

ANNEX F-1: STRENGTHENING AND RATIONALISING OUR RETIREMENT SYSTEM

The Government will make adjustments to the CPF system to strengthen assurance for retirement:

- (A) Increase in senior workers' CPF contribution rates;
- (B) Increase in the Enhanced Retirement Sum; and
- (C) Closure of the CPF Special Account for members aged 55 and above.

The following Budget 2024 initiatives will also strengthen retirement support for seniors who need more help:

- (D) Enhancements to the Silver Support Scheme; and
- (E) Enhancements to the Matched Retirement Savings Scheme.

(A) Increase in Senior Workers' CPF Contribution Rates

In line with the recommendation from the Tripartite Workgroup on Older Workers in 2019, the Government announced that CPF contribution rates will be raised gradually over the next decade or so for Singaporean and Permanent Resident workers aged above 55 to 70 (see [Table 1](#)). When the increases have been fully implemented, those aged above 55 to 60 will have the same CPF contribution rates as younger workers.

Table 1: Current and Target CPF Contribution Rates (Employer + Employee) by Age Band

Age Band	2016–2021	Current CPF Contribution Rates (As of 1 January 2024)	By ~2030
55 and below	37.0%	No change	
Above 55 to 60	26.0%	31.0%	37.0%
Above 60 to 65	16.5%	22.0%	26.0%
Above 65 to 70	12.5%	16.5%	16.5%
Above 70	12.5%	No change	

Note:

1. The timeline is subject to change, depending on prevailing economic conditions.

The Government has implemented the increase in senior workers' CPF contribution rates for workers aged above 55 to 70 each year since 1 January 2022. We reached the target contribution rates for senior workers aged above 65 to 70 in 2024.

The next increase in senior workers' CPF contribution rates for workers aged above 55 to 65 will take place on 1 January 2025, as shown in [Table 2](#). The increase in contribution rates will be fully allocated to the CPF Special Account ("SA") or Retirement Account ("RA") to help senior workers save more for retirement.

To mitigate the rise in business costs due to this increase, the **Government will provide employers with a one-year CPF Transition Offset** equivalent to half of the 2025 increase in employer CPF contribution rates for every Singaporean and Permanent Resident worker they employ aged above 55 to 65 (see [Table 2](#)). This will be provided automatically and employers do not need to apply for the offset.

Table 2: CPF Contribution Rates for Senior Workers from 1 January 2025

Age Band	CPF Contribution Rates from 1 January 2025			CPF Transition Offset for 2025
	Total	Employer	Employee	
55 and below	No change			
Above 55 to 60	32.5% (+1.5%-pt)	15.5% (+0.5%-pt)	17.0% (+1%-pt)	0.25%-pt
Above 60 to 65	23.5% (+1.5%-pt)	12.0% (+0.5%-pt)	11.5% (+1%-pt)	0.25%-pt
Above 65 to 70	No change (target contribution rates were reached in 2024)			
Above 70	No change			

Notes:

1. The CPF contribution rates are stated as a percentage of wages.
2. The percentage point figures in parentheses refer to the increase in CPF contribution rates from 1 January 2025, compared to current rates as of 1 January 2024.

(B) Increase in Enhanced Retirement Sum (“ERS”)

The ERS is the maximum amount of savings that members aged 55 and above can place in their CPF Retirement Account (“RA”) to earn RA interest rates and receive CPF monthly payouts. Today, the ERS is set at three times the Basic Retirement Sum (“BRS”).

The Government will **raise the ERS from three times the BRS, to four times, from 1 January 2025** (see [Table 3](#)). This will allow CPF members to voluntarily top up more to their RA, by transferring their Ordinary Account (“OA”) savings or by making cash top-ups, in order to receive higher CPF monthly payouts in their retirement.

Table 3: Revised ERS from 2025 to 2027

Year	BRS	Before Changes (ERS at three times the BRS)		Revised ERS from 1 January 2025 (ERS at four times the BRS)	
		ERS	Estimated monthly payouts	ERS	Estimated monthly payouts
2025	\$106,500	\$319,500	\$2,530	\$426,000	\$3,330
2026	\$110,200	\$330,600	\$2,610	\$440,800	\$3,440
2027	\$114,100	\$342,300	\$2,690	\$456,400	\$3,550

Notes:

1. There are no changes to the previously announced BRS and Full Retirement Sum for 2025 to 2027.
2. Estimated monthly payouts are based on the payouts of a male member who sets aside the ERS at age 55 and starts payouts under the CPF LIFE Standard Plan at age 65.

With the raising of the ERS, more members aged 55 and above can opt to fully commit their accumulated CPF savings to receive higher CPF payouts.

(C) Closure of the CPF Special Account (“SA”) for Members Aged 55 and Above

Today, members aged 55 and above have two CPF accounts that hold savings intended for retirement payouts: the CPF SA and the Retirement Account (“RA”). Both SA and RA savings earn the same long-term interest rate. However, some SA savings can be withdrawn on demand from age 55. As a principle, only savings that cannot be withdrawn on demand should earn the long-term interest rate, and savings that can be withdrawn on demand should earn the short-term interest rate.

To better align CPF interest rates to the nature of CPF savings in each CPF account, the Government will **close the SA for members aged 55 and above from early 2025**. SA savings will be transferred to the RA, up to the Full Retirement Sum. These savings will continue to earn the long-term interest rate. Any remaining SA savings will be transferred to the Ordinary Account (“OA”), where they remain withdrawable and will earn the short-term interest rate.

Members can choose to transfer their OA savings to their RA at any time, up to the Enhanced Retirement Sum. Once transferred to the RA, the monies will be committed towards higher retirement payouts and will earn higher interest.

With the closure of the SA for members aged 55 and above, all members will have three CPF accounts at any one time:

- For members below age 55, they will continue to have OA, SA, and MediSave Account (“MA”).
- For members aged 55 and above, they will only have OA, RA, MA.

(D) Enhancements to the Silver Support Scheme (“SSS”)

The SSS supports Singaporeans aged 65 and above who had low incomes during their working years, and have less family support.

The SSS will be enhanced to strengthen support for these seniors. **From 1 January 2025:**

- (i) **Quarterly payments will be raised by 20%** across all payment tiers (see [Table 4](#) below).
- (ii) **Criterion for monthly per capita household income will be raised.** Singaporeans aged 65 and above with monthly per capita household income of not more than \$2,300 and meet all other eligibility criteria will be eligible for the SSS, up from the current criterion of \$1,800 (see [Table 4](#) below).

Table 4: Current and Enhanced Silver Support Quarterly Payments from 1 January 2025

HDB Flat Type ²	Current		From 1 January 2025	
	Total CPF contributions of not more than \$140,000 by age 55 ¹			
	Monthly per capita household income of \$1,300 or less	Monthly per capita household income above \$1,300 but not more than \$1,800	Monthly per capita household income of \$1,500 or less	Monthly per capita household income above \$1,500 but not more than \$2,300
1- and 2-room	\$900	\$450	\$1,080	\$540
3-room	\$720	\$360	\$860	\$430
4-room	\$540	\$270	\$650	\$325
5-room ³	\$360	\$180	\$430	\$215

Notes:

1. Self-employed persons should also have an average annual net trade income of not more than \$27,600 when they were aged 45 to 54.
2. Neither senior nor his or her spouse should own a 5-room or larger HDB flat or private property or multiple properties.
3. Senior may live in, but do not own, a 5-room HDB flat.

The enhanced SSS will benefit around 290,000 Singaporeans aged 65 and above.

There is no need to apply for the SSS. All Singaporeans aged 65 and above are automatically assessed for eligibility. Those who qualify for the SSS will be notified by the CPF Board. All recipients of the enhanced SSS will receive their first payment in December 2024.

Silver Support payments will continue to supplement the monthly cash assistance provided by the ComCare Long-Term Assistance (“LTA”) Scheme¹. All Singaporeans aged 65 and above who are ComCare LTA beneficiaries will receive a Silver Support payment of \$430 per quarter. Aside from monthly cash assistance to cover daily living expenses, ComCare LTA beneficiaries receive assistance with their medical bills at public healthcare institutions and free or highly subsidised social services such as home help.

(E) Enhancements to the Matched Retirement Savings Scheme (“MRSS”)

In 2021, the Government introduced the MRSS as a pilot. Under the current MRSS, the Government will match every dollar of cash top-up made to eligible CPF members aged 55 to 70, up to an annual cap of \$600. Anyone, including their families, employers, and the community, can make the top-ups to these eligible members’ CPF Retirement Account (“RA”). Givers may also be entitled to tax relief (i.e., CPF Cash Top-Up Relief) for cash top-ups that attract the MRSS matching grant.

¹ Also known as the Public Assistance Scheme. The Scheme is targeted at those who are permanently unable to work due to old age, illness or disability, have limited or no means of income, and little or no family support.

The Government will **continue the MRSS beyond the current pilot, expand the age eligibility, and increase the matching grant cap from 1 January 2025** (details in [Table 5](#)). This is to strengthen Singapore’s social compact and enable more seniors to meet their retirement needs.

From 1 January 2025, we will also remove the tax relief that givers may get on cash top-ups that attract the MRSS matching grant (see [Table 5](#)), as the matching grant is already a significant benefit extended by the Government. A giver may continue to enjoy tax relief of up to \$16,000 a year for eligible CPF cash top-ups that do not attract the MRSS matching grant².

Table 5: Changes to the MRSS from 1 January 2025

Changes	Current	From 1 January 2025
Increase in matching grant cap	\$600 per year	\$2,000 per year, with a \$20,000 cap over an eligible member’s lifetime
Removal of age cap	55 to 70 years old	55 years old and above
Removal of tax relief on cash top-ups for givers	Givers are eligible for tax relief on cash top-ups they make to MRSS-eligible members	Givers are <u>not</u> eligible for tax relief on cash top-ups that attract the MRSS matching grant

Note:

1. There is no change to the other eligibility criteria:
 - a. RA savings below prevailing Basic Retirement Sum. RA savings refer to the cash set aside in the RA (excluding amounts such as interest earned, any government grants received) plus amounts withdrawn such as monthly payouts and lump-sum withdrawals;
 - b. Average monthly income not more than \$4,000;
 - c. Owns not more than one property; and
 - d. Annual value of residence is not more than \$21,000.

With the enhancements, the number of CPF members eligible for MRSS is expected to increase from 395,000 in 2024 to approximately 800,000 in 2025.

MRSS eligibility is automatically assessed every year. CPF Board will notify eligible members at the beginning of each year and members can also check their eligibility via the CPF website. As long as eligible members receive a cash top-up within the year, they will receive the matching grant the following year.

² A member may continue to enjoy tax relief of up to \$8,000 per year for cash top-ups he makes to his own SA, RA or MediSave Account, and another \$8,000 per year for cash top-ups to such accounts of his loved ones.

More Information

Measure	Contact Details
Increase in Senior Worker CPF Contribution Rates	Please contact the CPF Board at cpf.gov.sg/contact-us
Increase in Enhanced Retirement Sum	
Closure of the CPF Special Account for Members Aged 55 and Above	
Silver Support Scheme	
Matched Retirement Savings Scheme	
CPF Transition Offset	Please contact IRAS at go.gov.sg/askpayout1