30,201,879

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

(b) Refunds to self-employed person refer mainly to refunds made under section 75C of the CPF Act (Chapter 36, Revised Edition 2013) for excess contributions to self-employed persons and refunds under section 75D of the CPF Act (Chapter 36, Revised Edition 2013) read with Regulation 4(1)(a)(i) of the CPF (Voluntary Contributions) Regulations 2011 for excess voluntary contributions paid by self-employed persons.

(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 (other than refunds to self-employed persons) made under section 75D of the CPF Act (Chapter 36, Revised Edition 2013) for excess voluntary contributions paid.

13. Government grants to members

	Note	2016 S\$'000	2015 S\$'000
CPF Housing Grant Scheme		533,482	451,135
Home Ownership Plus Education Scheme		3,048	2,939
Medisave Top-Up Schemes	(a)	400,398	402,601
Workfare Income Supplement Scheme		422,320	431,388
Workfare Special Bonus		2	198
Deferment Bonus		22,618	26,507
CPF LIFE Bonus		27,983	54,727
National Service Housing, Medical and Education Award		257,809	217,067
Medisave Grant for Newborns		218,293	106,332
		1,885,953	1,692,894

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

14. Income from investments

	2016 S\$'000	2015 S\$'000
Interest income from held-to-maturity investments:		
- Special issues of Singapore Government securities	12,054,172	10,816,426
- Advance deposits	158,383	143,832
	12,212,555	10,960,258
Interest income from available-for-sale investments:		
- Singapore Government securities	15,079	15,065
- Statutory board bonds	13,682	14,686
- Corporate bonds	38,446	32,232
Net (loss)/gain on disposal of available-for-sale investments	(4,401)	254
	62,806	62,237
Dividend income	27,842	22,467
	12,303,203	11,044,962

15. Other operating income

	Note	2016 S\$'000	2015 S\$'000
Agency, consultancy and data processing fees		109,216	88,351
Penalty interest on late contributions		20,647	19,321
Rent, service charges and car park receipts	(a)	10,826	17,639
Government grants	(b)	5,292	16,674
Miscellaneous revenue		6,220	5,895
		152,201	147,880

(a) Rental income is derived from the leasing of space in 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:

	2016 S\$'000	2015 S\$'000
Receivable		
- not later than one year	7,803	7,242
- later than one year and not later than five years	9,173	4,156
	16,976	11,398

(b)

	Note	2016 S\$'000	2015 S\$'000
Operating grant		2,418	16,089
Amortisation of deferred capital grant	10	2,874	585
Government grants		5,292	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	2016 S\$'000	2015 S\$'000
Sections 15 and 25 of CPF Act	(a)	4,919,966	5,155,877
Amount restored from general moneys of the Fund	(b)	20	45
Approved Housing Schemes	(c)	6,971,938	7,069,901
Residential Properties Scheme	(c)	3,905,495	3,310,631
Medisave Scheme	(c)	931,252	899,869
Retirement Sum Scheme	(c)	555,716	487,880
Dependants' Protection Insurance Scheme	(c)	196,375	194,777
Education Scheme	(c)	38,002	24,424
MediShield Life Scheme	(c)	999,327	892,783
Private Medical Insurance Scheme	(c)	674,357	580,962
ElderShield Scheme	(c)	389,829	364,290
Lifelong Income Scheme	(c)	379,942	1,980,253
Home Protection Insurance Scheme	(c)	132,859	(529,753)
Non-residential Properties Scheme	(c)	(8,500)	(9,720)
Investment Schemes	(c)	(1,531,525)	(1,657,221)
Special Discounted Shares Scheme		(30,006)	(41,442)
		18,525,047	18,723,556

(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, MediShield Life Scheme Act 2015 and all related subsidiary legislation.

17. General and administrative expense

Included in general and administrative expense is the following items:

	2016 S\$'000	2015 S\$'000
Rental expense for building and equipment	24,749	13,504

18. Other operating expenses

	Note	2016 S\$'000	2015 S\$'000
Salaries and staff benefits	(a)	197,462	181,420
Computer software and supplies		37,074	37,277
Depreciation and amortisation		21,592	14,861
Maintenance of buildings and equipment		10,636	10,228
Professional and other charges		9,211	12,155
Publicity and campaigns		8,756	5,228
Printing and postage		4,422	4,023
Public utilities		2,662	3,357
Property tax		1,924	3,645
		293,739	272,194

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

	2016 S\$'000	2015 S\$'000
Staff administering Central Provident Fund:		
Employer's CPF contributions	26,860	21,763
Staff welfare and training	4,235	4,693
Allowances for members of the Board	312	330

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 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.

	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 2016		299,522,383	51,179	2,377,668	7,388	301,958,618
Contribution (net of refunds) by members	12	33,813,929	–	–	–	33,813,929
Government grants to members	13	1,885,953	–	–	–	1,885,953
Dividends from Special Discounted Shares		151,793	–	–	–	151,793
Income from investments	14	–	–	12,303,203	–	12,303,203
Transferred to statement of changes in fund balances on disposal of available-for-sale financial assets		–	–	–	(4,297)	(4,297)
Change in fair value of available-for-sale financial assets	(a)	–	–	–	12,443	12,443
Net gain from sale of asset held for sale		–	–	515,126	–	515,126
Interest income from bank deposits		–	–	4,871	–	4,871
Other operating income	15	–	–	152,201	–	152,201
Withdrawals (net of refunds) by members	16	(18,525,047)	–	–	–	(18,525,047)
General and administrative expense		–	–	(33,030)	–	(33,030)
Other operating expenses	18	–	–	(293,739)	–	(293,739)
Interest credited to members		12,048,181	–	(12,048,181)	–	–
Transferred to general moneys of the Fund		(1,910)	1,910	–	–	–
At 31 December 2016		328,895,282	53,089	2,978,119	15,534	331,942,024

(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:

	2016 S\$'000	2015 S\$'000
Amount approved and contracted for	23,617	6,155
Amount approved but not contracted for	33,465	35,689
	57,082	41,844

(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:

	2016 S\$'000	2015 S\$'000
Not later than one year	26,528	23,078
Later than one year but not later than five years	100,203	96,411
Later than five years	92,947	111,940
	219,678	231,429

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 processes 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	
	2016 S\$'000	2015 S\$'000
Change in variable		
Equity prices		
+10%	61,168	41,170
-10%	(61,168)	(41,170)

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.

Change in variable	Impact on fund balance	
	2016 S\$'000	2015 S\$'000
Interest rate		
+50bps	(49,094)	(44,649)
-50bps	50,660	46,154

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

	Years to maturity					
	Effective interest rate (per annum)		Not later than one year		Later than one year and not later than five years	
	2016 %	2015 %	2016 S\$'000	2015 S\$'000	2016 S\$'000	2015 S\$'000
Special issues of Singapore Government securities	2.50 – 6.00	2.50 – 5.00	16,758,823	15,008,748	67,035,293	63,650,280
Advance deposits	2.50	2.50	11,211,552	10,159,291	–	–
Singapore Government securities	3.00 – 4.00	3.00 – 4.00	–	–	204,498	206,127
Statutory board bonds	3.14 – 3.95	3.14 – 3.99	45,106	120,778	77,137	115,177
Corporate bonds	2.50 – 5.25	3.25 – 5.25	1,263	–	127,756	53,197
Cash and cash equivalents	0.00 – 1.73	0.00 – 0.93	443,550	179,671	–	–
			28,460,294	25,468,488	67,444,684	64,024,781
					232,112,229	209,425,163

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
2016						
Held-to-maturity financial assets						
Special issues of Singapore Government securities	–	–	–	–	314,438	314,438
Advance deposits	–	–	–	–	11,212	11,212
Available-for-sale financial assets						
Singapore Government securities	490	–	–	–	–	490
Statutory board bonds	–	–	–	–	300***	300
Corporate bonds	149	4	349	159	473***	1,134
	639	4	349	159	326,423	327,574
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

* 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 comprised investment property (note 5). It was 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 2016							
Investments							
Held-to-maturity financial assets							
Special issues of Singapore Government securities	7	-	-	314,437,959	-	-	314,437,959
Advance deposits	7	-	-	11,211,552	-	-	11,211,552
Available-for-sale financial assets							
Debt securities	7	1,924,146	-	-	-	-	1,924,146
Equity securities	7	611,676	-	-	-	-	611,676
Loans and receivables							
Debtors and other receivables		-	-	-	3,473,779	-	3,473,779
Cash and cash equivalents	9	-	-	-	443,550	-	443,550
		2,535,822	-	325,649,511	3,917,329	-	332,102,662
Creditors, accruals and provisions	11	-	-	-	-	(345,282)	(345,282)

		< -----At fair value ----->		-----At amortised cost ----->			Other financial liabilities S\$'000	Total carrying amount S\$'000	Year end fair value estimate S\$'000
Note	Available-for-sale S\$'000	Investment property S\$'000	Held-to-maturity S\$'000	Loans and receivables S\$'000					
31 December 2015									
Investments									
Held-to-maturity financial assets									
	7	-	-	286,792,044	-	-	-	286,792,044	286,792,044
	7	-	-	10,159,291	-	-	-	10,159,291	10,159,291
Available-for-sale financial assets									
	7	1,787,426	-	-	-	-	-	1,787,426	1,787,426
	7	411,698	-	-	-	-	-	411,698	411,698
Loans and receivables									
		-	-	-	2,924,931	-	-	2,924,931	2,924,931
	9	-	-	-	179,671	-	-	179,671	179,671
Investment property									
	5	-	70,600	-	-	-	-	70,600	70,600
		2,199,124	70,600	296,951,335	3,104,602	-	-	302,325,661	302,325,661
	11	-	-	-	-	-	(511,054)	(511,054)	(511,054)

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.

		Fair value measurements at the end of the year			
	Note	Level 1 S\$'000	Level 2 S\$'000	Level 3 S\$'000	Total S\$'000
Central Provident Fund					
Assets measured at fair value					
Financial assets:					
2016					
Available-for-sale financial assets	7				
Equity securities		611,676	–	–	611,676
Debt securities		489,404	1,434,742	–	1,924,146
Total available-for-sale financial assets		1,101,080	1,434,742	–	2,535,822
Financial assets as at 31 December 2016		1,101,080	1,434,742	–	2,535,822
2015					
Available-for-sale financial assets	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	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

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 was 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 was also considered by the valuer for reference. The capitalisation approach took 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	2016 S\$'000	2015 S\$'000	2016 S\$'000	2015 S\$'000	2016 S\$'000	2015 S\$'000
Total assets							
Investments	22.3	1,159,221	1,081,760	4,432,000	2,728,878	9,621,408	9,045,283
Premium and other receivables	22.4	16,185	12,436	146,177	169,242	–	–
Accrued interest receivable		5,913	5,569	21,611	11,311	141,911	123,195
Cash and cash equivalents	22.5	177,013	168,430	148,690	587,024	50	50
		1,358,332	1,268,195	4,748,478	3,496,455	9,763,369	9,168,528
Total liabilities							
(i) Insurance contract liabilities							
At 1 January		332,566	420,694	2,043,460	2,030,986	9,167,041	7,027,749
Valuation premium		131,694	125,891	1,317,103	796,970	–	–
Liabilities released for payments on death and other terminations		(124,910)	(138,938)	(79,247)	(69,143)	(54,037)	(82,354)
Accretion of interest		1,784	1,646	4,576	9,516	440,491	355,221
Other movements		(11,402)	(5,689)	843,745	211,692	(10,758)	(11,535)
Expected claims		–	–	(921,322)	(488,297)	(122,774)	(105,329)
New business		15,876	15,400	(5,995)	108,954	343,030	1,983,289
Change in valuation basis		5,595	5,285	23,336	(557,218)	–	–
Impact of premium rebate on reserves		–	(28,532)	–	–	–	–
Effect of minimum values on reserves		(45,717)	(47,380)	–	–	–	–
Change in incurred but not reported claims		(3,651)	(15,811)	–	–	–	–
At 31 December		301,835	332,566	3,225,656	2,043,460	9,762,993	9,167,041
Current portion		29,218	35,005	112,660	54,804	190,537	153,788
Non-current portion		272,617	297,561	3,112,996	1,988,656	9,572,456	9,013,253
		301,835	332,566	3,225,656	2,043,460	9,762,993	9,167,041

	Note	Home Protection Fund		MediShield Life Fund		Lifelong Income Fund	
		2016 S\$'000	2015 S\$'000	2016 S\$'000	2015 S\$'000	2016 S\$'000	2015 S\$'000
Total liabilities (continued)							
(ii) Claims intimated or admitted but not paid							
At 1 January		35,123	25,518	7,177	6,844	86	–
Claims paid		(84,449)	(78,682)	(740,875)	(437,325)	(36,342)	(30,028)
Claims incurred		86,660	88,287	745,300	437,658	36,256	30,114
At 31 December		37,334	35,123	11,602	7,177	–	86
(iii) Other payables	22.6	275	471	64,679	120,896	376	1,401
		339,444	368,160	3,301,937	2,171,533	9,763,369	9,168,528
Net assets		1,018,888	900,035	1,446,541	1,324,922	–	–

22.1 Statements of changes in fund balances of Insurance Funds

		Home Protection Fund		MediShield Life Fund		Lifelong Income Fund	
	Note	2016 S\$'000	2015 S\$'000	2016 S\$'000	2015 S\$'000	2016 S\$'000	2015 S\$'000
Fund balances as at 1 January		900,035	1,436,149	1,324,922	732,446	–	–
Add:							
(a)		154,633	148,772	1,858,805	1,099,148	336,115	1,939,636
22.7		58,152	2,882	214,749	(47,240)	440,492	355,221
Interest income from bank deposits		652	4,730	2,342	1,811	–	–
Less:		213,437	156,384	2,075,896	1,053,719	776,607	2,294,857
Claims		86,660	88,287	745,300	437,658	36,256	30,114
Surrenders		21,774	28,524	–	–	10,866	8,587
(b)		–	650,000	–	–	–	–
Payouts		–	–	–	–	122,774	105,330
Professional and other charges		9,975	7,528	16,810	6,823	7,307	7,971
Salaries and staff benefits		4,402	4,195	6,200	3,242	3,249	3,255
General and administrative expense		1,536	917	210	255	3	2
Computer software and supplies		608	549	2,558	543	153	120
Depreciation and amortisation		200	132	2	2	–	–
Printing and postage		159	491	999	244	46	185
Publicity and campaigns		1	–	–	–	1	–
Maintenance of buildings and equipment		–	3	2	2	–	1
Net change in insurance contract liabilities		(30,731)	(88,128)	1,182,196	12,474	595,952	2,139,292
		94,584	692,498	1,954,277	461,243	776,607	2,294,857
Net increase / (decrease)		118,853	(536,114)	121,619	592,476	–	–
Fund balances as at 31 December		1,018,888	900,035	1,446,541	1,324,922	–	–

(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	
	2016 S\$'000	2015 S\$'000	2016 S\$'000	2015 S\$'000	2016 S\$'000	2015 S\$'000
Employer's CPF contributions	615	557	902	444	471	456

22.2 Statements of cash flows of Insurance Funds

	Home Protection Fund		MediShield Life Fund		Lifelong Income Fund	
Note	2016 S\$'000	2015 S\$'000	2016 S\$'000	2015 S\$'000	2016 S\$'000	2015 S\$'000
Cash flows from operating activities						
Net increase / (decrease) in funds	118,853	(536,114)	121,619	592,476	-	-
Adjustments for:						
Interest and dividend income	(32,319)	(37,688)	(98,163)	(58,425)	(440,492)	(355,221)
	86,534	(573,802)	23,456	534,051	(440,492)	(355,221)
Changes in operating assets and liabilities:						
Investments	(77,461)	134,486	(1,703,122)	(169,166)	(576,125)	(2,105,173)
Premium and other receivables	(3,680)	160	21,986	(106,509)	-	-
Insurance contract liabilities	(30,731)	(88,128)	1,182,196	12,474	595,952	2,139,292
Claims intimated or admitted but not paid	2,211	9,605	4,425	333	(86)	86
Other payables	(196)	(506)	(41,238)	11,164	(1,025)	(647)
Cash (used in) / from operations	(23,323)	(518,185)	(512,297)	282,347	(421,776)	(321,663)
Interest received	20,638	29,731	68,198	39,677	421,776	321,663
Dividends received	11,268	10,931	20,744	18,337	-	-
Net cash from / (used in) operating activities	8,583	(477,523)	(423,355)	340,361	-	-
Net increase / (decrease) in cash and cash equivalents	8,583	(477,523)	(423,355)	340,361	-	-
Cash and cash equivalents as at 1 January	168,430	645,953	529,991	189,630	50	50
Cash and cash equivalents as at 31 December	177,013	168,430	106,636	529,991	50	50

22.5

22.3 Investments

	Home Protection Fund		MediShield Life Fund	
	2016 S\$'000	2015 S\$'000	2016 S\$'000	2015 S\$'000
Debt securities				
Denominated in Singapore Dollars	408,579	468,167	–	845,111
Denominated in US Dollars	70,923	86,350	–	319,714
Denominated in other currencies	184,245	126,791	–	682,250
	<u>663,747</u>	<u>681,308</u>	<u>–</u>	<u>1,847,075</u>
Equity securities				
Denominated in Singapore Dollars	2,135	56,673	–	258,058
Denominated in US Dollars	312,080	214,419	–	437,574
Denominated in other currencies	186,405	133,033	–	203,160
	<u>500,620</u>	<u>404,125</u>	<u>–</u>	<u>898,792</u>
Derivatives				
Interest-rate futures contracts purchased				
- with positive fair value	36	64	–	213
- with negative fair value	(16)	(13)	–	(435)
Interest-rate futures contracts sold				
- with positive fair value	–	–	–	560
- with negative fair value	–	–	–	(69)
Forward foreign exchange contracts				
- with positive fair value	2,163	2,426	–	14,847
- with negative fair value	(7,329)	(6,150)	–	(26,570)
Interest-rate and credit default swaps				
- with positive fair value	–	–	–	640
- with negative fair value	–	–	–	(3,776)
Interest-rate options				
- with positive fair value	–	–	–	282
- with negative fair value	–	–	–	(308)
Exchange cleared swaps				
- with positive fair value	–	–	–	944
- with negative fair value	–	–	–	(3,317)
	<u>(5,146)</u>	<u>(3,673)</u>	<u>–</u>	<u>(16,989)</u>
	<u>1,159,221</u>	<u>1,081,760</u>	<u>–</u>	<u>2,728,878</u>

Derivative transactions were entered with various counterparties and the funds have a legally enforceable right to set off the balances and have the intention to realise the derivative assets and settle the derivative liabilities simultaneously when needed. The gross amounts of the derivative assets and liabilities are presented in the above table.

Investments included debt securities issued by the Singapore Government and statutory boards of S\$408,579,000 (2015: S\$468,167,000) and S\$Nil (2015: S\$742,266,000) for Home Protection Fund and MediShield Life Fund respectively.

Investment securities in Home Protection 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.

From 2016, MediShield Life Fund is invested in special issues of Singapore Government securities, cash and cash equivalents. The investment in special issues of Singapore Government securities is accounted for as held-to-maturity financial assets as presented below.

	Lifelong Income Fund		MediShield Life Fund	
	2016 S\$'000	2015 S\$'000	2016 S\$'000	2015 S\$'000
Held-to-maturity financial assets				
Special issues of Singapore Government securities	9,620,904	9,044,324	4,432,000	–
Advance deposits	504	959	–	–
	<u>9,621,408</u>	<u>9,045,283</u>	<u>4,432,000</u>	<u>–</u>

The Lifelong Income Fund invests jointly with the Central Provident Fund in special issues of Singapore Government securities. The effective interest rate on special issues of Singapore Government securities paying LIFE and Retirement Account rate is within the range of 4.00% to 6.00% (2015: 4.00% to 5.00%) per annum.

MediShield Life Fund invests in special issues of Singapore Government securities that pay interest rate of 4.00% per annum.

The special issues of Singapore Government securities are issued specifically to the Board to meet interest and other obligations of the respective funds. They do not have quoted market values and cannot be traded in open market.

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 advance deposits is 2.50% (2015: 2.50%) per annum.

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

22.4 Premium and other receivables

	Home Protection Fund		MediShield Life Fund	
	2016 S\$'000	2015 S\$'000	2016 S\$'000	2015 S\$'000
Non-current				
Premium receivables	–	–	10,625	–
Current				
Premium receivables	–	–	28,443	36,914
Other receivables	16,185	12,436	107,109	132,328
	16,185	12,436	135,552	169,242
	16,185	12,436	146,177	169,242

22.5 Cash and cash equivalents

	Note	Home Protection Fund		MediShield Life Fund		Lifelong Income Fund	
		2016 S\$'000	2015 S\$'000	2016 S\$'000	2015 S\$'000	2016 S\$'000	2015 S\$'000
Cash at banks		35,083	44,198	148,690	453,024	50	50
Bank deposits		141,930	124,232	–	134,000	–	–
Cash and cash equivalents		177,013	168,430	148,690	587,024	50	50
Less: Cash at banks managed by the Board on behalf of Government ministries	(a)	–	–	(42,054)	(57,033)	–	–
Cash and cash equivalents in the statement of cash flows		177,013	168,430	106,636	529,991	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	
		2016 S\$'000	2015 S\$'000	2016 S\$'000	2015 S\$'000	2016 S\$'000	2015 S\$'000
Amount due to Government ministries for cash at banks managed on behalf by the Board	22.5	–	–	42,054	57,033	–	–
Other payables		275	471	22,625	63,863	376	1,401
		275	471	64,679	120,896	376	1,401

22.7 Net investment gain / (loss)

	Home Protection Fund		MediShield Life Fund		Lifelong Income Fund	
	2016 S\$'000	2015 S\$'000	2016 S\$'000	2015 S\$'000	2016 S\$'000	2015 S\$'000
Interest income	20,330	22,010	76,156	37,986	440,492	355,221
Dividend income	11,337	10,948	19,665	18,628	–	–
Net fair value gain / (loss)	28,897	(25,971)	120,718	(95,267)	–	–
Net foreign currency exchange gain / (loss)	130	(1,979)	8,405	(3,316)	–	–
Miscellaneous revenue	42	1	233	226	–	–
Fund management fees	(2,584)	(2,127)	(10,428)	(5,497)	–	–
	58,152	2,882	214,749	(47,240)	440,492	355,221

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

22.8 Financial derivatives

Notional principal of the financial derivatives are as follows:

	Home Protection Fund		MediShield Life Fund	
	2016 S\$'000	2015 S\$'000	2016 S\$'000	2015 S\$'000
Interest-rate futures contracts				
- future contracts purchased	3,478	4,925	–	200,171
- future contracts sold	–	–	–	106,127
Forward foreign exchange contracts	1,632,312	1,168,258	–	3,500,362
Interest-rate and credit default swaps	–	–	–	215,611
Interest-rate options	–	–	–	167,350
Exchange cleared swaps	–	–	–	4,747,930

22.9 Risk management of insurance contracts

Home Protection Fund

- (i) The risks arising from insurance policies issued under the Home Protection Insurance Scheme are death, terminal illness and total permanent disability 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:

- (a) all legitimate claims of insured members are met;
- (b) the Home Protection Fund is financially solvent at all times; and
- (c) 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.

- (ii) The policies, processes and methods for managing insurance risks are to:

- (a) 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;
- (b) manage the Home Protection Fund and insurance contract portfolio in accordance with sound actuarial, financial and accounting principles;
- (c) adopt an underwriting strategy to recognise and select the insurance risks accepted so that the claim experience is unlikely to deteriorate;
- (d) review regularly its experience, adequacy of premiums and reserves by the independent actuarial adviser of the Home Protection Fund;
- (e) retain sufficient surplus to allow for volatility of results; and
- (f) 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, terminal illness and total permanent disability 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 2004 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, terminal illness and total permanent disability rates

Mortality, terminal illness and total permanent disability 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:

	2016		2015	
	Change in variable %	Increase in liability S\$'000	Change in variable %	Increase in liability S\$'000
Home Protection Fund				
Worsening of claim rates	+10	41,646	+10	39,552
Shift in risk-free yield curve	-0.5	6,181	-0.5	6,228
Worsening of base expense level	+10	5,955	+10	5,753
Change in lapse rates	-10	7,032	-10	6,424

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:

- (a) mortality and lapse rates;
- (b) claim frequency per person covered;
- (c) average claim amount per claim;
- (d) impact of inflation of healthcare costs on claim amounts;
- (e) cessation rates for patients with outpatient claims in payments;
- (f) changes in scheme and impact;
- (g) the premium rates; and
- (h) 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 Life Scheme over the past five years. The cessation rates vary by the duration that the claimant has been receiving outpatient treatment.

(f) 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.

(g) 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.

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

	2016		2015	
	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	321,996	+10	341,507
Increase in new claim frequency	+10	321,996	+10	341,507
Increase in inflation of claim costs	+1 p.a.	149,493	+1 p.a.	152,007
Reduction in cessation rates of outpatient claims	-10	184,580	-10	178,705
Shift in risk-free yield curve	-0.5 p.a.	40,370	-0.5 p.a.	36,854
Change in lapse rates	-50	-94	-50	-201

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, concentration, borrowing and counterparty risks. Market risk is diversified by investing the assets of the Home Protection Fund in different asset classes and various markets. The MediShield Life Fund is invested in special issues of Singapore Government securities, and Singapore Dollar cash and cash equivalents, except for a small residual amount of receivables, cash and cash equivalents in foreign currencies. The Lifelong Income Fund is invested in special issues of Singapore Government securities, advance deposits, cash and cash equivalents. The Board regularly monitors the exposure of the Home Protection Fund to different asset classes to ensure 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 is exposed to both fair value and cash flow interest rate risks as a result of investments in fixed and variable rate debt securities. The MediShield Life Fund is exposed to cash flow interest rate risk due to cash deposits at banks. 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	
	2016 S\$'000	2015 S\$'000	2016 %	2015 %
Home Protection Fund	663,747	681,308	57.3	63.0
MediShield Life Fund	–	1,847,075	–	67.7

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

	Effective interest rate (per annum)	Years to maturity							
		Not later than one year		Later than one year and not later than five years		Later than five years			
		2016 %	2015 %	2016 S\$'000	2015 S\$'000	2016 S\$'000	2015 S\$'000		
At fair value									
Denominated in SGD									
Home Protection Fund	0.50 – 4.00	0.50 – 4.00		10,281	22,643	118,474	174,230	279,824	271,294
MediShield Life Fund	–	0.01 – 4.50		–	133,614	–	419,482	–	292,015
Denominated in USD									
Home Protection Fund	0.25 – 8.13	0.25 – 8.13		8,621	31,337	23,990	31,132	38,312	23,881
MediShield Life Fund	–	0.01 – 8.13		–	69,258	–	62,889	–	187,567
Denominated in other currencies									
Home Protection Fund	0.25 – 10.00	1.00 – 10.00		3,750	1,252	43,987	48,828	136,508	76,711
MediShield Life Fund	–	0.00 – 10.50		–	47,310	–	175,177	–	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	
	2016 %	2015 %	2016 S\$'000	2015 S\$'000
Denominated in SGD				
Home Protection Fund	0.00 – 1.37	0.00 – 1.28	88,982	81,443
MediShield Life Fund	0.00 – 1.37	0.00 – 1.26	148,679	573,404
Denominated in USD				
Home Protection Fund	0.00 – 1.31	0.00 – 0.73	36,035	24,194
MediShield Life Fund	–	0.00	–	6,702
Denominated in other currencies				
Home Protection Fund	0.00 – 2.40	(0.85) – 3.04	51,996	62,793
MediShield Life Fund	0.00	0.00	11	6,918

Foreign currency risk

The Home Protection Fund is 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. The Lifelong Income Fund is not exposed to any foreign exchange risk. The MediShield Life Fund is also not exposed to any foreign exchange risk except for a small residual amount of receivables, cash and cash equivalents in foreign currencies.

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	
	2016 S\$'000	2015 S\$'000	2016 S\$'000	2015 S\$'000
US Dollar	414,999	324,866	–	776,587
Euro Dollar	115,711	92,688	7	295,412
Sterling Pound	56,404	49,194	–	80,476
Japanese Yen	50,106	34,537	3	160,778
Australian Dollar	46,154	25,968	1	24,835
Mexican Peso	23,214	16,962	–	93,012

Equity price risk

The Home Protection Fund is exposed to equity price risk arising from its investment in equity securities which are classified as financial assets 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 diversifies its portfolio across different markets and industries whenever it is appropriate.

The Lifelong Income Fund and MediShield Life Fund are not exposed to equity price risk as the funds only invest in special issues of Singapore Government securities with the Monetary Authority of Singapore, cash and cash equivalents.

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	
	2016 S\$'000	2015 S\$'000	2016 S\$'000	2015 S\$'000
Change in variables:				
Equity prices				
+10%	50,062	40,413	–	89,879
-10%	(50,062)	(40,413)	–	(89,879)
Foreign currency				
+5%				
US Dollar	20,750	16,243	–	38,829
Euro Dollar	5,786	4,634	–	14,771
Sterling Pound	2,820	2,460	–	4,024
Japanese Yen	2,505	1,727	–	8,039
Australian Dollar	2,308	1,298	–	1,242
Mexican Peso	1,161	848	–	4,651
-5%				
US Dollar	(20,750)	(16,243)	–	(38,829)
Euro Dollar	(5,786)	(4,634)	–	(14,771)
Sterling Pound	(2,820)	(2,460)	–	(4,024)
Japanese Yen	(2,505)	(1,727)	–	(8,039)
Australian Dollar	(2,308)	(1,298)	–	(1,242)
Mexican Peso	(1,161)	(848)	–	(4,651)
Interest rate				
+50 bps	(25,281)	(22,599)	–	(52,521)
-50 bps	25,281	22,599	–	52,521

Concentration risk

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

	Percentage of investments			
	2016 S\$'000	2015 S\$'000	2016 %	2015 %
Home Protection Fund				
Debt securities				
Singapore	408,579	468,167	35	43
United States	42,158	60,585	3	6
Mexico	22,315	16,311	2	2
Italy	9,344	7,037	1	1
Brazil	–	7,077	–	1
Germany	7,297	7,130	1	1
United Kingdom	9,796	6,796	1	–
Japan	6,742	5,714	1	–
Korea	13,784	10,204	1	1
Others	143,732	92,287	12	8
Equity securities				
Singapore	3,158	56,765	–	5
United States	296,511	204,139	26	19
United Kingdom	30,065	23,697	2	2
Japan	41,663	29,324	4	3
Canada	17,533	9,938	1	1
Others	111,690	80,262	10	7
Derivatives				
United States	(15)	(4)	–	–
European Union	13	21	–	–
Japan	11	(9)	–	–
Others	(5,155)	(3,681)	–	–

	Percentage of investments			
	2016 S\$'000	2015 S\$'000	2016 %	2015 %
MediShield Life Fund				
Debt securities				
Singapore	–	794,008	–	29
United States	–	270,353	–	10
Brazil	–	7,527	–	–
Italy	–	61,234	–	2
Mexico	–	92,523	–	4
Germany	–	57,307	–	2
United Kingdom	–	45,521	–	2
Others	–	518,602	–	19
Equity securities				
Singapore	–	253,004	–	9
United States	–	281,762	–	10
United Kingdom	–	36,370	–	1
Japan	–	43,797	–	2
Others	–	283,859	–	11
Derivatives				
Japan	–	178	–	–
European Union	–	497	–	–
Others	–	(17,664)	–	(1)

The investments of the Lifelong Income Fund and MediShield Life Fund are concentrated in special issues of Singapore Government securities, advance deposits or cash and cash equivalents 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 is 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 and MediShield Life Fund are exposed to minimal credit risk in respect of investments in special issues of Singapore Government securities and/or 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						
2016						
Singapore Government securities	408.6	–	–	–	–	408.6
Other Government bonds	50.4	46.1	68.2	56.4	–	221.1
Corporate bonds	2.0	9.0	18.2	4.8	–	34.0
Financial derivatives (counterparty)	–	–	(5.1)	–	–	(5.1)
	461.0	55.1	81.3	61.2	–	658.6

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

	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

* 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. The debt securities and approved counterparties of Home Protection Fund 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
Home Protection Fund				
2016				
Insurance contract liabilities	29,218	28,153	244,464	301,835
Claims intimated or admitted but not paid	37,334	–	–	37,334
Other payables	275	–	–	275
	66,827	28,153	244,464	339,444
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

MediShield Life Fund

2016

	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
Insurance contract liabilities	112,660	929,231	2,183,765	3,225,656
Claims intimated or admitted but not paid	11,602	–	–	11,602
Other payables	64,679	–	–	64,679
	188,941	929,231	2,183,765	3,301,937

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

	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
Lifelong Income Fund				
2016				
Insurance contract liabilities	190,537	903,715	8,668,741	9,762,993
Other payables	376	–	–	376
	190,913	903,715	8,668,741	9,763,369

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

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.

Home Protection Fund

31 December 2016

	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
Investments					
- debt securities	663,747	-	-	663,747	663,747
- equity securities	500,620	-	-	500,620	500,620
- derivatives	(5,146)	-	-	(5,146)	(5,146)
Premium and other receivables	-	16,185	-	16,185	16,185
Accrued interest receivables	-	5,913	-	5,913	5,913
Cash and cash equivalents	-	177,013	-	177,013	177,013
	1,159,221	199,111	-	1,358,332	1,358,332
Other payables	-	-	(275)	(275)	(275)

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)

	Fair value through profit or loss S\$'000	Held-to-maturity S\$'000	Loans and receivables S\$'000	Other financial liabilities S\$'000	Total carrying amount S\$'000	Fair value S\$'000
- special issues of Singapore Government securities	-	4,432,000	-	-	4,432,000	4,432,000
Premium and other receivables	-	-	146,177	-	146,177	146,177
Accrued interest receivables	-	-	21,611	-	21,611	21,611
Cash and cash equivalents	-	-	148,690	-	148,690	148,690
	-	4,432,000	316,478	-	4,748,478	4,748,478
Other payables	-	-	-	(64,679)	(64,679)	(64,679)

MediShield Life Fund

31 December 2016

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 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)

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 2016					
Investments					
- special issues of Singapore Government securities	9,620,904	–	–	9,620,904	9,620,904
- advance deposits	504	–	–	504	504
Accrued interest receivables	–	141,911	–	141,911	141,911
Cash and cash equivalents	–	50	–	50	50
	9,621,408	141,961	–	9,763,369	9,763,369
Other payables	–	–	(376)	(376)	(376)
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)

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

	2016 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	499,644	976	–	500,620
Debt securities	471,112	192,635	–	663,747
Total financial assets through profit or loss	970,756	193,611	–	1,164,367
Derivatives				
- Interest rate futures contracts	36	–	–	36
- Forward currency contracts	2,163	–	–	2,163
Total derivatives	2,199	–	–	2,199
Financial assets as at 31 December 2016	972,955	193,611	–	1,166,566
Financial liabilities:				
Derivatives				
- Interest rate futures contracts	(16)	–	–	(16)
- Forward currency contracts	(7,329)	–	–	(7,329)
Financial liabilities as at 31 December 2016	(7,345)	–	–	(7,345)

	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)

	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
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)

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 warrants and rights, 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%

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

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 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

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

	Debt securities S\$'000	Credit default swaps S\$'000	Total S\$'000
MediShield Life Fund			
At 1 January 2015	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
Gains or losses included in changes in fund balances for the year presented in net investment gains	(328)	–	(328)
Purchases	1,412	–	1,412
Sales	(9,233)	–	(9,233)
Transfers into Level 3	–	–	–
Transfers out of Level 3	–	–	–
At 31 December 2016	–	–	–

Fair value measurements using significant
unobservable inputs
(Level 3)

Financial assets at fair value
through profit or loss

Debt securities S\$'000	Credit default swaps S\$'000	Total S\$'000
----------------------------	------------------------------------	------------------

MediShield Life Fund

2016

Total loss for the year included in

Profit or loss:

- Other income	(328)	–	(328)
Net loss from financial assets at fair value through profit or loss	(328)	–	(328)

Fair value measurements using significant
unobservable inputs
(Level 3)

Financial assets at fair value
through profit or loss

Debt securities S\$'000	Credit default swaps S\$'000	Total 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

(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	2016 S\$'000	2015 S\$'000
Deferment Bonus Fund	23.1	837,991	840,101
CPF LIFE Bonus Fund	23.2	508,148	524,105
Trust Fund for the Special Employment Credit Scheme	23.3	1,160,827	895,384
Trust Fund for the Workfare Special Bonus Scheme	23.4	25,194	25,337
Other Trust Funds	23.5	44,238	57,226
		2,576,398	2,342,153

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	2016 S\$'000	2015 S\$'000
Fund balance		837,991	840,101
Represented by:			
Advance deposits with Monetary Authority of Singapore		837,991	840,101
Net assets	23	837,991	840,101
	Note	2016 S\$'000	2015 S\$'000
Receipts			
Interest income		21,192	21,289
Disbursements			
Payment of Deferment Bonus and Voluntary Deferment Bonus to members		(22,618)	(26,502)
Agency fee paid to CPF Board		(669)	(564)
Professional fees		(15)	(15)
		(23,302)	(27,081)
Net disbursements during the year		(2,110)	(5,792)
Fund balance as at 1 January		840,101	845,893
Fund balance as at 31 December	23	837,991	840,101

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	2016 S\$'000	2015 S\$'000
Fund balance		508,148	524,105
Represented by:			
Advance deposits with Monetary Authority of Singapore		508,148	524,105
Net assets	23	508,148	524,105
	Note	2016 S\$'000	2015 S\$'000
Receipts			
Interest income		13,194	14,298
Disbursements			
Payment of CPF LIFE Bonus to members		(28,007)	(54,409)
Agency fee paid to CPF Board		(1,129)	(910)
Professional fees		(15)	(15)
		(29,151)	(55,334)
Net disbursements during the year		(15,957)	(41,036)
Fund balance as at 1 January		524,105	565,141
Fund balance as at 31 December	23	508,148	524,105

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.

From 1 April 2016 onwards, other than the operating cash float, all advance deposits were invested in special issues of Singapore Government securities placed with the Accountant-General through the Monetary Authority of Singapore.

The Trust Fund for the Special Employment Credit Scheme receives funds from the Government and interest income on advance deposits and special issues of Singapore Government Securities 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 is extended by three years to end on 31 August 2021, providing stronger support for employers hiring Singaporeans in the older age bands. 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	2016 S\$'000	2015 S\$'000
Fund balance		1,160,827	895,384
Represented by:			
Special issues of Singapore Government securities		1,156,638	–
Advance deposits with Monetary Authority of Singapore		–	895,315
Cash		4,189	69
Net assets	23	1,160,827	895,384

	Note	2016 S\$'000	2015 S\$'000
Receipts			
Funds from Government		950,000	375,000
Interest income		6,584	3,804
		956,584	378,804
Disbursements			
Special Employment Credit disbursed		(688,135)	(635,618)
Agency fee paid to CPF Board		(2,991)	(2,868)
Professional fees		(15)	(15)
		(691,141)	(638,501)
Net receipts/(disbursements) during the year		265,443	(259,697)
Fund balance as at 1 January		895,384	1,155,081
Fund balance as at 31 December	23	1,160,827	895,384

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.

From 1 April 2016 onwards, other than the operating cash float, all advance deposits were invested in special issues of Singapore Government securities placed with the Accountant-General through the Monetary Authority of Singapore.

The Trust Fund for the Workfare Special Bonus Scheme receives funds from the Government and interest income on advance deposits and special issues of Singapore Government Securities 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	2016 S\$'000	2015 S\$'000
Fund balance		25,194	25,337
Represented by:			
Special issues of Singapore Government securities		24,750	19,000
Advance deposits with Monetary Authority of Singapore		–	6,337
Cash		444	*
Net assets	23	25,194	25,337

* Less than \$1,000

	Note	2016 S\$'000	2015 S\$'000
Receipts			
Interest income		91	89
Disbursements			
Workfare Special Bonus disbursed		(19)	(665)
Agency fee paid to CPF Board		(200)	(208)
Professional fees		(15)	(15)
		(234)	(888)
Net disbursements during the year		(143)	(799)
Fund balance as at 1 January		25,337	26,136
Fund balance as at 31 December	23	25,194	25,337

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	2016 S\$'000	2015 S\$'000
Fund balance		44,238	57,226
Represented by:			
Cash at banks held in trust by CPF Board	9	44,238	57,226
Net assets	23	44,238	57,226

	Note	2016 S\$'000	2015 S\$'000
Receipts			
Funds received from Government ministries		4,259,994	3,346,879
Interest income		162	292
		4,260,156	3,347,171
Disbursements			
Disbursements to CPF members and the public		(4,273,144)	(3,408,512)
Net disbursements during the year		(12,988)	(61,341)
Fund balance as at 1 January		57,226	118,567
Fund balance as at 31 December	23	44,238	57,226

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:

	2016 S\$'000	2015 S\$'000
Salaries and other short-term employee benefits	6,222	6,722
CPF Contributions	359	308
Post-employment benefits	23	5

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

	2016 S\$'000	2015 S\$'000
Statutory boards	6,508	4,978

(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.

	2016 S\$'000	2015 S\$'000
Government ministries	63,261	55,069
Statutory boards	3,780	3,791

(iv) Special issues of Singapore Government securities

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

	2016 S\$'000	2015 S\$'000
Placement	27,645,915	23,657,481

Insurance Funds**(v) Trading of debt securities**

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

	2016 S\$'000	2015 S\$'000
Home Protection Fund		
Sales	119,481	93,237
Purchases	56,341	52,361
MediShield Life Fund		
Sales	912,761	309,705
Purchases	180,391	421,173

(vi) Special issues of Singapore Government securities

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

	2016 S\$'000	2015 S\$'000
Lifelong Income Fund		
Placement	576,580	2,107,528
MediShield Life Fund		
Placement	4,432,000	—

25. Authorisation of financial statements for issue

The financial statements for the year ended 31 December 2016 were authorised for issue by the members of the Board on 3 May 2017.

ANNEXES



ANNEX A

RATES OF CPF CONTRIBUTIONS, 1955 – 2016

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	
Jul 1973	-	15	11	-	-	-	26	
Jul 1974	-	15	15	-	-	-	30	
Jul 1975	-	15	15	-	-	-	30	2,000
Jul 1977	-	15.5	15.5	30	1	-	31	
Jul 1978	-	16.5	16.5	30	3	-	33	3,000
Jul 1979	-	20.5	16.5	30	7	-	37	
Jul 1980	-	20.5	18	32	6.5	-	38.5	
Jul 1981	-	20.5	22	38.5	4	-	42.5	
Jul 1982	-	22	23	40	5	-	45	4,000
Jul 1983	-	23	23	40	6	-	46	
Nov 1983	-	23	23	40	6	-	46	
Apr 1984	-	23	23	40	-	6	46	
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	
	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	
	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	

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 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	
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		

ANNEX B

CPF INTEREST RATES, 2007 – 2016

YEAR	CPF INTEREST RATE PER ANNUM (%)			
	ORDINARY ACCOUNT	MEDISAVE ACCOUNT	SPECIAL ACCOUNT	RETIREMENT ACCOUNT
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
JAN – DEC 2016	2.50	4.00	4.00	4.00

ANNEX C

MEMBERSHIP, CONTRIBUTIONS & MEMBERS’ BALANCES, 2007 - 2016

YEAR END	NUMBER OF MEMBERS ('000)	TOTAL CONTRIBUTION (\$'000)	TOTAL BALANCES (\$'000)
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
2016	3,761	35,851,675	328,895,282

ANNEX D

CPF CONTRIBUTIONS IN RESPECT OF PRIVATE SECTOR EMPLOYEES
(FROM 1 JANUARY – 31 DECEMBER 2016)

Employee's total wages for the calendar month (1)	AGE OF EMPLOYEE							
	55 YEARS AND BELOW		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)
≤ \$50	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
> \$50 to \$500	17% of the employee's total wages for the month	Nil	13%	Nil	9%	Nil	7.5%	Nil
> \$500 to < \$750	a. 17% of the employee's total wages for the month; and	a. Nil	13%	Nil	9%	Nil	7.5%	Nil
	b. 0.6 of the difference between the employee's total wages for the month and \$500	b. 0.6 of the difference between the employee's total wages for the month and \$500	0.39	0.39	0.225	0.225	0.15	0.15
≥ \$750	a. 37% of the employee's Ordinary Wages for the month up to \$2,220; and	a. 20% of the employee's Ordinary Wages for the month up to \$1,200; and	26% max \$1,560	13% max \$780	16.5% max \$990	7.5% max \$450	12.5% max \$750	5% max \$300
	b. 37% of the Additional Wages payable to the employee in the month	b. 20% of the Additional Wages payable to the employee in the month	26%	13%	16.5%	7.5%	12.5%	5%

For employees in the 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 (9).

ANNEX E

CPF CONTRIBUTIONS IN RESPECT OF GOVERNMENT PENSIONABLE EMPLOYEES AND PENSIONABLE EMPLOYEES IN DESIGNATED STATUTORY BODIES
(FROM 1 JANUARY – 31 DECEMBER 2016)

Employee's total wages for the calendar month (1)	AGE OF EMPLOYEE							
	55 YEARS AND BELOW		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)
> \$0.01	a. 12.75% of the employee's Ordinary Wages excluding the non-pensionable variable payment and non-pensionable component; and	a. Nil	9.75%	Nil	6.75%	Nil	5.625%	Nil
	17% of the non-pensionable variable payment and non-pensionable component for the month subject to a maximum of \$1,020; and	Nil	13% max \$780	Nil	9% max \$540	Nil	7.5% max \$450	Nil
	b. a further 15% of the employee's Ordinary Wages excluding the non-pensionable variable payment and non-pensionable component; and	b. 15% of the employee's Ordinary Wages excluding the non-pensionable variable payment and non-pensionable component; and	9.75%	9.75%	5.625%	5.625%	3.75%	3.75%
	20% of the non-pensionable variable payment and non-pensionable component for the month subject to a maximum of \$1,200; and	20% of the non-pensionable variable payment and non-pensionable component for the month subject to a maximum of \$1,200; and	13% max \$780	13% max \$780	7.5% max \$450	7.5% max \$450	5% max \$300	5% max \$300
	c. 37% of any Additional Wages payable	c. 20% of any Additional Wages payable	26%	13%	16.5%	7.5%	12.5%	5%

For employees in the 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 (9).

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 2016)

Employee's total wages for the calendar month (1)	AGE OF EMPLOYEE							
	55 YEARS AND BELOW		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)
≤ \$50	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
> \$50 to \$500	17% of the employee's total wages for the month	Nil	13%	Nil	9%	Nil	7.5%	Nil
> \$500 to < \$750	a. 17% of the employee's total wages for the month; and	a. Nil	13%	Nil	9%	Nil	7.5%	Nil
	b. 0.6 of the difference between the employee's total wages for the month and \$500	b. 0.6 of the difference between the employee's total wages for the month and \$500	0.39	0.39	0.225	0.225	0.15	0.15
≥ \$750	a. 37% of the employee's Ordinary Wages for the month up to \$2,220; and	a. 20% of the employee's Ordinary Wages for the month up to \$1,200; and	26% max \$1,560	13% max \$780	16.5% max \$990	7.5% max \$450	12.5% max \$750	5% max \$300
	b. 37% of the Additional Wages payable to the employee in the month	b. 20% of the Additional Wages payable to the employee in the month	26%	13%	16.5%	7.5%	12.5%	5%

For employees in the 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 (9).

ANNEX G

WITHDRAWALS UNDER SECTION 15 AND SECTION 25 OF THE CPF ACT 2016

GROUND FOR WITHDRAWAL	NUMBER	AMOUNT (\$M)
55 Years and Above	343,136	3,343.7
Leaving Singapore and West Malaysia	5,259	560.6
Medical Grounds	1,024	66.5
Death	20,465	756.2
Malaysian Citizen	7,787	193.0
Total	377,671	4,920.0

ANNEX H

DISTRIBUTION OF CPF MEMBERS’ BALANCES BY AGE GROUP AND SEX
AS AT 31 DECEMBER 2016

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	62	80,925	57	95,719	-	-	120	176,644
>20 - 25	128	983,748	121	1,544,050	-	-	249	2,527,798
>25 - 30	140	5,488,610	145	7,230,629	-	-	285	12,719,239
>30 - 35	139	11,021,166	152	11,868,191	-	-	291	22,889,357
>35 - 40	154	16,930,721	164	17,157,337	0.0	37	319	34,088,095
>40 - 45	169	23,846,469	172	22,463,327	0.0	245	341	46,310,041
>45 - 50	176	27,151,543	175	23,187,526	0.0	371	351	50,339,440
>50 - 55	209	30,533,734	185	23,683,033	0.1	896	394	54,217,662
>55 - 60	192	23,641,330	172	18,597,527	0.1	756	364	42,239,612
Above 60	435	35,879,450	440	26,933,380	0.3	601	876	62,813,432
Unspecified	92	300,613	77	268,933	3.9	4,416	172	573,962
All Groups	1,896	175,858,308	1,860	153,029,651	5	7,322	3,761	328,895,282

Figures include self-employed persons.
Total may not add up due to rounding.

ANNEX I

DISTRIBUTION OF ACTIVE CPF MEMBERS BY REGROSSED BALANCES* AND AGE GROUP
AS AT 31 DECEMBER 2016

Balance Group (\$)	A G E G R O U P (Y E A R S)										Not Specified	T O T A L	
	Up to 20	>20 - 25	>25 - 30	>30 - 35	>35 - 40	>40 - 45	>45 - 50	>50 - 55	>55 - 60	Above 60		Active Members	Balance (\$'000)
Below 1,000	23,230	3,850	3,200	1,450	720	390	210	110	80	280	10	33,520	13,416
1,000 to below 2,000	7,760	4,790	3,200	1,610	790	490	230	90	100	280	# 0	19,350	28,534
2,000 to below 3,000	4,360	6,070	2,360	1,220	680	410	250	110	90	340	# 0	15,890	39,496
3,000 to below 4,000	2,620	5,980	1,990	890	580	380	180	140	110	440	-	13,310	46,405
4,000 to below 5,000	1,660	5,760	1,900	910	540	350	220	110	130	500	# 0	12,060	54,135
5,000 to below 6,000	1,160	5,470	1,990	830	470	310	190	100	140	600	-	11,260	61,877
6,000 to below 7,000	820	5,030	2,040	810	490	340	250	130	140	710	-	10,770	69,919
7,000 to below 8,000	600	4,380	2,070	790	470	330	200	130	170	750	-	9,880	74,072
8,000 to below 9,000	480	3,940	2,040	790	450	330	240	130	210	850	-	9,460	80,395
9,000 to below 10,000	420	3,660	1,970	780	450	300	210	140	210	880	-	9,010	85,545
10,000 to below 20,000	1,610	26,420	18,910	6,860	4,390	3,220	2,430	1,960	2,610	11,800	-	80,200	1,194,405
20,000 to below 30,000	270	16,680	19,860	6,530	4,260	3,230	2,830	2,450	3,650	14,300	-	74,060	1,845,802
30,000 to below 40,000	40	10,200	21,230	6,750	4,220	3,360	3,120	2,990	4,220	13,690	-	69,820	2,440,344
40,000 to below 50,000	10	5,960	20,650	7,230	4,420	3,520	3,330	3,380	4,210	12,770	-	65,480	2,945,793
50,000 to below 60,000	# 0	3,510	19,790	7,450	4,380	3,550	3,370	3,680	4,330	13,110	-	63,180	3,470,483
60,000 to below 70,000	# 0	2,040	19,100	8,220	4,900	3,770	3,570	3,980	4,350	10,840	-	60,780	3,947,402
70,000 to below 80,000	# 0	1,000	16,500	8,750	5,230	4,060	3,680	3,950	4,160	9,900	-	57,230	4,290,701
80,000 to below 90,000	# 0	500	14,760	9,680	5,670	4,270	3,830	3,980	4,100	9,490	-	56,280	4,783,052
90,000 to below 100,000	-	200	12,190	10,310	5,930	4,330	3,710	4,140	4,020	9,050	-	53,860	5,114,081
100,000 to below 150,000	# 0	200	33,370	54,800	33,320	22,650	18,340	19,320	19,840	36,850	-	238,690	29,650,813
150,000 & above	# 0	30	9,270	90,250	153,500	177,640	166,000	160,180	128,510	124,830	-	1,010,210	365,040,085
All Groups	45,050	115,660	228,390	226,920	235,840	237,210	216,380	211,190	185,390	272,250	20	1,974,300	425,276,755

Figures exclude all self-employed persons.
Total may not add up due to rounding.

* Regrossed 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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