

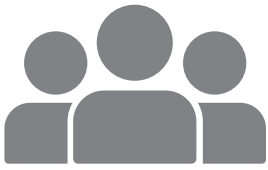


REVIEW OF OPERATIONS



OVERVIEW

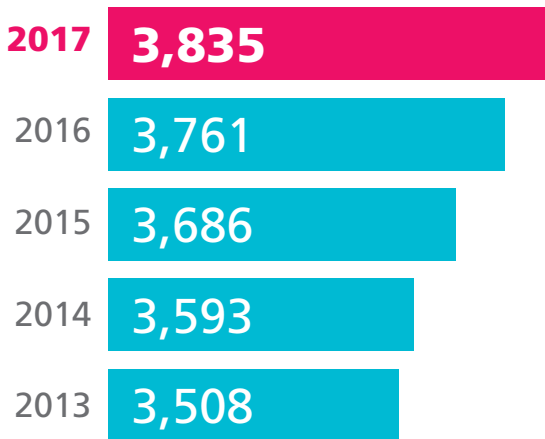




CPF MEMBERSHIP

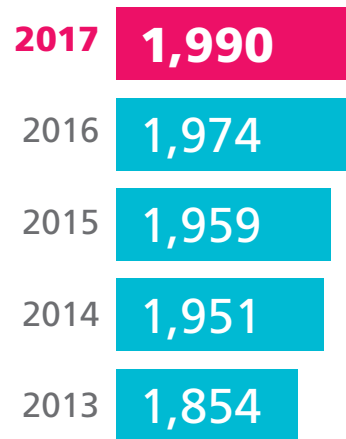
As at 31 December 2017, CPF membership rose by 2% to 3.8 million. The number of active CPF members increased by 0.8% to 2 million.

CPF membership* as at 31 December ('000)



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

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



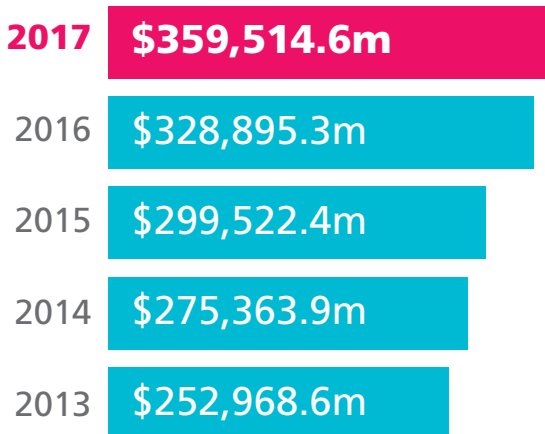
* Active CPF member refers to a person who has at least one contribution paid for him for the current or any of the preceding three months. The figure excludes self-employed persons who are not employees concurrently.



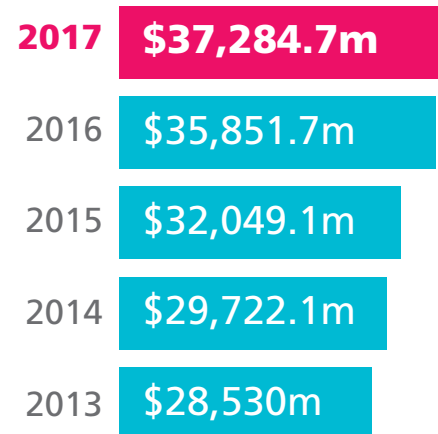
CPF MEMBERS' BALANCES

In 2017, the total CPF members' balances grew by 9.3% to \$359,514.6 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 2017, 149,893 employers made CPF contributions for their employees.

The amount of contributions collected and credited into CPF members' accounts during the year amounted to \$37,284.7 million, an increase of 4% from \$35,851.7 million in 2016.

The average default rate for employers who failed to pay CPF contributions on time in 2017 was 1.3%. This was lower than the average default rate of 1.6% in 2016.

ENFORCEMENT

Under the CPF Board's three-pronged approach of education, deterrence and enforcement, the Board conducted proactive audits and acted on complaints received. The enforcement efforts and timely detection of late payment by the CPF Board in 2017 resulted in a total recovery of \$572.5 million in owed and late CPF contributions.

Since September 2012, the Ministry of Manpower and the 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. As part of this initiative, about 5,000 inspections were conducted in 2017.

CPF MEMBERS' ACCOUNTS

A CPF member has three accounts with the CPF Board before he turns 55 years old – 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*

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.

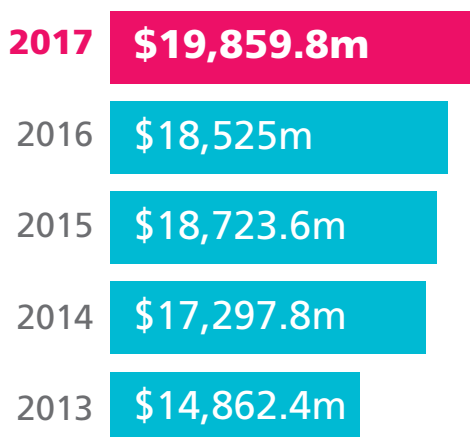
At age 55, a Retirement Account will be created for the CPF member using savings from the member's Special and/or Ordinary accounts to form the retirement sum. The retirement sum will provide members with monthly payouts when they reach their payout eligibility age. Under CPF LIFE, members can receive monthly payouts for as long as they live. Members can also choose to defer their payout start age up to 70 years old for higher monthly payouts.



CPF WITHDRAWALS

Withdrawals from CPF members' balances increased by 7.2% to reach \$19,859.8 million in 2017.

Annual withdrawals*



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

INTEREST EARNED BY CPF MEMBERS

In 2017, 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).

As part of the Government's effort to enhance the retirement savings of CPF members, 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). 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 per year on their retirement balances in 2017.

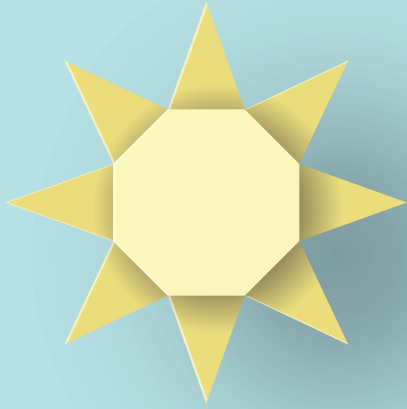
The OA interest rate is calculated based on a weightage of 80% of the 12-month fixed deposit rates and 20% of the savings rates of the major local banks, subject to a minimum of 2.5% per annum. It is reviewed quarterly to keep up with prevailing market interest rates. In 2017, the interest rate was 2.5% 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 2017, the interest credited to the SMA was 4% per annum.

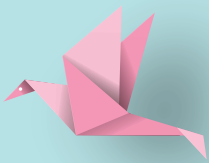
RA monies credited in 2017 are invested in SSGS which earn a fixed coupon rate equal to either the 12-month average yield of the 10YSGS plus 1% computed for 2017, or the current floor rate of 4% per annum, whichever is higher. The interest rate earned by RA monies is the weighted average interest rate 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 2017, 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 2018, in view of the continuing low interest rate environment.

The total interest credited into CPF members' accounts in 2017 amounted to \$13,196.2 million, including \$1,302.2 million and \$246.1 million in extra interest and additional extra interest respectively.



RETIREMENT



RETIREMENT SUM SCHEME

When members turn 55 years old, the savings in their Special and Ordinary accounts will be transferred to a new Retirement Account to form the retirement sum. The Full Retirement Sum (FRS) for CPF members who turned 55 years old between 1 January 2017 and 31 December 2017 was \$166,000. Members who wish to withdraw more savings in a lump sum could choose to set aside the Basic Retirement Sum (BRS) of \$83,000 if they owned a property¹. They will consequently receive lower payouts.

In 2017, 40,250 active CPF members turned 55 years old. 57.4% of these members were either able to set aside their FRS fully in cash or set aside at least their BRS in cash and owned at least one local residential property. This is higher than the 55.3% seen in 2016.

CPF LIFE

Singapore has one of the highest life expectancies in the world. About half of Singaporeans who are aged 65 today are expected to live beyond 85 years old and one-third of them are expected to live 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 their payout eligibility age (PEA), was introduced in 2009.

For members reaching the age of 55 from 1 May 2016², CPF LIFE is automatically extended to them if they have at least \$60,000 in their Retirement Account six months before their PEA. 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 PEA and age 70. Members, as well as those who were already automatically included in CPF LIFE, are 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.

In 2017, eligible members had a choice of two plans. The CPF LIFE Standard Plan has a higher monthly payout with a lower bequest while the CPF LIFE Basic Plan has a lower monthly payout with a higher bequest. Members should choose the plan that best suits their retirement needs. Those who are automatically included in CPF LIFE will be placed on the CPF LIFE Standard Plan if they do not choose a plan.

Since the introduction of CPF LIFE, more than 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 2017, more than \$360 million of L-Bonus was given to about 88% of CPF LIFE participants.

More than 57,000 CPF members have started receiving their monthly payouts from CPF LIFE as at 31 December 2017. A total of about \$1.18 billion 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 receiving payouts that will increase by 2% each year in return for lower initial payouts. With this new option, CPF members can either choose to receive level payouts (from the CPF LIFE Standard or Basic Plan) or payouts that increase every year. The CPF LIFE Escalating Plan is available from 1 January 2018 to both new and existing CPF LIFE members. Existing members may choose to switch to the CPF LIFE Escalating Plan between 1 January and 31 December 2018.

DEFERMENT BONUS

In light of increasing life expectancy in Singapore, the payout eligibility age (PEA) was raised from age 62 to 63 years in 2012 and to 64 years in 2015. It was raised to 65 years in 2018. The plan to raise the PEA was announced in 2007. To help CPF members who were affected by the change in PEA, a one-off Deferral Bonus (D-Bonus) was given. As at 31 December 2017, a total of \$361.2 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 PEA till age 65 will receive a Voluntary Deferral Bonus (V-Bonus) for each year of deferral. As at 31 December 2017, \$201 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 178,695 cash and CPF top-ups amounting to \$2.06 billion to RA and SA in 2017. This represented an increase of 22.1% and 12.5% in the number of top-ups and top-up amount respectively, compared to 2016.

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, 15,789 were top-ups above the current Full Retirement Sum to the recipients' RA and 4,345 were CPF transfers to spouses.

¹ Members would need to refund the principal amount of CPF savings used to finance the property plus accrued interest to their CPF to make up the Full Retirement Sum if they sell their property.

² Prior to 1 May 2016, CPF members who turned 55 years old 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 PEA would be automatically included in CPF LIFE.

WITHDRAWAL FROM AGE 55

In 2017, members who have reached the age of 55 can withdraw their Special and Ordinary Accounts savings after setting aside the Full Retirement Sum (FRS) in their Retirement Account (RA). For those who are unable to set aside the FRS or Basic Retirement Sum (BRS) with sufficient CPF property charge or pledge, they can still withdraw up to \$5,000 of their savings.

Members who own a property and have more than the BRS in their RA may withdraw the savings above the BRS by pledging their property. Those who are receiving lifelong monthly income from their annuities or pension may also withdraw their RA savings.

In 2017, \$4,076.5 million was withdrawn compared to \$3,343.7 million withdrawn in 2016.

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 (for non-Muslims) or the inheritance certificate (for Muslims) to their family members. 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, \$965.3 million was withdrawn on death and medical grounds. CPF members who left Singapore and West Malaysia permanently, and Malaysians who left Singapore to reside in West Malaysia, withdrew \$799.1 million from their CPF in 2017.

SILVER SUPPORT SCHEME

The Silver Support Scheme was introduced in 2016 to provide additional retirement support to the bottom 20% of Singaporeans aged 65 and above, with a smaller degree of support extended to up to the next 10% of seniors. The scheme is targeted at seniors who had low incomes through life and who currently have relatively little or no family support.

About \$333.4 million was disbursed to over 152,000 seniors in 2017.

WORKFARE INCOME SUPPLEMENT SCHEME

Workfare Income Supplement is paid to eligible Singaporeans to encourage them to work 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 28 February 2018, WIS payments totalling \$667.4 million were made to around 424,000 Singaporean employees and self-employed persons for working in 2016. Another \$592.2 million were paid to about 366,000 Singaporean employees for working in 2017. Self-employed persons who worked in 2017 will receive their 2017 WIS payment from April 2018, upon declaration of income and payment of the required MediSave contribution.

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.

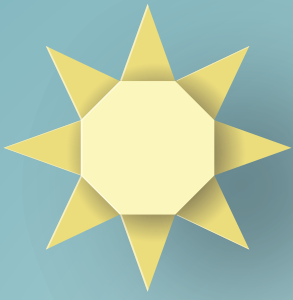
As at 31 December 2017, there were 929,714 CPF members who invested under the CPFIS-OA Scheme, an increase of 1.3% from 917,373 CPF members as at 31 December 2016. However, the total amount of OA savings invested decreased by 4.5% to \$17,323.3 million as at 31 December 2017, from \$18,139.6 million as at 31 December 2016.

There were 324,032 CPF members who invested under the CPFIS-Special Account (CPFIS-SA) Scheme as at 31 December 2017, a decrease of 5.7% from 343,796 CPF members as at 31 December 2016. The total amount of SA savings invested increased by 0.5% to \$5,051 million as at 31 December 2017, from \$5,025.7 million as at 31 December 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.

In 2017, a total of 11,038 applications were approved under the scheme, a decrease of 2% from 11,265 applications in 2016. The gross amount withdrawn increased by 4.8% from \$105.9 million in 2016 to \$111 million in 2017. The total amount repaid to lending members decreased by 3.6% from \$66.5 million in 2016 to \$64.1 million in 2017.



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.

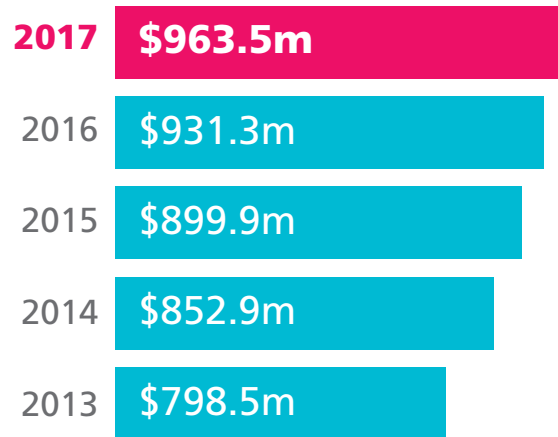
The Basic Healthcare Sum (BHS) is the estimated savings required for basic subsidised healthcare needs in old age. The BHS is adjusted annually for members below age 65, to keep pace with the growth in MediSave withdrawals. The BHS is fixed when members turn age 65, and this amount will not change thereafter for the rest of their lives. It was set at \$52,000 in 2017 and is applicable for all members aged 65 and below in that year. From 1 January 2018, the BHS has been set at \$54,500 for all CPF members aged 65 and below in 2018.

In 2017, the following enhancements were made to the MediSave scheme:

- From 1 February 2017, the Pneumococcal vaccine (PCV13) under the MediSave400 scheme has been extended to cover high risk groups which include elderly adults aged 65 years and older, and persons aged 2 to 64 years who are at increased risk of developing severe pneumococcal disease.
- From 1 July 2017, the use of MediSave has been extended to cover Outpatient Bone Marrow Transplant (BMT) with an annual withdrawal limit of \$2,800 per year per patient.
- From 1 November 2017, the use of MediSave has been further extended to cover:
 1. Vaccinations under the National Adult Immunisation Schedule under the MediSave400 scheme.
 2. Paediatric home palliative care (for patients aged 19 or younger) under the same withdrawal limit of \$2,500 per patient for adult home palliative care and day hospice.

Annual MediSave withdrawals for direct medical expenses increased by 3.5% from \$931.3 million in 2016 to \$963.5 million in 2017.

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, in cash or cash and property pledged, may apply to transfer their Ordinary and Special accounts (OSA) savings directly to their own MediSave Account (MA), up to their Basic Healthcare Sum (BHS).

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.

In 2017, about 700 transfers amounting to \$5.6 million were made.

MEDISAVE GRANT FOR NEWBORNS

Singapore Citizens born on or after 1 January 2015 qualify for the \$4,000 MediSave Grant for Newborns. A CPF MediSave Account will be opened for each newborn and the grant will be credited automatically. The MediSave Grant will support parents with their children's healthcare needs such as MediShield Life premiums, recommended childhood vaccinations, hospitalisations and approved outpatient treatments. In 2017, \$138.4 million was paid out to newborns.

MEDISAVE FOR THE SELF-EMPLOYED

Self-employed persons are required to contribute to MediSave based on their annual net trade income. In 2017, self-employed persons contributed a total of \$705.3 million to their CPF accounts. Of this amount, \$558.6 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 provides lifetime coverage to all Singapore Citizens and Permanent Residents.

To help Singaporeans with their MediShield Life premiums, the Government provided \$821 million in premium subsidies and other forms of support in 2017 including:

- Subsidising majority of the cost of extending MediShield Life coverage to those with pre-existing conditions;
- Premium Subsidies for lower- to middle-income Singapore Residents;
- Pioneer Generation Subsidies for the Pioneer Generation;
- Transitional Subsidies to ease the shift to MediShield Life for all Singapore Citizens for the first four years of implementation; and
- Additional Premium Support for the needy who are unable to afford their premiums even after subsidies, MediSave and family support.

With these subsidies, no Singaporean will lose their MediShield Life coverage due to the inability to pay premiums.

In 2017, \$845 million was approved to meet 555,000 claims under MediShield Life compared to \$758 million to meet about 507,000 claims in 2016.

To keep premiums affordable, MediShield Life benefits are sized for subsidised treatment in public hospitals. Singaporeans who wish to have additional insurance coverage for unsubsidised treatment or treatment in private hospitals 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 applicable per insured per policy year are 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 thank Pioneers for their hard work and dedication to Singapore's nation-building in the early years. The Package will help Pioneers with their healthcare costs for life through four key components: outpatient care subsidies, annual MediSave top-ups, subsidies for MediShield Life premiums and cash assistance for Pioneers with moderate to severe functional disabilities under the Pioneer Generation Disability Assistance Scheme (PGDAS).

The CPF Board administers two of the four components of the Package namely, the MediSave top-ups and MediShield Life premium subsidies. In 2017, a total of \$355 million was disbursed by the CPF Board to Pioneers comprising \$166.7 million for MediSave top-ups and \$188.3 million for MediShield Life premium subsidies.



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 pay their housing loans.

Limits on the usage of CPF savings 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 savings 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 and Ordinary accounts combined if they are below 55 years old or Retirement Account if they are 55 years old and above before they can continue using their CPF savings for their flats up to the WL.

For HDB flats with a remaining lease of less than 60 years, CPF members may use their CPF savings only if the remaining lease of these flats is at least 30 years and can last them until they are at least 80 years old. The total

amount of CPF savings that can be used is capped at a lower limit computed based on the age of the youngest owner and the remaining lease at the time of purchase.

In 2017, \$8,895.6 million was withdrawn by 542,672 CPF members to pay for their flats financed with HDB loans while \$2,936.6 million was withdrawn by 226,534 CPF members to pay for their flats financed with bank loans.

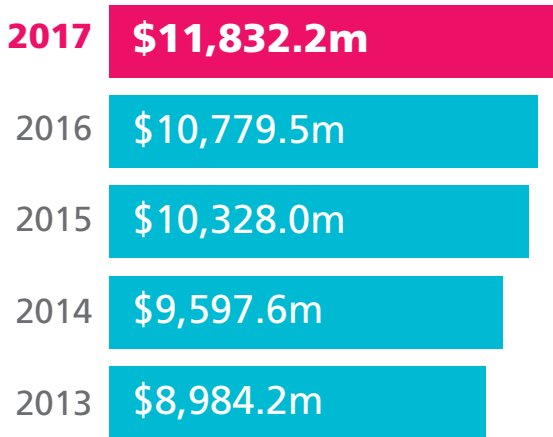
PRIVATE PROPERTIES SCHEME

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 is also subject to the Valuation Limit and Withdrawal Limit. Similar to HDB flats, the total amount of CPF savings that can be used for private properties and ECs, with remaining leases of less than 60 years but at least 30 years, is capped at a lower limit. The limit is computed based on the age of the youngest owner and the remaining lease at the time of purchase.

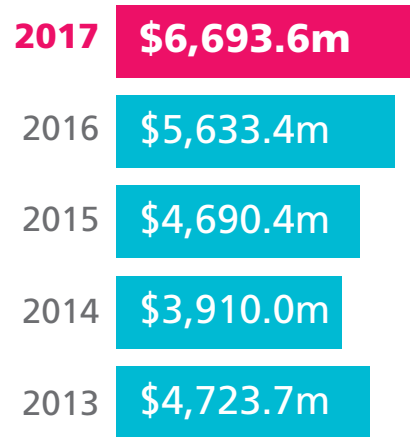
In 2017, \$6,693.6 million was withdrawn by 217,520 CPF members to pay for their private properties and ECs.



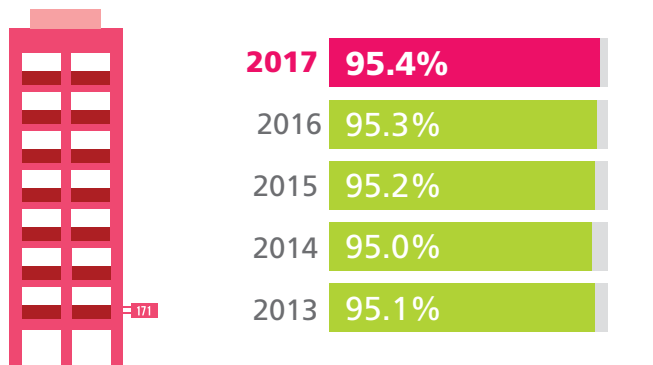
Annual withdrawal (gross) under Public Housing Scheme



Annual withdrawal (gross) under Private Properties Scheme



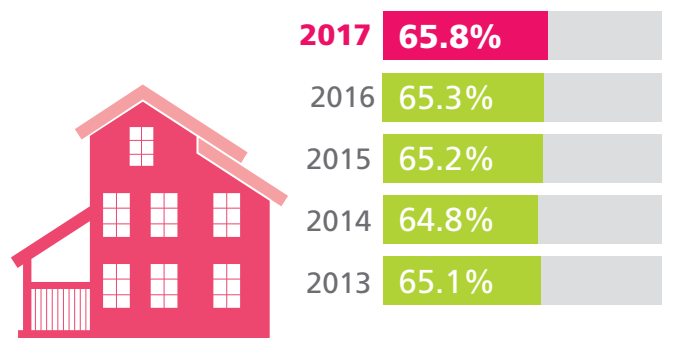
Active* CPF members who bought their public housing properties with CPF savings as a percentage of active CPF members aged 21 and above who currently own public housing properties as at 31 December**



* 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 pass away before age 60.

From 1 May 2016, DPS benefits have been enhanced to 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 2017, 1,876,959 CPF members were covered for a total sum assured of \$92,622 million. The membership decreased by 0.07% compared to 2016. In 2017, a total of 2,635 claims amounting to \$134.8 million were approved. This comprised 1,730 death cases and 905 terminal illness and total permanent disability cases.

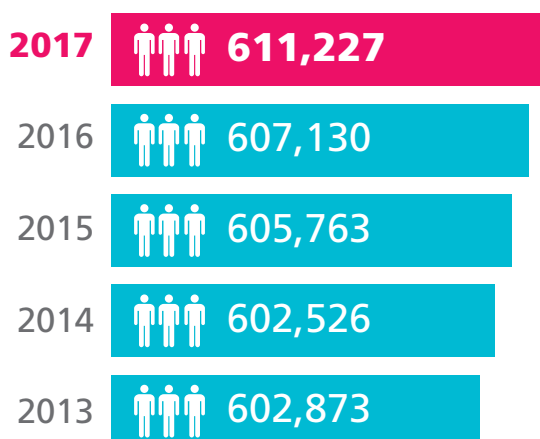
Home Protection Scheme

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.

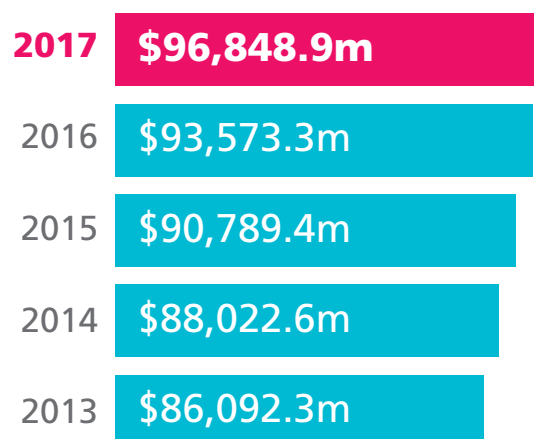
From 1 May 2016, similar to DPS, HPS benefits have also been enhanced to cover terminal illness³ and total permanent disability as a whole⁴. In addition, CPF members who meet the claim criteria from 1 May 2016 will be paid the HPS sum assured instead of the outstanding housing loan. If the sum assured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

As at 31 December 2017, 611,227 CPF members were covered for a total sum assured of \$96,848.9 million. The membership increased by 0.67% compared to 2016. In 2017, a total of 1,085 claims amounting to \$94.5 million were approved. This comprised 658 claims for death cases and 427 claims for terminal illness and total permanent disability cases.

Cumulative number of members covered under HPS as at 31 December 2017



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 or both eyes, two limbs or one eye and one limb. A claim under (ii) can only be made from the total permanent loss of physical function that occurred on or after 1 May 2016.

³ Refer to footnote 1.

⁴ Refer to footnote 2.

CPF SERVICES



CPF WEBSITE SERVICES (WWW.CPF.GOV.SG)

The CPF homepage received over 20.6 million hits in 2017. Of the 59.2 million transactions performed last year on the CPF Board's digital service platforms, over 55.8 million were online transactions.

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

ELECTRONIC SERVICES FOR EMPLOYERS

Employers can conveniently submit their employees' CPF contribution details using the electronic submission service in the CPF website through their mobile phones and AXS stations located islandwide.

From May 2017, the Singapore Corporate Access (CorpPass) login was rolled out to enable employers to better protect and manage their corporate data.

As at 31 December 2017, 87.1% of all employers submitted their employees' CPF contributions electronically. In terms of employee count, 97.5% of all employees have their CPF contributions submitted electronically.

CPF MOBILE SERVICES

For greater convenience to CPF members, the CPF Board offers mobile services to provide quick access to CPF services.

"CPF Tools", an iPhone application, allows CPF members with iPhones or iPads to view their account balances, CPF contribution history and important messages relating to the CPF schemes they are participating in using their SingPass. More than three million transactions were performed through this application during the year in review.

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 2017, more than 347,000 transactions were performed via AXS stations and close to 25,000 CPF payment transactions were performed via Self-Service Automated Machines (SAM).

SERVICE CENTRES

In 2017, the five CPF service centres served about 1 million CPF members and employers. Of these, about 700,000 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 website such as viewing and printing of CPF statements, submitting online requests and making payments.

Appointment and 1-Question Fast Counter

For convenience, 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 2017, more than 26,000 CPF members had made an appointment prior to their visit to CPF Service Centres.

Among walk-in members, more than 274,000 members used the "1-Question Fast Counter" which shortened the waiting time and provided faster service to CPF members with simpler enquiries and transactions.

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. Under this service, a team of multilingual Customer Service Executives provide dedicated guidance to senior citizens aged 54 and above. In 2017, more than 414,000 elderly CPF members benefitted from this service.

In 2017, the CPF Board extended the CPF Retirement Planning Service (CRPS) to all members turning 54. Through the CRPS session, members can learn about the impact of the creation of their Retirement Account at age 55 on their CPF balances and their existing CPF obligations such as housing loans and the options they have to enhance their retirement savings and payouts. Close to 3,000 members used the CRPS in 2017 and 95% of these members indicated that they would recommend the service to others.

The topics covered under CRPS will be expanded to include options on how members can make use of government schemes, such as the Silver Housing Bonus (SHB) to unlock the value of their flats and boost their retirement payouts. A pilot was carried out in 2017 and 88% of members who went through the pilot showed improved understanding of these schemes.

A CRPS pilot for members approaching their payout eligibility age was initiated in 2017. Nearly all of the members who participated in this pilot expressed that they would recommend the CRPS to others.

Opening of CPF Maxwell Service Centre

In 2017, following the sale of the CPF Building at Robinson Road, the CPF Robinson Service Centre was relocated to Maxwell Road to continue to serve Singaporeans located in the southern part of Singapore. Similar to the CPF Jurong Service Centre which was redesigned and launched in 2016, the CPF Maxwell Service Centre adopted a colour-zoned design concept to facilitate members' navigation across the upper and lower decks. In addition, pod-like counters were set up to provide privacy and comfort for Club 55 members.

CUSTOMER CONTACT CENTRE

In 2017, the Customer Contact Centre handled 686,000 calls from CPF members and employers. Of these, 156,000 calls were enquiries on national projects, such as the 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 5,400 messages from members. Apart from handling calls, the Customer Contact Centre also handled 87,000 correspondences from CPF members and employers.

Personalised Service with Call Authentication service

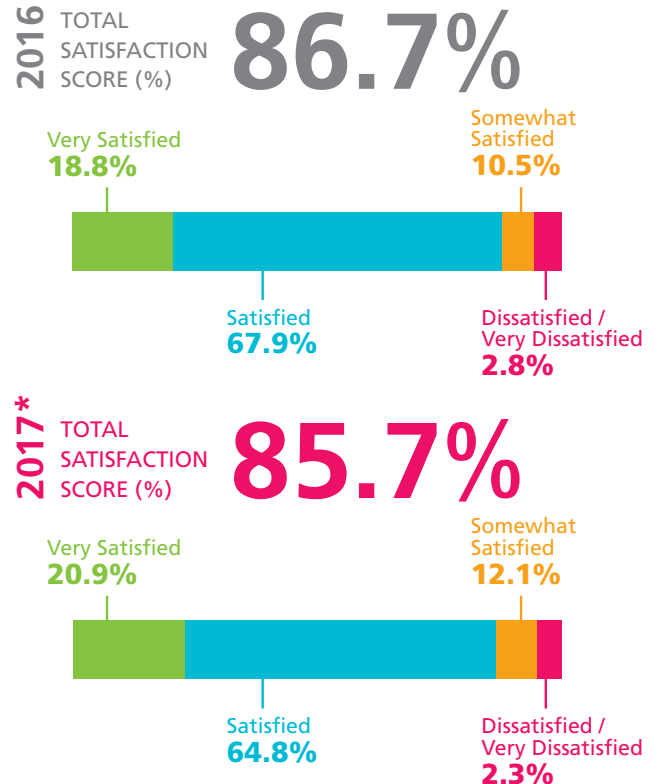
The CPF Board's Customer Contact Centre became the first Government agency contact centre to launch the Call Authentication (CA) service in January 2017. The service enables members to receive personalised information over the phone after they have been successfully authenticated using SingPass Two-Factor Authentication (2FA). This led to a 15% reduction in call attempts in 2017 as more members had their queries resolved over a single phone call.

In September 2017, the Customer Contact Centre introduced a self-service option in its Interactive Voice System for customers to request statements over the phone. The automated sending of the statements provided members with a better customer service experience and led to a 78% reduction in the number of statement requests typically received through phone calls.

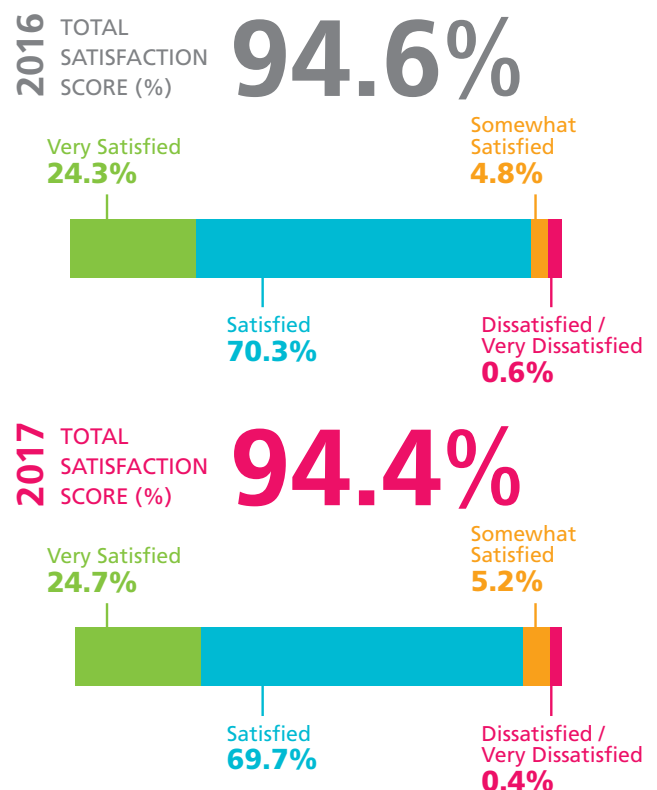
SERVICE FEEDBACK

The CPF Board conducts annual surveys to gather feedback from CPF members and employers on our electronic service, counter, telephone and other services. In 2017, the survey results showed that 85.7% of CPF members and 94.4% of employers were satisfied or very satisfied with the overall services of the CPF Board.

Member services survey



Employer services survey



* Figures do not add up to 100% due to rounding.

PUBLIC COMMUNICATIONS

In 2017, the CPF Board stepped up efforts to reach out to Singaporeans so as to raise awareness and understanding of CPF schemes among members and employers.

Publicity campaigns

Following two successful runs, the CPF Board continued the Big 'R' Chat campaign for the third year in 2017 to encourage members to take action for a better retirement with a focus on encouraging CPF transfers and cash top-ups to themselves and their loved ones. An emotive TV commercial premised on filial piety garnered 3.5 million online views during the campaign period. The story portrayed how a man gives back to his parents through CPF top-ups as a way of thanking them for the sacrifices they had made to bring him up. A mobile game app "Ready, Get Set, Grow" was launched to enable younger members to learn more about the benefits of the CPF system in a fun and engaging way. The game topped the charts in the educational games category, ranking number one in the Apple App Store and number two in the Google Play Store during the campaign period.

As part of the Big 'R' Chat campaign, the CPF Board organised a series of retirement planning roadshows islandwide that attracted about 142,000 visitors. Designed to encourage members to start planning for their retirement, the roadshows featured interactive activities and digital panels where visitors learnt how CPF supports them in their various life stages.

In 2017, through the WorkRight initiative, the Ministry of Manpower and the CPF Board continued reaching out to low wage Singaporeans to heighten awareness of their employment rights and obligations under the CPF Act and the Employment Act. Through the annual WorkRight mobile clinics held in various locations across Singapore, members of the public learnt more about their rights as employees. To reach out to older Singaporeans, WorkRight was also featured in Happy Can Already Season 3, a dialect variety show on Channel 8.

Online engagement

In 2017, the CPF Board's Facebook fan base grew by 40% to more than 140,000 fans through visually-engaging branded content and informative articles. Complementing the Facebook outreach, the Are You Ready outreach website garnered 1.7 million page views in 2017.

CPF Board also rolled out a new YouTube "explainer" series titled "CPF in a Bite" featuring nuggets of CPF information using local food analogies. With the series, the number of YouTube subscribers increased to 11,500 followers. The "CPF in a Bite" series garnered more than two million views and was well-received by netizens.

In addition, the Board launched its official Instagram page with a campaign called #ICanAdult, which aimed to encourage millennials, particularly first-jobbers, to start planning for their future, with CPF as an integral part. Through the campaign, the number of followers on our Instagram grew to more than 5,000 and captured more than 2.5 million engagements.

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 12,000 members in 2016 to more than 26,000 members in 2017.

The Board also stays connected with CPF members and employers through electronic direct mailers (eDMs) that provided timely and targeted CPF information. To date, over 900,000 CPF members have subscribed to the eDMs.

Outreach and education

The CPF Board organised and participated in 146 talks and events, reaching out to more than 40,000 CPF members and employers. The Board also engaged close to 9,000 members and grassroots leaders in 24 constituencies across Singapore. 80.3% of the members at the constituency events felt that they appreciated the CPF system better and 93% of them would recommend their family members and peers to attend future CPF talks. The Board's communication materials were placed at all 107 Community Centres and Clubs in Singapore, thereby raising the awareness of CPF schemes amongst residents.

The Board provided its mobile service at five Community Centres and Clubs and the Toa Payoh Public Library in 2017. Over 11,000 members visited these CPF Mobile Service Centres to make enquiries on their CPF and perform a range of CPF-related transactions. Many of these members appreciated the Board's efforts in making their service experience easy and convenient, and would highly recommend the service to their friends and family members.

The CPF Board continued to support the Learning Journeys programme spearheaded by the Ministry of Education to help students understand the Board's role in nation building. In 2017, the Board reached out to more than 470 students through this national education programme. The Board also collaborated with various schools and institutions of higher learning to conduct talks and roadshows to engage more than 8,600 students to start planning financially for their future.

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 credits 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. The CPF Board also administers the Government-Paid Leave Schemes on behalf of the Ministry of Social and Family Development, and the Goods and Services Tax (GST) Voucher Scheme and the 5-year MediSave top-up on behalf of the Ministry of Finance.

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 the GST Voucher – Cash and the GST Voucher – MediSave. In Budget 2017, the Government announced that eligible GST Voucher – Cash recipients would receive a one-off GST Voucher – Cash Special Payment of up to \$200, as additional assistance for their living expenses.

In 2017, 1.3 million Singapore citizens received \$666.1 million in cash, and 437,000 Singapore citizens received \$128.5 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. In 2017, a total of 506,400 Singapore citizens received \$91.6 million in their MediSave under the Medisave top-up to help with their healthcare needs.

GOVERNMENT-PAID LEAVE SCHEMES

Singapore's Marriage and Parenthood (M&P) Package was introduced in 2001, and enhanced in 2004, 2008, 2013, 2016 and 2017. The Government-Paid Leave Schemes under the M&P Package aim to foster an overall pro-family environment in Singapore, enabling 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.

In 2017, a total of 228,864 applications were processed and \$323.7 million was reimbursed under the Government-Paid Leave Schemes.

SPECIAL EMPLOYMENT CREDIT

The Special Employment Credit (SEC) Scheme was introduced as a 2011 Budget initiative to raise the employment rates of older Singaporeans and persons with disabilities. It is paid to employers hiring Singaporean workers earning up to \$4,000 who are either aged 55 and above, or are persons with disabilities.

To promote the voluntary re-employment of older workers, since 2015, an additional wage offset is given to employers hiring Singaporean workers who are aged 65 and above earning up to \$4,000. With the raising of the re-employment age from 65 to 67 on 1 July 2017, employers of Singaporean workers who turned 65 on or after 1 July 2017 would be given the additional wage offset when these workers reach age 67.

A total of \$378 million of SEC was paid to 101,000 employers who hired 404,000 eligible employees from 1 January to 31 December 2017. The last SEC payout will be made in March 2020.

WAGE CREDIT SCHEME

The Wage Credit Scheme (WCS) was part of the 3-Year Transition Support Package introduced in Budget 2013. It was extended in Budget 2015 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. The Government co-funded 40% of wage increases from 2013 to 2015 and 20% of wage increases from 2016 to 2017 given to Singapore Citizen employees up to a gross monthly wage of \$4,000.

In Budget 2018, the Government announced the extension of the WCS for three more years from 2018 to 2020 to support businesses embarking on transformation efforts and to encourage sharing of productivity gains with workers. Government co-funding will be maintained at 20% in 2018. Subsequently, the co-funding will be reduced to 15% in 2019 and 10% in 2020.

As the supporting administrator, the CPF Board's role includes computing and transmitting Wage Credit allotment details to the main administrator (IRAS). For 2017, over \$800 million was paid to more than 90,000 employers who gave wage increases to over 600,000 employees.

TEMPORARY EMPLOYMENT CREDIT

The Temporary Employment Credit (TEC) Scheme 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 provided 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.

TEC is paid to employers of Singaporean and Singapore Permanent Resident workers who were on the payroll from January 2015 to December 2017.

For 2017, a total of \$394 million of TEC was paid to 163,000 employers who hired 1,952,000 eligible employees. The last TEC payout was in April 2018.

WORKFARE TRAINING SUPPORT SCHEME

The Workfare Training Support (WTS) Scheme complements the Workfare Income Supplement (WIS) Scheme 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 Agency (WSG). About 50,000 recipients received \$13.3 million in TCA payments in 2017.

WORKFARE TRANSPORT CONCESSION SCHEME

The Workfare Transport Concession Scheme (WTCS) was announced in January 2014 by the Ministry of Transport to help Workfare Income Supplement (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 discount of 15% on adult fares. As at 31 December 2017, more than 248,000 WIS recipients had been issued with the WTCS card.

IT INITIATIVES

The CPF Board uses Information Technology (IT) to deliver secured and resilient solutions for both the Board's business schemes and Whole-of-Government initiatives. The Board started the IT modernisation journey with the implementation of a new application system for the Retirement Sum Topping-Up Scheme. For digital services, The Board is the first Government agency to implement the PayNow service which has significantly reduced waiting time for eligible members aged 55 and above to receive their CPF withdrawals within the same day. The Board is also the first to implement call authentication so that personal details can be shared securely with members over the phone. To refresh its engagement with members, the Board implemented an intuitive virtual assistant 'Ask Jamie' to answer questions from them in a digital chat format for greater convenience, re-designed my CPF mobile application for customers to access personal CPF information at their fingertips, and revamped my CPF profile page on its website to present personalised information and infographic data for ease of reference. Besides stepping up on digital engagements with its members, the Board is embarking on a digital workplace transformation to boost employee productivity and enable workplace effectiveness and agility. Concurrently, the Board has continued to reskill our workforce and develop new capabilities to embrace the adoption of new technologies.

ORGANISATIONAL EXCELLENCE

Asia-Pacific Communications Awards

The Asia-Pacific Communications Awards recognises the finest strategies and practices in public relations and communications within the Asia-Pacific region. The 2017 Big 'R' Chat campaign's television commercial "Your Love Can Go A Long Way" leveraged the Asian value of filial piety and told a story of the sacrifices parents make to bring up their children. The grown up child eventually does a CPF top-up to his parents when he is older as a way of thanking his parents. His daughter observes him, reinforcing the message that one's action transcends generations. The commercial defeated stiff competition from the region and emerged top in the "Film & Video" category on 16 November 2017.

CCAS International Contact Centre Awards 2017

The Contact Centre Association Singapore (CCAS) Best In-house Contact Centre is an award that honours outstanding Customer Contact Centres which demonstrated successful transformation from voice to digital servicing channels which built capabilities for the sustainability of their Customer Contact Centre as a key service channel for the future.

In 2017, the CPF Board Call Centre won the Gold Award for the Best In-house Contact Centre for the category of above 100 seats. The CPF Board is the first Government organisation to clinch this award. The Board's Customer Service Executive, Ms Leong Phetcharat was awarded the Bronze Award for the Best Customer Service Professional of the Year (for the category of above 100 seats) in the same year.

As a Gold Award recipient of the CCAS Best In-house Contact Centre, CPF Board Call Centre was also given the recognition of Performance Excellence at the Asia Pacific Contact Centre Association Leaders (APCCAL) Expo 2017 on 10 Nov 2017.

Customer Experience Asia Excellence Award

The Customer Experience Asia Excellence Award recognises organisations that promote an exceptional end-to-end customer experience by placing their customers at the heart of every process, people and technology. The CPF Board's Service Transformation team clinched the second spot (Silver) at the annual Customer Experience Asia Excellence Award in September 2017.

Excellence in Public Service Awards (ExPSA)

The Excellence in Public Service Awards (ExPSA) is accorded to individuals with outstanding service and organisations which have attained organisational excellence. The following individuals and teams won the ExPSA in 2017:

Award	Recipient(s)/ Project Team/Project Title
PS21 Star Service Award for consistently high standards of service excellence	Melvin Quek, Senior Customer Service Executive (Service Centre Department) Dawson Tey, Executive (Self-employed and Workfare)
PS21 Star Manager Award for exemplary managers who supported the organisation's mission, developed their teams and encouraged innovation and change	Edwin Sim, Senior Deputy Director (Retirement Schemes) Wong Tze Wei, Senior Deputy Director (Capability and Organisation Development)
PS21 Distinguished Star Service Team Award for quality customer service and dedication to service excellence	Customer Relations Group (CUG) for "Team CPF Service Transformation" which improves service delivery and experience for CPF members across various service channels.
Best Practice Award – Stakeholder Communications and Engagement, for using innovative communication and engagement methods to engage stakeholders	"Enhanced CPF Yearly Statement of Account (YSOA)" for its innovative approach in redesigning and transforming YSOA from an information-heavy "government letter", into an engaging communication platform with the use of infographics.

GovInsider Innovation Awards

The GovInsider Innovation Awards recognises innovation projects that improve public services and enhance citizens' lives across Asia. In September 2017, the CPF Board's project "Touching Hearts and Changing Lives with One-to-One Retirement Planning" which focuses on engaging seniors through a Gold Ambassadors Programme to deliver CPF Retirement Planning Services (CRPS) at Mobile Service Centres, won the "Best Risk" award. This award recognises the trialling of new approaches and delivery of services in novel ways that buck the trend. The CPF Board leveraged the Mobile Service Centres to go deep into the heartlands and partnered with senior citizen CPF advocates who shared their own retirement planning experiences as part of the personalised CRPS for members.

Marketing Excellence Awards

The Marketing Excellence Awards honour the best in the local marketing communications field. The CPF Board's Big 'R' Chat campaign "Act Now, For A Better Retirement" won the bronze awards in the "Excellence for Consumer Insights" and "Excellence in Media Strategy" categories at the Marketing Excellence Awards on 10 November 2017.

MARKies Awards

The MARKies awards celebrates the most innovative, creative and effective campaigns in Singapore. The television commercial for the 2016 Big 'R' Chat campaign "For All The Days In Life" deployed emotive storytelling that showcased how CPF supports an individual through key milestones in life. The commercial clinched the silver award for "Best Idea – TV/ Video Advertising" on 26 April 2017.

Minister for Manpower Award

The Minister for Manpower Award recognises outstanding projects implemented by the agencies under the Ministry of Manpower. In 2017, the CPF Board received the Minister for Manpower Award for the following projects:

- Silver Support Scheme Design and Implementation
- CPF Advisory Panel – Public Engagement Exercise and Implementation of Recommendations (in partnership with the Ministry of Manpower)

Pro-Enterprise Ranking (PER) Survey

The Ministry of Trade and Industry's PER Survey is a perception survey of business customers of government regulatory agencies. Conducted annually, the survey measures the effectiveness of government initiatives to build a pro-enterprise regulatory environment in Singapore.

In the PER Survey 2017, the CPF Board was given a Pro-Enterprise Index (PEI) of 70.97 and ranked 7th out of 28 government agencies.

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. In collaboration with the Accounting and Corporate Regulatory Authority (ACRA), the Board was recognised for its one-stop service to allow new start-ups to apply for a CPF Submission Number (CSN) concurrently with ACRA when registering for a Unique Entity Number (UEN).

World Pension Summit Innovation Awards

The Pensions & Investments World Pension Summit Innovation Awards recognise best practices among pension plans and funds worldwide. The CPF Board won the Communications award for its success in reaching out to younger members through its #ICanAdult Instagram campaign which helped young Singaporeans make responsible, adult decisions. The campaign, featuring well-loved nostalgic toys dealing with responsible decisions in a series of Instagram videos and posts, reached more than two million savers through social media.

STAFF RECOGNITION AND AWARDS

The CPF Board gives out individual and team awards to recognise and motivate staff who embody the Board's core values.

The Best Service Star Award and Non-Counter Staff Quality Service Award commend staff who exemplify our core value of Focus on Customers. A total of 18 individuals were recognised in 2017.

The Staff Excellence Award, the pinnacle of individual staff awards, was given out to 25 officers in 2017 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 for Total Defence activities, and the Long Service Award to recognise staff for their long service. In 2017, the Board presented the Long Service Award to 325 officers.

The Team Excellence Awards were given to 11 teams in 2017 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 this requires teams within and across groups and departments to work together in order to deliver excellent results. To promote innovation and productivity, the Top Savings Award was accorded to five project teams which had helped the Board save more than \$2,534,500 in total.

CONTRIBUTING TO THE COMMUNITY

The CPF Board plays an active role as a good corporate citizen through its contribution to charities and participation 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 contributed a portion of their monthly income to the Community Chest. Staff participation rate was 95.9% in 2017. The SHARE donation from CPF Board staff amounted to \$90,922 in 2017.

This strong support and commitment by staff earned the CPF Board the SHARE Programme Platinum Award for the 24th consecutive year in 2017. 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 its charity efforts on the elderly in 2017 and continued its adoption of the St John's Home for Elderly Persons. Four quarterly visits were organised in 2017. This provided staff the opportunity to interact with the residents and engage them with food, gifts, games and performances.

Staff volunteerism

The CPF Board has extended its support to children since 2016, providing its staff with additional options for volunteerism. Staff volunteered at the Arc Children's Centre and Chen Su Lan Methodist Children's Home. The Board continued to participate in the "Walk-for-Rice" Programme organised by the South-East CDC. This is also the first year that the Board participated in The Boys' Brigade Share-A-Gift event where staff went beyond financial giving and made the additional effort to grant a wish for the less privileged.

Fund raising

There were also various staff-initiated fund raising activities such as the Community Service Committee's Annual Charity Bazaar and Valentine's Day and Mothers' Day flower sales. Proceeds were donated to the St John's Home for Elderly Persons, ComChest Fu Dai and Arc Children's Centre. Staff from the CPF Board contributed over \$50,000 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 20 social security institutions from 10 ASEAN countries, namely Brunei, Cambodia, Indonesia, Lao PDR, Malaysia, Myanmar, Philippines, Singapore, Thailand and Vietnam. The 34th ASSA Board Meeting was held in Udon Thani, Thailand from 24 to 25 August 2017.

As part of our international engagement efforts, the CPF Board received over 200 visitors from foreign social security organisations and government bodies in 2017.





FINANCIAL STATEMENT





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STATEMENT BY THE MEMBERS OF THE BOARD

In our opinion, the accompanying financial statements of the funds managed by the Central Provident Fund Board (the "Board") as set out on pages 58 to 129 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 2017, 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

2 May 2018

INDEPENDENT AUDITORS' REPORT

Members of the Board

Central Provident Fund Board

Report on the audit of the financial statements

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 2017, 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, as set out on pages 58 to 129.

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 2017 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 '*Auditors' 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 *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 contained in the annual report. Other information is defined as all information in the annual report other than the financial statements and our auditors' report thereon.

We have obtained all other information prior to the date of this auditors' report.

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

Management is responsible for the preparation and fair presentation of the 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, management 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.

Auditors' 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 auditors' 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 controls.
- Obtain an understanding of internal controls 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 controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management'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 auditors' 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 auditors' 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 controls that we identify during our audit.

Report on other legal and regulatory requirements

Opinion

In our opinion:

- (a) the receipts, expenditure, investment 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 *'Auditors' 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, investment 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.

Auditors' responsibility for the 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, investment 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, investment 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.

Other matters

The financial statements for the year ended 31 December 2016 were audited by another auditor whose report dated 3 May 2017 expressed an unqualified opinion on those statements.



KPMG LLP

*Public Accountants and
Chartered Accountants*

Singapore

2 May 2018

STATEMENT OF NET ASSETS OF FUNDS

as at 31 December 2017

	Note	2017 S\$'000	2016 S\$'000
Central Provident Fund			
Total assets			
Property, plant and equipment	3	153,646	151,442
Intangible assets	4	44,508	35,873
Investments	5	358,809,346	328,185,333
Debtors and other receivables	6	3,865,530	3,480,031
Cash and cash equivalents	7	309,714	443,550
		363,182,744	332,296,229
Total liabilities			
Deferred capital grant	8	6,253	8,923
Creditors, accruals and provisions	9	441,667	345,282
		447,920	354,205
Net assets of the Central Provident Fund	17	362,734,824	331,942,024
Insurance Funds			
Net assets			
Home Protection Fund	20	1,190,355	1,018,888
MediShield Life Fund	20	1,689,709	1,446,541
Lifelong Income Fund	20	–	–
Other Funds			
Net assets of Trust Funds	21	2,328,832	2,576,398

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

STATEMENT OF CHANGES IN FUND BALANCES

for the year ended 31 December 2017

	Note	2017 S\$'000	2016 S\$'000
Central Provident Fund			
Fund balances as at 1 January		331,942,024	301,958,618
Add:			
Contributions (net of refunds) by members	10	35,096,999	33,813,929
Government grants to members	11	2,038,374	1,885,953
Dividends from Special Discounted Shares		149,344	151,793
Net income from investments	12	13,457,509	12,303,203
Net change in fair value of available-for-sale financial assets		96,762	8,146
Net gain from sale of asset held for sale	3	–	515,126
Interest income from bank deposits		3,121	4,871
Other operating income	13	165,644	152,201
		51,007,753	48,835,222
Less:			
Withdrawals (net of refunds) by members	14	19,859,836	18,525,047
General and administrative expense	15	27,319	33,030
Other operating expenses	16	327,798	293,739
		20,214,953	18,851,816
Net increase in the Central Provident Fund		30,792,800	29,983,406
Fund balances as at 31 December		362,734,824	331,942,024
Represented by:			
Members' accounts	17	359,514,581	328,895,282
General moneys of the Fund	17	54,855	53,089
Accumulated surplus	17	3,053,092	2,978,119
Fair value reserve	17	112,296	15,534
		362,734,824	331,942,024

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

STATEMENT OF CASH FLOWS

for the year ended 31 December 2017

	Note	2017 S\$'000	2016 S\$'000
Central Provident Fund			
Cash flows from operating activities			
Net increase in the Central Provident Fund		30,792,800	29,983,406
Adjustments for:			
Net income from investments	12	(13,457,509)	(12,303,203)
Net change in fair value of available-for-sale financial assets		(96,762)	(8,146)
Interest income from bank deposits		(3,121)	(4,871)
Depreciation and amortisation	16	24,692	21,592
Government grants	13	(2,670)	(5,292)
(Gain)/loss from sale of property, plant and equipment		(19)	66
Net gain from sale of asset held for sale		–	(515,126)
Property, plant and equipment written off		68	188
Intangible assets written off		32	114
Cash generated before changes in operating assets and liabilities		17,257,511	17,168,728
Changes in operating assets and liabilities:			
Debtors and other receivables		(3,758)	(11,566)
Creditors, accruals and provisions		68,245	(91,898)
Net acquisition of special issues of Singapore Government securities		(29,906,370)	(27,645,915)
Net placement of advance deposits		(334,094)	(1,052,261)
Cash used in operations		(12,918,466)	(11,632,912)
Interest received from held-to-maturity financial assets and bank deposits		12,978,800	11,668,435
Net cash generated from operating activities		60,334	35,523
Cash flows from investing activities			
Payments for purchase of property, plant and equipment		(18,078)	(11,434)
Payments for purchase of intangible assets		(24,007)	(17,300)
Acquisition of available-for-sale financial assets		(596,386)	(542,297)
Proceeds from sale of property, plant and equipment		19	37
Proceeds from sale of asset held for sale		–	495,000
Proceeds from sale of available-for-sale financial assets		257,406	89,750
Redemption of available-for-sale financial assets and capital reduction by issuer of available-for-sale financial assets		48,018	119,594
Interest received from available-for-sale financial assets		72,240	65,943
Dividends received		32,024	28,320
Net cash (used in) / generated from investing activities		(228,764)	227,613
Cash flows from financing activity			
Grants received from Government		–	13,731
Net cash from financing activity		–	13,731
Net (decrease) / increase in cash and cash equivalents		(168,430)	276,867
Cash and cash equivalents as at 1 January		399,312	122,445
Cash and cash equivalents as at 31 December	7	230,882	399,312

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

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2017

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 21.

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 (S\$) which is the functional currency of the funds managed by the Board. All financial information presented in Singapore Dollars has been rounded to the nearest thousand (S\$'000), except when otherwise stated.

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

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

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

Note 19.1 and 20.12 – Valuation of assets and liabilities

Note 20.10 – Valuation of insurance contract liabilities

Information about assumptions and estimation uncertainties that have a significant risk of resulting in material adjustment within the next financial year are included in the following notes:

Note 20.10 – Valuation of insurance contract liabilities

Note 20.12 – 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, net income from investments and other operating 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. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease. Rental income is recognised as 'other operating income'.

2.4 Operating expenses

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

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

2.5 Insurance contracts

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

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

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

(a) Premiums

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

(b) Claims and benefits incurred

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

(c) Insurance contract liabilities

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

2.7 Property, plant and equipment

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

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

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

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

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

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

Depreciation is based on the cost of an asset less its residual value and is recognised from the date that the property, plant and equipment are installed and are ready for use. 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.

Amortisation is calculated based on the cost of the asset, less its residual value. 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 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.

2.10 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. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

When the Board is the lessor

Leases is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to the ownership. Assets leased out under operating leases include property, plant and equipment.

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

2.11 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. Financial assets designated at fair value through profit or loss comprise debt and equity securities.

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.

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.

2.12 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.

2.13 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 2.13(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 income from investments in the statement of changes in fund balances. 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.

2.14 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.

2.15 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.

2.16 Provisions

A provision is recognised when, as a result of a past event, the Board has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits 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.

2.17 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.

2.18 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 21), 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 21.1 to 21.5).

2.19 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.

2.20 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 2017:

Description	Effective for annual periods beginning on or after
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

SB-FRS 109 *Financial Instruments*

SB-FRS 109 contains new requirements for classification and measurement of financial instruments, a new expected credit loss model for calculating impairment of financial assets, and new general hedge accounting requirement.

The following assessment have to be made on the basis of facts and circumstance that existed at 1 January 2018.

- The determination of the business model within which a financial assets is held.
- The determination of whether the contractual terms of a financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.
- The designation of an investment in equity instruments that is not held for trading as at fair value through other comprehensive income ("FVOCI").
- The designation and revocation of previous designations of certain financial assets and financial liabilities measured at fair value through profit or loss ("FVTPL").

The expected impact on adoption of SB-FRS 109 are described below. The information below reflects the Board's expectation of the implications arising from changes in the accounting treatment.

Classification and measurement: financial assets

For financial assets currently held at fair value, the Board expects to continue measuring most of these assets at fair value under SB-FRS 109. Most of the available-for-sale debt securities are expected to be reclassified as financial assets subsequently measured at FVOCI.

For available-for-sale equity securities, the Board plans to elect to present in OCI the fair value of these available-for-sale equity securities because these are not held for trading purposes.

Loans and receivables and held-to-maturity financial assets that are currently accounted for at amortised cost will continue to be accounted for using amortised cost model under SB-FRS 109.

Impairment

SB-FRS 109 replaces the current incurred loss model with a forward-looking expected credit loss (ECL) model. The new impairment model will apply to financial assets measured at amortised cost or fair value through other comprehensive income (FVOCI), except for investments in equity instruments.

Under SB-FRS 109, loss allowances will be measured on either of the following bases:

- 12-month ECLs. These are ECLs that result from possible default events within the 12 months after the reporting date; or
- lifetime ECLs. These are ECLs that result from all possible default events over the expected life of a financial instrument.

The Board is currently finalising the testing of its expected credit loss model and the quantum of the final transition adjustments may be different upon finalisation.

The Board has performed a preliminary impact assessment of adopting SB-FRS 109 based on currently available information and the Board does not expect the adoption of SB-FRS 109 to have any significant impact on the financial statements.

SB-FRS 115 Revenue from Contracts with Customers

SB-FRS 115 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It also introduces new cost guidance which requires certain costs of obtaining and fulfilling contracts to be recognised as separate assets when specified criteria are met.

Based on the Board's initial assessment, the Board does not expect any adjustments on adoption of SB-FRS 115.

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.

3. Property, plant and equipment

Non-current assets	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 2016		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	(a)	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
Additions		–	–	634	3,093	111	11,687	4	15,529
Disposals / Written off		–	–	–	(660)	(112)	(2,960)	–	(3,732)
Reclassification		–	–	–	1,211	–	–	(1,211)	–
At 31 December 2017		62,741	74,278	4,182	38,840	12,793	43,141	–	235,975
Accumulated depreciation									
At 1 January 2016		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
Depreciation for the year		713	1,985	103	2,284	1,602	6,570	–	13,257
Disposals / Written off		–	–	–	(634)	(86)	(2,944)	–	(3,664)
At 31 December 2017		9,399	20,212	1,010	25,924	3,772	22,012	–	82,329
Carrying amount									
At 1 January 2016		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
At 31 December 2017		53,342	54,066	3,172	12,916	9,021	21,129	–	153,646

(a) In 2016, the Board transferred the property at 3 Bishan Place that was held as investment property with carrying value of S\$70,600,000 to property, plant and equipment after the Board occupied more than 10% of the floor space in accordance to the Board's accounting policy.

On 26 November 2015, the Board entered into a Sale and Purchase Agreement with an external party to dispose a property. The property, with a carrying value of \$34,400,000, was classified as asset held for sale as at 31 December 2015. The disposal was completed on 26 January 2016 and a gain on disposal of \$515,126,000 was recognised.

Depreciation charges amounting to S\$127,000 (2016: S\$200,000) and S\$1,000 (2016: S\$2,000) were allocated to Home Protection Fund and MediShield Life Fund respectively. The remaining depreciation charge of S\$13,129,000 (2016: S\$11,118,000) was accounted for under the Central Provident Fund.

4. Intangible assets

Non-current assets	Computer software/ application system S\$'000	Computer software / application system under development S\$'000	Total S\$'000
Cost			
At 1 January 2016	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
Additions	4,994	15,240	20,234
Disposals / Written off	(554)	–	(554)
Transfer	313	(313)	–
At 31 December 2017	89,779	16,167	105,946
Accumulated amortisation			
At 1 January 2016	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
Amortisation charge for the year	11,567	–	11,567
Disposals / Written off	(522)	–	(522)
At 31 December 2017	61,438	–	61,438
Carrying amounts			
At 1 January 2016	39,614	978	40,592
At 31 December 2016	34,633	1,240	35,873
At 31 December 2017	28,341	16,167	44,508

Amortisation charges amounting to S\$4,000 (2016: S\$Nil) were allocated to MediShield Life Fund. The remaining amortisation charge of S\$11,563,000 (2016: S\$10,474,000) was accounted for under the Central Provident Fund.

5. Investment

	Note	2017 S\$'000	2016 S\$'000
Held-to-maturity financial assets			
Special issues of Singapore Government securities:			
- Floating rate	(a)	295,300,723	272,965,610
- Fixed rate	(b)	49,043,606	41,472,349
		<u>344,344,329</u>	<u>314,437,959</u>
Advance deposits	(c)	11,545,646	11,211,552
		<u>355,889,975</u>	<u>325,649,511</u>
Available-for-sale financial assets			
Singapore Government securities		490,363	489,404
Statutory board bonds		259,174	300,400
Corporate bonds		1,516,311	1,134,342
		<u>2,265,848</u>	<u>1,924,146</u>
Equity securities		653,523	611,676
		<u>2,919,371</u>	<u>2,535,822</u>
		<u>358,809,346</u>	<u>328,185,333</u>

- (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% (2016: 2.50%, 3.50%, 4.00%, 4.50%, 5.00% and 6.00%) 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% (2016: 4.00% to 6.00%) 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% (2016: 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.

6. Debtors and other receivables

	Note	2017 S\$'000	2016 S\$'000
Debtors – schemes	(a)	28,515	20,195
Accrued interest receivable			
- special issues of Singapore Government securities and advance deposits		3,785,282	3,403,554
- other investments		22,466	22,453
Deposits paid		5,535	5,536
Prepayments		4,252	6,252
Other receivables		19,480	22,041
		3,865,530	3,480,031

(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.

7. Cash and cash equivalents

	Note	2017 S\$'000	2016 S\$'000
Cash at banks		219,714	159,550
Bank deposits		90,000	284,000
Cash and cash equivalents		309,714	443,550
Less: Cash at banks managed by the Board on behalf of trust funds and Government ministries	21.5	(78,832)	(44,238)
Cash and cash equivalents in the statement of cash flows		230,882	399,312

8. Deferred capital grant

	Note	2017 S\$'000	2016 S\$'000
At 1 January		8,923	11,468
Received/receivable during the year		–	329
Amortisation charge for the year	13(b)	(2,670)	(2,874)
At 31 December		6,253	8,923
Current		2,670	2,670
Non-current		3,583	6,253
		6,253	8,923

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.

9. Creditors, accruals and provisions

	Note	2017 S\$'000	2016 S\$'000
Amount due to trust funds and Government ministries for cash at banks managed on behalf by the Board	7	78,832	44,238
Creditors – schemes	(a)	245,242	174,394
Security, renovation and rental deposits received		2,279	2,408
Accrued expenses		20,337	24,743
Provisions	(b)	63,357	60,641
Other payables		31,620	38,858
		441,667	345,282

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

(b) Provisions include provision on potential claims of S\$9,678,000 (2016: S\$9,672,000), and provision on administration and operating expenses of S\$3,515,000 (2016: S\$3,684,000) transferred from the dissolved Dependants' Protection Residual Fund to meet future liabilities and expenditure before the Dependents' Protection Residual Fund was dissolved in December 2013. Payments on claims are made as and when it is received by the Board.

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

10. Contributions (net of refunds) by members

	Note	2017 S\$'000	2016 S\$'000
Contributions credited in the year		35,153,630	33,865,213
Less: Refund of contributions:			
- Refunds of excess contributions on additional wages	(a)	(26,578)	(31,035)
- Refunds to self-employed persons	(b)	(2,396)	(1,542)
- Other refunds	(c)	(27,657)	(18,707)
		35,096,999	33,813,929

(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.

11. Government grants to members

	Note	2017 S\$'000	2016 S\$'000
CPF Housing Grant Scheme		779,725	533,482
Home Ownership Plus Education Scheme		2,341	3,048
MediSave Top-Up Schemes	(a)	387,595	400,398
Workfare Income Supplement Scheme		466,489	422,320
Workfare Special Bonus		–	2
Deferment Bonus		26,527	22,618
CPF LIFE Bonus		17,687	27,983
National Service Housing, Medical and Education Award		219,577	257,809
MediSave Grant for Newborns		138,433	218,293
		2,038,374	1,885,953

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

12. Net income from investments

	2017 S\$'000	2016 S\$'000
Interest income from held-to-maturity investments:		
- Special issues of Singapore Government securities	13,193,049	12,054,172
- Advance deposits	162,751	158,383
	13,355,800	12,212,555
Net income from available-for-sale investments:		
Interest income from available-for-sale investments:		
- Singapore Government securities	15,135	15,079
- Statutory board bonds	8,992	13,682
- Corporate bonds	49,733	38,446
	73,860	67,207
Net loss on disposal of available-for-sale investments	(4,175)	(4,401)
Dividend income	32,024	27,842
	101,709	90,648
	13,457,509	12,303,203

13. Other operating income

	Note	2017 S\$'000	2016 S\$'000
Agency, consultancy and data processing fees		120,858	109,216
Penalty interest on late contributions		23,780	20,647
Rent, service charges and car park receipts	(a)	9,810	10,826
Government grants	(b)	2,670	5,292
Miscellaneous revenue		8,526	6,220
		165,644	152,201

(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:

	2017 S\$'000	2016 S\$'000
Receivable		
- not later than one year	8,900	7,803
- later than one year and not later than five years	13,928	9,173
- later than five years	995	-
	23,823	16,976

(b)

	Note	2017 S\$'000	2016 S\$'000
Operating grant		-	2,418
Amortisation of deferred capital grant	8	2,670	2,874
		2,670	5,292

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

14. Withdrawals (net of refunds) by members

	Note	2017 S\$'000	2016 S\$'000
Sections 15 and 25 of CPF Act	(a)	5,840,902	4,919,966
Amount restored from general moneys of the Fund	(b)	23	20
Approved Housing Schemes	(c)	7,375,210	6,971,938
Home Protection Insurance Scheme	(c)	139,228	132,859
Residential Properties Scheme	(c)	3,716,873	3,905,495
MediSave Scheme	(c)	963,498	931,252
Retirement Sum Scheme	(c)	649,751	555,716
Dependants' Protection Insurance Scheme	(c)	201,030	196,375
Education Scheme	(c)	45,565	38,002
MediShield Life Scheme	(c)	1,098,934	999,327
Private Medical Insurance Scheme	(c)	768,811	674,357
ElderShield Scheme	(c)	369,290	389,829
Lifelong Income Scheme	(c)	339,715	379,942
Non-residential Properties Scheme	(c)	(12,847)	(8,500)
Investment Schemes	(c)	(1,608,502)	(1,531,525)
Special Discounted Shares Scheme		(27,645)	(30,006)
		19,859,836	18,525,047

(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.

15. General and administrative expense

Included in general and administrative expense is the following items:

	2017 S\$'000	2016 S\$'000
Rental expense for building and equipment	26,763	24,749

16. Other operating expenses

	Note	2017 S\$'000	2016 S\$'000
Salaries and staff benefits	(a)	222,639	197,462
Computer software and supplies		40,948	37,074
Depreciation and amortisation		24,692	21,592
Maintenance of buildings and equipment		10,116	10,636
Professional and other charges		12,303	9,211
Publicity and campaigns		9,993	8,756
Printing and postage		4,340	4,422
Public utilities		1,973	2,662
Property tax		794	1,924
		327,798	293,739

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

	2017 S\$'000	2016 S\$'000
Staff administering Central Provident Fund:		
Employer's CPF contributions	28,647	26,860
Staff welfare and training	4,783	4,235
Allowances for members of the Board	321	312

17. 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 2016		299,522,383	51,179	2,377,668	7,388	301,958,618
Contribution (net of refunds) by members	10	33,813,929	-	-	-	33,813,929
Government grants to members	11	1,885,953	-	-	-	1,885,953
Dividends from Special Discounted Shares		151,793	-	-	-	151,793
Net income from investments	12	-	-	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	13	-	-	152,201	-	152,201
Withdrawals (net of refunds) by members	14	(18,525,047)	-	-	-	(18,525,047)
General and administrative expense		-	-	(33,030)	-	(33,030)
Other operating expenses	16	-	-	(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.

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 2017	328,895,282	53,089	2,978,119	15,534	331,942,024
Contribution (net of refunds) by members	35,096,999	-	-	-	35,096,999
Government grants to members	2,038,374	-	-	-	2,038,374
Dividends from Special Discounted Shares	149,344	-	-	-	149,344
Net income from investments	-	-	13,457,509	-	13,457,509
Transferred to statement of changes in fund balances on disposal of available-for-sale financial assets	-	-	-	(3,964)	(3,964)
Change in fair value of available-for-sale financial assets	-	-	-	100,726	100,726
Interest income from bank deposits	-	-	3,121	-	3,121
Other operating income	-	-	165,644	-	165,644
Withdrawals (net of refunds) by members	(19,859,836)	-	-	-	(19,859,836)
General and administrative expense	-	-	(27,319)	-	(27,319)
Other operating expenses	-	-	(327,798)	-	(327,798)
Interest credited to members	13,196,184	-	(13,196,184)	-	-
Transferred to general moneys of the Fund	(1,766)	1,766	-	-	-
At 31 December 2017	359,514,581	54,855	3,053,092	112,296	362,734,824

(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.

18. Commitments

(i) Capital commitments

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

	2017 S\$'000	2016 S\$'000
Amount approved and contracted for	27,511	23,617
Amount approved but not contracted for	78,267	33,465
	105,778	57,082

(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:

	2017 S\$'000	2016 S\$'000
Not later than one year	26,382	26,528
Later than one year but not later than five years	100,450	100,203
Later than five years	68,240	92,947
	195,072	219,678

19. 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	
	2017	2016
	S\$'000	S\$'000
Change in variable		
Equity prices		
+10%	65,352	61,168
-10%	(65,352)	(61,168)

Interest rate risk

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

Sensitivity analysis

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

	Impact on fund balance	
	2017	2016
	S\$'000	S\$'000
Change in variable		
Interest rate		
+50bps	(57,139)	(49,094)
-50bps	58,842	50,660

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		Later than five years	
	2017 %	2016 %	2017 S\$'000	2016 S\$'000	2017 S\$'000	2016 S\$'000	2017 S\$'000	2016 S\$'000
Special issues of Singapore Government securities	2.50 – 6.00	2.50 – 6.00	16,796,482	16,758,823	67,185,928	67,035,293	260,361,919	230,643,843
Advance deposits	2.50	2.50	11,545,646	11,211,552	–	–	–	–
Singapore Government securities	3.00 – 4.00	3.00 – 4.00	49,841	–	314,612	204,498	125,910	284,906
Statutory board bonds	3.14 – 3.95	3.14 – 3.95	26,379	45,106	49,826	77,137	182,969	178,157
Corporate bonds	2.50 – 5.25	2.50 – 5.25	26,102	1,263	154,606	127,756	1,335,603	1,005,323
Cash and cash equivalents	0.25 – 1.39	0.00 – 1.73	309,714	443,550	–	–	–	–
			28,754,164	28,460,294	67,704,972	67,444,684	262,006,401	232,112,229

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 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 by the Monetary Authority of Singapore.

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*	AA*	A*	BBB*	Not rated **	Total
	S\$m	S\$m	S\$m	S\$m	S\$m	S\$m
2017						
Held-to-maturity financial assets						
Special issues of Singapore Government securities	–	–	–	–	344,344	344,344
Advance deposits	–	–	–	–	11,546	11,546
Available-for-sale financial assets						
Singapore Government securities	490	–	–	–	–	490
Statutory board bonds	–	–	–	–	259***	259
Corporate bonds	153	4	310	224	825***	1,516
	643	4	310	224	356,974	358,155

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

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

** 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".

19.1 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 2.12(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 ----->	Other financial liabilities S\$'000	Total carrying amount S\$'000	Year end fair value estimate S\$'000
Note	Available- for-sale S\$'000	Held-to- maturity S\$'000	Loans and receivables S\$'000	Total carrying amount S\$'000	Year end fair value estimate S\$'000
31 December 2017					
Investments					
Held-to-maturity financial assets					
Special issues of Singapore Government securities	-	344,344,329	-	344,344,329	344,344,329
Advance deposits	-	11,545,646	-	11,545,646	11,545,646
Available-for-sale financial assets					
Debt securities	2,265,848	-	-	2,265,848	2,265,848
Equity securities	653,523	-	-	653,523	653,523
Loans and receivables					
Debtors and other receivables*	-	-	3,861,278	3,861,278	3,861,278
Cash and cash equivalents	-	-	309,714	309,714	309,714
	2,919,371	355,889,975	4,170,992	362,980,338	362,980,338
Creditors, accruals and provisions					
	-	-	-	(441,667)	(441,667)

* excludes prepayment

	< --At fair value -->	< -----At amortised cost ----->	Year end fair value estimate S\$'000
Note	Available- for-sale S\$'000	Held-to- maturity S\$'000	Total carrying amount S\$'000
		Loans and receivables S\$'000	Other financial liabilities S\$'000
31 December 2016			
Investments			
Held-to-maturity financial assets			
Special issues of Singapore Government securities	-	314,437,959	314,437,959
Advance deposits	-	11,211,552	11,211,552
Available-for-sale financial assets			
Debt securities	1,924,146	-	1,924,146
Equity securities	611,676	-	611,676
Loans and receivables			
Debtors and other receivables*	-	3,473,779	3,473,779
Cash and cash equivalents	-	443,550	443,550
	2,535,822	325,649,511	332,102,662
Creditors, accruals and provisions			
	-	-	(345,282)

* excludes prepayment

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.

	Note	Fair value measurements at the end of the year			
		Level 1 S\$'000	Level 2 S\$'000	Level 3 S\$'000	Total S\$'000
Central Provident Fund					
Assets measured at fair value					
2017					
Available-for-sale financial assets	5				
Equity securities		653,523	–	–	653,523
Debt securities		490,363	1,775,485	–	2,265,848
Total available-for-sale financial assets		1,143,886	1,775,485	–	2,919,371
2016					
Available-for-sale financial assets	5				
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

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 comparable bonds with similar characteristics i.e. currency, market type, industry type and credit rating.

20. Statements of net assets of Insurance Funds

	Note	Home Protection Fund		MediShield Life Fund		Lifelong Income Fund	
		2017 S\$'000	2016 S\$'000	2017 S\$'000	2016 S\$'000	2017 S\$'000	2016 S\$'000
Total assets							
Investments	20.3	1,307,608	1,159,221	5,716,000	4,432,000	10,125,795	9,621,408
Premium and other receivables	20.4	18,124	16,185	113,150	146,177	–	–
Accrued interest receivable		6,955	5,913	66,671	21,611	150,699	141,911
Cash and cash equivalents	20.5	180,672	177,013	33,170	148,690	10	50
		1,513,359	1,358,332	5,928,991	4,748,478	10,276,504	9,763,369
Total liabilities							
(i) Insurance contract liabilities							
At 1 January		301,835	332,566	3,225,656	2,043,460	9,762,993	9,167,041
Valuation premium		136,883	131,694	1,352,120	1,317,103	–	–
Liabilities released for payments on death and other terminations		(124,072)	(124,910)	(99,711)	(79,247)	(52,546)	(54,037)
Accretion of interest		1,717	1,784	6,202	4,576	460,799	440,491
Other movements		(14,265)	(11,402)	370,088	843,745	(13,097)	(10,758)
Expected claims		–	–	(941,383)	(921,322)	(153,324)	(122,774)
New business		17,228	15,876	(4,521)	(5,995)	270,954	343,030
Change in valuation basis		(1,489)	5,595	285,864	23,336	–	–
Impact of premium rebate on reserves		–	–	–	–	–	–
Effect of minimum values on reserves		(45,982)	(45,717)	–	–	–	–
Change in incurred but not reported claims		21,503	(3,651)	–	–	–	–
At 31 December		293,358	301,835	4,194,315	3,225,656	10,275,779	9,762,993
Current portion		4,121	29,218	106,444	112,660	210,597	190,537
Non-current portion		289,237	272,617	4,087,871	3,112,996	10,065,182	9,572,456
		293,358	301,835	4,194,315	3,225,656	10,275,779	9,762,993

Note	Home Protection Fund		MediShield Life Fund		Lifelong Income Fund	
	2017 S\$'000	2016 S\$'000	2017 S\$'000	2016 S\$'000	2017 S\$'000	2016 S\$'000
Total liabilities (continued)						
(ii) <u>Claims intimated or admitted but not paid</u>						
At 1 January	37,334	35,123	11,602	7,177	–	86
Claims paid	(90,070)	(84,449)	(836,960)	(740,875)	(41,159)	(36,342)
Claims incurred	81,924	86,660	835,714	745,300	41,159	36,256
At 31 December	29,188	37,334	10,356	11,602	–	–
(iii) <u>Other payables</u>	458	275	34,611	64,679	725	376
	323,004	339,444	4,239,282	3,301,937	10,276,504	9,763,369
Net assets	1,190,355	1,018,888	1,689,709	1,446,541	–	–

20.1 Statements of changes in fund balances of Insurance Funds

Note	Home Protection Fund		MediShield Life Fund		Lifelong Income Fund	
	2017 S\$'000	2016 S\$'000	2017 S\$'000	2016 S\$'000	2017 S\$'000	2016 S\$'000
Fund balances as at 1 January	1,018,888	900,035	1,446,541	1,324,922	-	-
Add:						
Insurance premiums	159,186	154,633	1,881,769	1,858,805	269,816	336,115
Net investment gain	123,402	58,152	200,398	214,749	460,800	440,492
Interest income from bank deposits	847	652	334	2,342	-	-
	283,435	213,437	2,082,501	2,075,896	730,616	776,607
Less:						
Claims	81,924	86,660	835,714	745,300	41,159	36,256
Surrenders	19,956	21,774	-	-	10,249	10,866
Payouts	-	-	-	-	153,325	122,774
Professional and other charges	11,387	9,975	21,124	16,810	9,733	7,307
Salaries and staff benefits	4,670	4,402	6,668	6,200	3,308	3,249
General and administrative expense	1,667	1,536	3,827	210	4	3
Computer software and supplies	508	608	2,426	2,558	9	153
Printing and postage	206	159	910	999	43	46
Depreciation and amortisation	127	200	5	2	-	-
Publicity and campaigns	-	1	-	-	-	1
Maintenance of buildings and equipment	-	-	-	2	-	-
Net change in insurance contract liabilities	(8,477)	(30,731)	968,659	1,182,196	512,786	595,952
	111,968	94,584	1,839,333	1,954,277	730,616	776,607
Net increase	171,467	118,853	243,168	121,619	-	-
Fund balances as at 31 December	1,190,355	1,018,888	1,689,709	1,446,541	-	-

(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) Salaries and staff benefits

Included in salaries and staff benefits is the following:

	Home Protection Fund		MediShield Life Fund		Lifelong Income Fund	
	2017 S\$'000	2016 S\$'000	2017 S\$'000	2016 S\$'000	2017 S\$'000	2016 S\$'000
Employer's CPF contributions	648	615	955	902	487	471

20.2 Statements of cash flows of Insurance Funds

	Home Protection Fund		MediShield Life Fund		Lifelong Income Fund	
	2017 S\$'000	2016 S\$'000	2017 S\$'000	2016 S\$'000	2017 S\$'000	2016 S\$'000
Cash flows from operating activities						
Net increase in funds	171,467	118,853	243,168	121,619	–	–
Adjustments for:						
Interest and dividend income	(35,639)	(32,319)	(200,635)	(98,163)	(460,800)	(440,492)
	135,828	86,534	42,533	23,456	(460,800)	(440,492)
Changes in operating assets and liabilities:						
Investments	(148,387)	(77,461)	(1,284,000)	(1,703,122)	(504,387)	(576,125)
Premium and other receivables	(1,932)	(3,680)	33,027	21,986	–	–
Insurance contract liabilities	(8,477)	(30,731)	968,659	1,182,196	512,786	595,952
Claims intimated or admitted but not paid	(8,146)	2,211	(1,246)	4,425	–	(86)
Other payables	183	(196)	2,519	(41,238)	349	(1,025)
	(30,931)	(23,323)	(238,508)	(512,297)	(452,052)	(421,776)
Cash used in operations						
Interest received	22,282	20,638	155,575	68,198	452,012	421,776
Dividends received	12,308	11,268	–	20,744	–	–
	3,659	8,583	(82,933)	(423,355)	(40)	–
Net cash from / (used in) operating activities						
Net increase / (decrease) in cash and cash equivalents	3,659	8,583	(82,933)	(423,355)	(40)	–
Cash and cash equivalents as at 1 January	177,013	168,430	106,636	529,991	50	50
Cash and cash equivalents as at 31 December	180,672	177,013	23,703	106,636	10	50

20.5

20.3 Investments

	Home Protection Fund	
	2017 S\$'000	2016 S\$'000
Debt securities		
Denominated in Singapore Dollars	416,527	408,579
Denominated in US Dollars	75,830	70,923
Denominated in other currencies	232,131	184,245
	<u>724,488</u>	<u>663,747</u>
Equity securities		
Denominated in Singapore Dollars	2,592	2,135
Denominated in US Dollars	357,503	312,080
Denominated in other currencies	221,331	186,405
	<u>581,426</u>	<u>500,620</u>
Derivatives		
Interest-rate futures contracts purchased		
- with positive fair value	194	36
- with negative fair value	(27)	(16)
Interest-rate futures contracts sold		
- with positive fair value	-	-
- with negative fair value	-	-
Forward foreign exchange contracts		
- with positive fair value	5,139	2,163
- with negative fair value	(3,612)	(7,329)
Interest-rate and credit default swaps		
- with positive fair value	-	-
- with negative fair value	-	-
Interest-rate options		
- with positive fair value	-	-
- with negative fair value	-	-
Exchange cleared swaps		
- with positive fair value	-	-
- with negative fair value	-	-
	<u>1,694</u>	<u>(5,146)</u>
	<u>1,307,608</u>	<u>1,159,221</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\$416,527,000 (2016: S\$408,579,000) for Home Protection Fund.

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	
	2017 S\$'000	2016 S\$'000	2017 S\$'000	2016 S\$'000
Held-to-maturity financial assets				
Special issues of Singapore Government securities	10,125,543	9,620,904	5,716,000	4,432,000
Advance deposits	252	504	–	–
	10,125,795	9,621,408	5,716,000	4,432,000

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% (2016: 4.00% to 6.00%) 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% (2016: 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.

20.4 Premium and other receivables

	Home Protection Fund		MediShield Life Fund	
	2017 S\$'000	2016 S\$'000	2017 S\$'000	2016 S\$'000
Premium receivables	–	–	51,968	39,068
Allowance for impairment loss	–	–	(3,698)	–
	–	–	48,270	39,068
Other receivables	18,124	16,185	64,880	107,109
	18,124	16,185	113,150	146,177

The ageing of premium receivables at the reporting date was:

	2017		2016	
	Gross S\$'000	Impairment S\$'000	Gross S\$'000	Impairment S\$'000
MediShield Life Fund				
Past due 1 year or less	31,118	1,026	28,443	–
Past due more than 1 year	20,850	2,672	10,625	–
	51,968	3,698	39,068	–

The movement in the allowance for impairment in respect of premium receivables during the year was as follow:

	2017 S\$'000	2016 S\$'000
MediShield Life Fund		
At 1 January	–	–
Allowance for the year	3,698	–
At 31 December	3,698	–

The Board evaluates whether there is any objective evidence that premium receivables are impaired and determines the amount of impairment loss based on ability of recovering premiums from members. The Board makes the assessment by evaluating the ageing of the premium receivables and the demographics of the members. Estimates are made based on ability to recover from certain groups of members. This includes overseas Singapore citizens who reside permanently outside Singapore and have been approved for suspension of MediShield Life premium collection, with premium amount totalling S\$2,621,000 (2016: S\$Nil) as at reporting date. Other groups being considered include deceased and renounced members with outstanding premiums.

The Board assessed that no impairment allowance is necessary for other receivables as these balances are not past due.

20.5 Cash and cash equivalents

	Note	Home Protection Fund		MediShield Life Fund		Lifelong Income Fund	
		2017 S\$'000	2016 S\$'000	2017 S\$'000	2016 S\$'000	2017 S\$'000	2016 S\$'000
Cash at banks		34,907	35,083	33,170	148,690	10	50
Bank deposits		145,765	141,930	–	–	–	–
Cash and cash equivalents		180,672	177,013	33,170	148,690	10	50
Less: Cash at banks managed by the Board on behalf of Government ministries	(a)	–	–	(9,467)	(42,054)	–	–
Cash and cash equivalents in the statement of cash flows		180,672	177,013	23,703	106,636	10	50

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

20.6 Other payables

	Note	Home Protection Fund		MediShield Life Fund		Lifelong Income Fund	
		2017 S\$'000	2016 S\$'000	2017 S\$'000	2016 S\$'000	2017 S\$'000	2016 S\$'000
Amount due to Government ministries for cash at banks managed on behalf by the Board	20.5	–	–	9,467	42,054	–	–
Other payables		458	275	25,144	22,625	725	376
		458	275	34,611	64,679	725	376

20.7 Net investment gain

	Home Protection Fund		MediShield Life Fund		Lifelong Income Fund	
	2017 S\$'000	2016 S\$'000	2017 S\$'000	2016 S\$'000	2017 S\$'000	2016 S\$'000
Interest income	22,477	20,330	200,301	76,156	460,800	440,492
Dividend income	12,315	11,337	–	19,665	–	–
Net fair value gain	92,113	28,897	–	120,718	–	–
Net foreign currency exchange gain / (loss)	(2,407)	130	12	8,405	–	–
Miscellaneous revenue	18	42	85	233	–	–
Fund management fees	(1,114)	(2,584)	–	(10,428)	–	–
	123,402	58,152	200,398	214,749	460,800	440,492

The net fair value gain 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)".

20.8 Financial derivatives

Notional principal of the financial derivatives are as follows:

	Home Protection Fund	
	2017	2016
	S\$'000	S\$'000
Interest-rate futures contracts		
- future contracts purchased	18,728	3,478
- future contracts sold	-	-
Forward foreign exchange contracts	1,904,032	1,632,312
Interest-rate and credit default swaps	-	-
Interest-rate options	-	-
Exchange cleared swaps	-	-

20.9 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 solvency position of the Home Protection Fund to ascertain the Fund's sustainability.

- (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.

20.10 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:

	2017		2016	
	Change in variable %	Increase in liability S\$'000	Change in variable %	Increase in liability S\$'000
Home Protection Fund				
Worsening of claim rates	+10	38,558	+10	41,646
Shift in risk-free yield curve	-0.5	5,668	-0.5	6,181
Worsening of base expense level	+10	6,949	+10	5,955
Change in lapse rates	-10	6,729	-10	7,032

MediShield Life Fund

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

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

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

- (a) Mortality and lapse rates

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

- (b) and (c) Claim frequency and average claim size

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

- (d) Claim inflation

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

(e) Cessation rates for outpatient treatment

The cessation rates are based on an analysis of the experience of the Singapore population and of the MediShield 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:

	2017		2016	
	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	390,592	+10	321,996
Increase in new claim frequency	+10	390,592	+10	321,996
Increase in inflation of claim costs	+1 p.a.	181,817	+1 p.a.	149,493
Reduction in cessation rates of outpatient claims	-10	213,876	-10	184,580
Shift in risk-free yield curve	-0.5 p.a.	52,747	-0.5 p.a.	40,370
Change in lapse rates	-50	740	-50	-94

20.11 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	
	2017 S\$'000	2016 S\$'000	2017 %	2016 %
Home Protection Fund	724,488	663,747	55.4	57.3

The effective interest rates, carrying amounts and maturities of debts securities 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		Later than five years	
	2017 %	2016 %	2017 S\$'000	2016 S\$'000	2017 S\$'000	2016 S\$'000	2017 S\$'000	2016 S\$'000
At fair value Denominated in SGD								
Home Protection Fund	0.50 – 4.00	0.50 – 4.00	19,113	10,281	112,100	118,474	285,314	279,824
Denominated in USD								
Home Protection Fund	0.13 – 8.13	0.25 – 8.13	2,811	8,621	39,660	23,990	33,359	38,312
Denominated in other currencies								
Home Protection Fund	0.10 – 10.00	0.25 – 10.00	4,361	3,750	36,279	43,987	191,491	136,508

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	
	2017 %	2016 %	2017 S\$'000	2016 S\$'000
Denominated in SGD				
Home Protection Fund	0.00 – 1.39	0.00 – 1.37	95,808	88,982
MediShield Life Fund	0.00 – 0.87	0.00 – 1.37	33,170	148,679
Denominated in USD				
Home Protection Fund	0.00 – 1.60	0.00 – 1.31	30,737	36,035
MediShield Life Fund	–	–	–	–
Denominated in other currencies				
Home Protection Fund	0.00 – 1.88	0.00 – 2.40	54,127	51,996
MediShield Life Fund	–	0.00	–	11

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	
	2017 S\$'000	2016 S\$'000	2017 S\$'000	2016 S\$'000
US Dollar	468,882	414,999	–	–
Euro Dollar	134,627	115,711	–	7
Sterling Pound	66,988	56,404	–	–
Japanese Yen	58,279	50,106	–	3
Australian Dollar	52,707	46,154	–	1
Polish Zloty	34,025	20,350	–	–

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	
	2017	2016
	S\$'000	S\$'000
Change in variables:		
Equity prices		
+10%	58,143	50,062
-10%	(58,143)	(50,062)
Foreign currency		
+5%		
US Dollar	23,444	20,750
Euro Dollar	6,731	5,786
Sterling Pound	3,349	2,820
Japanese Yen	2,914	2,505
Australian Dollar	2,635	2,308
Polish Zloty	1,701	1,018
-5%		
US Dollar	(23,444)	(20,750)
Euro Dollar	(6,731)	(5,786)
Sterling Pound	(3,349)	(2,820)
Japanese Yen	(2,914)	(2,505)
Australian Dollar	(2,635)	(2,308)
Polish Zloty	(1,701)	(1,018)
Interest rate		
+50 bps	(28,151)	(25,281)
-50 bps	28,151	25,281

Concentration risk

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

			Percentage of investments	
	2017 S\$'000	2016 S\$'000	2017 %	2016 %
Home Protection Fund				
Debt securities				
Singapore	416,527	408,579	32	35
United States	58,485	42,158	4	3
Poland	34,536	20,859	3	2
Mexico	28,394	22,315	2	2
South Africa	25,438	19,139	2	2
Italy	18,219	9,344	1	1
France	16,244	12,161	1	1
South Korea	16,152	13,784	1	1
Australia	13,552	7,842	1	1
Others	96,941	107,566	8	9
Equity securities				
United States	339,701	296,511	26	26
Japan	49,443	41,663	4	4
United Kingdom	35,380	30,065	3	2
France	20,546	16,540	1	1
Germany	20,229	15,932	1	1
Others	116,127	99,909	10	9
Derivatives				
United States	109	(15)	–	–
United Kingdom	45	6	–	–
Japan	36	11	–	–
Others	1,504	(5,148)	–	–

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 to credit risk relating to its debts securities and financial derivatives are presented below (in millions of Singapore Dollars):

	AAA*	AA*	A*	BBB*	BB*	Not rated **	Total
	S\$'m	S\$'m	S\$'m	S\$'m	S\$'m	S\$'m	S\$'m
Home Protection Fund							
2017							
Singapore Government securities	416.5	–	–	–	–	–	416.5
Other Government bonds	61.1	54.5	68.4	60.7	25.4	0.4	270.5
Corporate bonds	2.5	2.1	24.6	8.3	–	–	37.5
Financial derivatives (counterparty)	–	–	1.7	–	–	–	1.7
	480.1	56.6	94.7	69.0	25.4	0.4	726.2
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

* 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, 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 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				
2017				
Insurance contract liabilities	4,121	7,569	281,668	293,358
Claims intimated or admitted but not paid	29,188	–	–	29,188
Other payables	458	–	–	458
	33,767	7,569	281,668	323,004
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
MediShield Life Fund				
2017				
Insurance contract liabilities	106,444	1,253,470	2,834,401	4,194,315
Claims intimated or admitted but not paid	10,356	–	–	10,356
Other payables	34,611	–	–	34,611
	151,411	1,253,470	2,834,401	4,239,282
2016				
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

	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				
2017				
Insurance contract liabilities	210,597	1,064,905	9,000,277	10,275,779
Other payables	725	–	–	725
	211,322	1,064,905	9,000,277	10,276,504
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

20.12 Fair value of assets and liabilities

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

	Fair value through profit or loss S\$'000	Loans and receivables S\$'000	Other financial liabilities S\$'000	Total carrying amount S\$'000	Fair value S\$'000
Home Protection Fund					
31 December 2017					
Investments					
- debt securities	724,488	–	–	724,488	724,488
- equity securities	581,426	–	–	581,426	581,426
- derivatives	1,694	–	–	1,694	1,694
Premium and other receivables	–	18,124	–	18,124	18,124
Accrued interest receivables	–	6,955	–	6,955	6,955
Cash and cash equivalents	–	180,672	–	180,672	180,672
	1,307,608	205,751	–	1,513,359	1,513,359
Other payables	–	–	(458)	(458)	(458)

	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
31 December 2016					
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)

The carrying amounts of special issues of Singapore Government securities and advance deposits in the MediShield Life Fund approximate their fair values due to the investment arrangement with the Singapore Government as disclosed in note 20.3. 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
MediShield Life Fund					
31 December 2017					
Investments					
- special issues of Singapore Government securities	5,716,000	-	-	5,716,000	5,716,000
Premium and other receivables	-	113,150	-	113,150	113,150
Accrued interest receivables	-	66,671	-	66,671	66,671
Cash and cash equivalents	-	33,170	-	33,170	33,170
	5,716,000	212,991	-	5,928,991	5,928,991
Other payables	-	-	(34,611)	(34,611)	(34,611)
31 December 2016					
Investments					
- 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)

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 20.3. 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 2017					
Investments					
- special issues of Singapore Government securities	10,125,543	–	–	10,125,543	10,125,543
- advance deposits	252	–	–	252	252
Accrued interest receivables	–	150,699	–	150,699	150,699
Cash and cash equivalents	–	10	–	10	10
	10,125,795	150,709	–	10,276,504	10,276,504
Other payables	–	–	(725)	(725)	(725)
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)

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

	2017			
	Fair value measurements at the end of the year			
	Level 1	Level 2	Level 3	Total
	S\$'000	S\$'000	S\$'000	S\$'000
Home Protection Fund				
Recurring fair value measurements				
Financial assets:				
Financial assets through profit or loss				
Equity securities	578,430	2,996	–	581,426
Debt securities	490,784	233,704	–	724,488
Total financial assets through profit or loss	<u>1,069,214</u>	<u>236,700</u>	<u>–</u>	<u>1,305,914</u>
Derivatives				
- Interest rate futures contracts	194	–	–	194
- Forward currency contracts	–	5,139	–	5,139
Total derivatives	<u>194</u>	<u>5,139</u>	<u>–</u>	<u>5,333</u>
Financial assets as at 31 December 2017	<u>1,069,408</u>	<u>241,839</u>	<u>–</u>	<u>1,311,247</u>
Financial liabilities:				
Derivatives				
- Interest rate futures contracts	(27)	–	–	(27)
- Forward currency contracts	–	(3,612)	–	(3,612)
Financial liabilities as at 31 December 2017	<u>(27)</u>	<u>(3,612)</u>	<u>–</u>	<u>(3,639)</u>

	2016			
	Fair value measurements at the end of the year			
	Level 1	Level 2	Level 3	Total
	S\$'000	S\$'000	S\$'000	S\$'000
Home Protection Fund				
Recurring fair value measurements				
Financial assets:				
Financial assets through profit or loss				
Equity securities	499,644	976	–	500,620
Debt securities	471,112	192,635	–	663,747
Total financial assets through profit or loss	<u>970,756</u>	<u>193,611</u>	<u>–</u>	<u>1,164,367</u>
Derivatives				
- Interest rate futures contracts	36	–	–	36
- Forward currency contracts	–	2,163	–	2,163
Total derivatives	<u>36</u>	<u>2,163</u>	<u>–</u>	<u>2,199</u>
Financial assets as at 31 December 2016	<u>970,792</u>	<u>195,774</u>	<u>–</u>	<u>1,166,566</u>
Financial liabilities:				
Derivatives				
- Interest rate futures contracts	(16)	–	–	(16)
- Forward currency contracts	–	(7,329)	–	(7,329)
Financial liabilities as at 31 December 2016	<u>(16)</u>	<u>(7,329)</u>	<u>–</u>	<u>(7,345)</u>

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

In 2016, MediShield Life Fund sold all Level 3 investments.

(i) 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 2016	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	–	–	–
<hr/>			
At 31 December 2016	–	–	–
Gains or losses included in changes in fund balances for the year presented in net investment gains	–	–	–
Purchases	–	–	–
Sales	–	–	–
Transfers into Level 3	–	–	–
Transfers out of Level 3	–	–	–
<hr/>			
At 31 December 2017	–	–	–
<hr/> <hr/>			

**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)

21. Net assets of Trust Funds

	Note	2017 S\$'000	2016 S\$'000
Deferment Bonus Fund	21.1	831,946	837,991
CPF LIFE Bonus Fund	21.2	502,191	508,148
Trust Fund for the Special Employment Credit Scheme	21.3	915,863	1,160,827
Trust Fund for the Workfare Special Bonus Scheme	21.4	-	25,194
Other Trust Funds	21.5	78,832	44,238
		2,328,832	2,576,398

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.

21.1 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	2017 S\$'000	2016 S\$'000
Fund balance		831,946	837,991
Represented by:			
Advance deposits with Monetary Authority of Singapore		831,946	837,991
Net assets	21	831,946	837,991
Receipts			
Interest income		21,078	21,192
Disbursements			
Payment of Deferment Bonus and Voluntary Deferment Bonus to members		(26,527)	(22,618)
Agency fee paid to CPF Board		(580)	(669)
Professional fees		(16)	(15)
		(27,123)	(23,302)
Net disbursements during the year		(6,045)	(2,110)
Fund balance as at 1 January		837,991	840,101
Fund balance as at 31 December	21	831,946	837,991

21.2 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	2017 S\$'000	2016 S\$'000
Fund balance		502,191	508,148
Represented by:			
Advance deposits with Monetary Authority of Singapore		502,191	508,148
Net assets	21	502,191	508,148
Receipts			
Interest income		12,773	13,194
Disbursements			
Payment of CPF LIFE Bonus to members		(17,782)	(28,007)
Agency fee paid to CPF Board		(932)	(1,129)
Professional fees		(16)	(15)
		(18,730)	(29,151)
Net disbursements during the year		(5,957)	(15,957)
Fund balance as at 1 January		508,148	524,105
Fund balance as at 31 December	21	502,191	508,148

21.3 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 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	2017 S\$'000	2016 S\$'000
Fund balance		915,863	1,160,827
Represented by:			
Special issues of Singapore Government securities		913,190	1,156,638
Cash		2,673	4,189
Net assets	21	915,863	1,160,827
Receipts			
Funds from Government		275,000	950,000
Interest income		11,520	6,584
		286,520	956,584
Disbursements			
Special Employment Credit disbursed		(528,668)	(688,135)
Agency fee paid to CPF Board		(2,800)	(2,991)
Professional fees		(16)	(15)
		(531,484)	(691,141)
Net (disbursements) / receipts during the year		(244,964)	265,443
Fund balance as at 1 January		1,160,827	895,384
Fund balance as at 31 December	21	915,863	1,160,827

21.4 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 was 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 received funds from the Government and interest income on special issues of Singapore Government Securities and paid 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 ended on 30 June 2017. Pursuant to the Trust Deed to Trust Fund for the Workfare Special Bonus Scheme, all remaining assets of the fund were returned to the Government as at 29 December 2017.

	Note	2017 S\$'000	2016 S\$'000
Fund balance		–	25,194
Represented by:			
Special issues of Singapore Government securities		–	24,750
Cash		–	444
Net assets	21	–	25,194
Receipts			
Interest income		81	91
Disbursements			
Workfare Special Bonus recovered/(disbursed)		32	(19)
Agency fee paid to CPF Board		(133)	(200)
Professional fees		(37)	(15)
Funds returned to Government		(25,137)	–
		(25,275)	(234)
Net disbursements during the year		(25,194)	(143)
Fund balance as at 1 January		25,194	25,337
Fund balance as at 31 December	21	–	25,194

21.5 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	2017 S\$'000	2016 S\$'000
Fund balance		78,832	44,238
Represented by:			
Cash at banks held in trust by CPF Board	7	78,832	44,238
Net assets	21	78,832	44,238
Receipts			
Funds received from Government ministries		3,980,499	4,259,994
Interest income		779	162
		3,981,278	4,260,156
Disbursements			
Disbursements to CPF members and the public		(3,946,684)	(4,273,144)
Net receipts / (disbursements) during the year		34,594	(12,988)
Fund balance as at 1 January		44,238	57,226
Fund balance as at 31 December	21	78,832	44,238

22. 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.

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 core management of the Board are considered key management personnel.

Compensation of key management personnel comprises:

	2017 S\$'000	2016 S\$'000
Salaries and other short-term employee benefits	7,495	6,222
CPF contributions	369	359
Post-employment benefits	26	23

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**(i) Expenses incurred for services rendered**

	2017 S\$'000	2016 S\$'000
Statutory boards	8,191	6,508

(ii) 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 13.

	2017 S\$'000	2016 S\$'000
Government ministries	67,366	63,261
Statutory boards	3,782	3,780

(iii) Special issues of Singapore Government securities

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

	2017 S\$'000	2016 S\$'000
Net placement	29,906,369	27,645,915

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

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

	2017 S\$'000	2016 S\$'000
Home Protection Fund		
Sales	45,447	119,481
Purchases	42,237	56,341
MediShield Life Fund		
Sales	–	912,761
Purchases	–	180,391

(v) Special issues of Singapore Government securities

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

	2017 S\$'000	2016 S\$'000
Lifelong Income Fund		
Net placement	504,639	576,580
MediShield Life Fund		
Net placement	1,284,000	4,432,000

23. Authorisation of financial statements for issue

The financial statements for the year ended 31 December 2017 were authorised for issue by the members of the Board on 2 May 2018.

ANNEXES



ANNEX A

RATES OF CPF CONTRIBUTIONS, 1955 – 2017

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	
Jul 1977	-	15.5	15.5	30	1	-	31	2,000
Jul 1978	-	16.5	16.5	30	3	-	33	
Jul 1979	-	20.5	16.5	30	7	-	37	3,000
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	
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	
Jul 1988	55 years & below	12	24	30	-	6	36	6,000
	Above 55 - 60 years	11	20	25	-	6	31	
	Above 60 - 65 years	9	19	22	-	6	28	
	Above 65 years	8	18	20	-	6	26	
Jul 1989	55 years & below	15	23	30	2	6	38	6,000
	Above 55 - 60 years	12	16	22	-	6	28	
	Above 60 - 65 years	8	13	15	-	6	21	
	Above 65 years	6	11	11	-	6	17	
Jul 1990	55 years & below	16.5	23	30	3.5	6	39.5	6,000
	Above 55 - 60 years	12.5	12.5	19	-	6	25	
	Above 60 - 65 years	7.5	7.5	9	-	6	15	
	Above 65 years	5	5	4	-	6	10	
Jul 1991	55 years & below	17.5	22.5	30	4	6	40	6,000
	Above 55 - 60 years	12.5	12.5	19	-	6	25	
	Above 60 - 65 years	7.5	7.5	9	-	6	15	
	Above 65 years	5	5	4	-	6	10	
Jul 1992	35 years & below	18	22	30	4	6	40	6,000
	Above 35 - 55 years	18	22	29	4	7	40	
	Above 55 - 60 years	12.5	12.5	18	-	7	25	
	Above 60 - 65 years	7.5	7.5	8	-	7	15	
	Above 65 years	5	5	3	-	7	10	

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

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	
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	
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	
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	
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	

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		
Sep 2011	35 years & below	16	20	23	6	7	36	5,000
	Above 35 - 45 years	16	20	21	7	8	36	
	Above 45 - 50 years	16	20	19	8	9	36	
	Above 50 - 55 years	12	18	13	8	9	30	
	Above 55 - 60 years	9	12.5	11.5	1	9	21.5	
	Above 60 - 65 years	6.5	7.5	3.5	1	9.5	14	
	Above 65 years	6.5	5	1	1	9.5	11.5	
Sep 2012	35 years & below	16	20	23	6	7	36	5,000
	Above 35 - 45 years	16	20	21	7	8	36	
	Above 45 - 50 years	16	20	19	8	9	36	
	Above 50 - 55 years	14	18.5	13.5	9.5	9.5	32.5	
	Above 55 - 60 years	10.5	13	12	2	9.5	23.5	
	Above 60 - 65 years	7	7.5	3.5	1.5	9.5	14.5	
	Above 65 years	6.5	5	1	1	9.5	11.5	
Jan 2014	35 years & below	16	20	23	6	7	36	5,000
	Above 35 - 45 years	16	20	21	7	8	36	
	Above 45 - 50 years	16	20	19	8	9	36	
	Above 50 - 55 years	14	18.5	13.5	9.5	9.5	32.5	
	Above 55 - 60 years	10.5	13	12	2	9.5	23.5	
	Above 60 - 65 years	7	7.5	3.5	1.5	9.5	14.5	
	Above 65 years	6.5	5	1	1	9.5	11.5	
Jan 2015	35 years & below	17	20	23	6	8	37	5,000
	Above 35 - 45 years	17	20	21	7	9	37	
	Above 45 - 50 years	17	20	19	8	10	37	
	Above 50 - 55 years	16	19	14	10.5	10.5	35	
	Above 55 - 60 years	12	13	12	2.5	10.5	25	
	Above 60 - 65 years	8.5	7.5	3.5	2	10.5	16	
	Above 65 years	7.5	5	1	1	10.5	12.5	
Jan 2016*	35 years & below	17	20	23	6	8	37	6,000
	Above 35 - 45 years	17	20	21	7	9	37	
	Above 45 - 50 years	17	20	19	8	10	37	
	Above 50 - 55 years	17	20	15	11.5	10.5	37	
	Above 55 - 60 years	13	13	12	3.5	10.5	26	
	Above 60 - 65 years	9	7.5	3.5	2.5	10.5	16.5	
	Above 65 years	7.5	5	1	1	10.5	12.5	

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

ANNEX B

CPF INTEREST RATES, 2008 – 2017

YEAR	CPF INTEREST RATE PER ANNUM (%)			
	ORDINARY ACCOUNT	MEDISAVE ACCOUNT	SPECIAL ACCOUNT	RETIREMENT ACCOUNT
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
JAN – DEC 2017	2.50	4.00	4.00	4.00

ANNEX C

MEMBERSHIP, CONTRIBUTIONS & MEMBERS' BALANCES, 2008 - 2017

YEAR END	NUMBER OF MEMBERS ('000)	TOTAL CONTRIBUTION (\$'000)	TOTAL BALANCES (\$'000)
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
2017	3,835	37,284,717	359,514,581

ANNEX D

CPF CONTRIBUTIONS IN RESPECT OF PRIVATE SECTOR EMPLOYEES (FROM 1 JANUARY 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	<u>17%</u> of the employee's total wages for the month	Nil	13%	Nil	9%	Nil	7.5%	Nil
> \$500 to < \$750	a. <u>17%</u> of the employee's total wages for the month; and	a. Nil	13%	Nil	9%	Nil	7.5%	Nil
	b. <u>0.6</u> of the difference between the employee's total wages for the month and \$500	b. <u>0.6</u> of the difference between the employee's total wages for the month and \$500	0.39	0.39	0.225	0.225	0.15	0.15
≥ \$750	a. <u>37%</u> of the employee's Ordinary Wages for the month up to <u>\$2,220</u> ; and	a. <u>20%</u> of the employee's Ordinary Wages for the month up to <u>\$1,200</u> ; and	26% max \$1,560	13% max \$780	16.5% max \$990	7.5% max \$450	12.5% max \$750	5% max \$300
	b. <u>37%</u> of the Additional Wages payable to the employee in the month	b. <u>20%</u> of the Additional Wages payable to the employee in the month	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 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. <u>12.75%</u> of the employee's Ordinary Wages excluding the non-pensionable variable payment and non-pensionable component; and <u>17%</u> of the non-pensionable variable payment and non-pensionable component for the month subject to a maximum of \$1,020; and	a. Nil	9.75%	Nil	6.75%	Nil	5.625%	Nil
		Nil	13% max \$780	Nil	9% max \$540	Nil	7.5% max \$450	Nil
	b. a further <u>15%</u> of the employee's Ordinary Wages excluding the non-pensionable variable payment and non-pensionable component; and <u>20%</u> of the non-pensionable variable payment and non-pensionable component for the month subject to a maximum of \$1,200; and	b. <u>15%</u> 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%
		<u>20%</u> 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. <u>37%</u> of any Additional Wages payable	c. <u>20%</u> 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) & (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 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	<u>17%</u> of the employee's total wages for the month	Nil	13%	Nil	9%	Nil	7.5%	Nil
> \$500 to < \$750	a. <u>17%</u> of the employee's total wages for the month; and	a. Nil	13%	Nil	9%	Nil	7.5%	Nil
	b. <u>0.6</u> of the difference between the employee's total wages for the month and \$500	b. <u>0.6</u> of the difference between the employee's total wages for the month and \$500	0.39	0.39	0.225	0.225	0.15	0.15
≥ \$750	a. <u>37%</u> of the employee's Ordinary Wages for the month up to <u>\$2,220</u> ; and	a. <u>20%</u> of the employee's Ordinary Wages for the month up to <u>\$1,200</u> ; and	26% max \$1,560	13% max \$780	16.5% max \$990	7.5% max \$450	12.5% max \$750	5% max \$300
	b. <u>37%</u> of the Additional Wages payable to the employee in the month	b. <u>20%</u> of the Additional Wages payable to the employee in the month	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 2017

GROUND FOR WITHDRAWAL	NUMBER	AMOUNT (\$M)
55 Years and Above	372,753	4,076.5
Leaving Singapore and West Malaysia	5,160	593.8
Medical Grounds	1,167	75.2
Death	20,604	890.1
Malaysian Citizen	7,662	205.3
Total	407,346	5,840.9

ANNEX H

DISTRIBUTION OF CPF MEMBERS' BALANCES BY AGE GROUP AND SEX AS AT 31 DECEMBER 2017

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	60	83,909	55	97,752	-	-	115	181,662
>20 - 25	128	1,024,841	120	1,531,611	-	-	248	2,556,451
>25 - 30	144	5,809,644	148	7,605,466	-	-	292	13,415,110
>30 - 35	137	11,202,339	150	12,291,472	-	-	287	23,493,811
>35 - 40	154	17,926,800	167	18,239,294	0.0	19	321	36,166,113
>40 - 45	165	24,605,316	169	23,486,011	0.0	131	334	48,091,457
>45 - 50	173	29,262,775	175	25,479,911	0.0	366	348	54,743,052
>50 - 55	202	32,478,988	182	25,688,693	0.1	683	384	58,168,364
>55 - 60	196	26,225,783	174	20,996,644	0.1	593	370	47,223,020
Above 60	461	42,237,015	466	32,495,340	0.3	930	928	74,733,285
Unspecified	110	385,933	95	351,990	3.9	4,333	209	742,256
All Groups	1,930	191,243,343	1,901	168,264,183	5	7,055	3,835	359,514,581

Figures include self-employed persons.

Total may not add up due to rounding.

ANNEX I

DISTRIBUTION OF ACTIVE CPF MEMBERS BY REGRESSED BALANCES* AND AGE GROUP AS AT 31 DECEMBER 2017

Balance Group (\$)	A G E G R O U P (Y E A R S)											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	Not Specified	Active Members	Balance (\$'000)
Below 1,000	22,690	3,340	2,660	1,370	710	390	210	80	90	320	# 0	31,850	12,375
1,000 to below 2,000	7,280	4,140	2,580	1,450	760	350	230	80	80	260	# 0	17,210	25,403
2,000 to below 3,000	4,070	5,990	2,510	1,220	660	370	200	90	80	330	-	15,500	38,454
3,000 to below 4,000	2,480	5,930	2,160	950	570	340	200	90	80	360	# 0	13,140	45,838
4,000 to below 5,000	1,630	5,590	2,130	930	520	340	200	90	90	370	# 0	11,890	53,403
5,000 to below 6,000	1,060	5,350	2,180	830	470	270	210	80	100	480	-	11,030	60,622
6,000 to below 7,000	780	4,830	2,230	830	440	290	190	110	120	530	# 0	10,350	67,219
7,000 to below 8,000	560	4,280	2,100	730	480	270	190	110	120	560	# 0	9,390	70,336
8,000 to below 9,000	520	3,910	2,100	760	510	310	230	130	120	650	-	9,250	78,543
9,000 to below 10,000	350	3,510	2,010	760	430	300	190	120	140	700	# 0	8,500	80,694
10,000 to below 20,000	1,400	25,590	17,970	6,330	4,070	2,890	2,160	1,580	2,040	9,940	-	73,970	1,101,112
20,000 to below 30,000	280	15,950	18,730	6,220	4,060	2,960	2,590	2,090	2,930	12,800	-	68,620	1,711,309
30,000 to below 40,000	60	10,050	20,100	6,420	4,210	3,110	2,790	2,440	3,560	13,540	-	66,290	2,318,142
40,000 to below 50,000	20	5,650	19,960	6,680	4,150	3,140	2,970	2,860	3,830	12,820	-	62,090	2,791,032
50,000 to below 60,000	10	3,550	19,660	7,220	4,370	3,270	3,080	3,190	3,930	13,860	-	62,130	3,414,150
60,000 to below 70,000	# 0	2,160	18,850	7,650	4,410	3,320	3,190	3,430	4,030	11,390	-	58,440	3,796,866
70,000 to below 80,000	# 0	1,160	16,970	8,310	4,680	3,500	3,300	3,560	3,920	10,490	-	55,890	4,187,998
80,000 to below 90,000	-	650	15,170	8,820	4,900	3,750	3,390	3,640	4,000	9,670	-	53,980	4,586,654
90,000 to below 100,000	-	300	12,900	9,450	5,270	3,820	3,500	3,690	3,690	9,680	-	52,300	4,966,637
100,000 to below 150,000	# 0	280	36,450	51,840	31,170	20,920	17,640	18,100	19,120	38,980	-	234,490	29,121,553
150,000 & above	# 0	20	12,580	95,110	161,060	179,530	173,480	163,270	135,000	144,040	-	1,064,080	395,624,312
All Groups	43,190	112,230	231,990	223,870	237,880	233,440	220,110	208,830	187,050	291,760	20	1,990,370	454,152,652

Figures exclude all self-employed persons.

Total may not add up due to rounding.

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

Number of active CPF members is less than 5.



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