

# **SUMMARY OF CPF CHANGES**

**ANNOUNCED BY PRIME MINISTER IN PARLIAMENT  
ON 28 AUGUST 2003**

**With effect from      Changes**

1 October 2003 – CPF contribution rate will be reduced to 33% (employees: 20%; employers: 13%) for workers aged 55 and below.

1 January 2004 – Salary ceiling will be lowered from the current \$6,000 to \$5,500

- Besides meeting the CPF Minimum Sum, workers will need to meet the Medisave Minimum Sum before withdrawal of CPF at age 55. The Medisave Minimum Sum will be \$2,500 with effect from 1/1/2004, and will increase by \$2,500 every year till it reaches \$25,000 on 1/1/2013.

**Medisave Minimum Sum to be Topped up  
before CPF Withdrawal at 55 (in today's \$)**

Current	\$	-
From 1/01/2004	\$	2,500
From 1/01/2005	\$	5,000
From 1/01/2006	\$	7,500
From 1/01/2007	\$	10,000
From 1/01/2008	\$	12,500
From 1/01/2009	\$	15,000
From 1/01/2010	\$	17,500
From 1/01/2011	\$	20,000
From 1/01/2012	\$	22,500
From 1/01/2013	\$	25,000

1 July 2004 – Medisave Minimum Sum of \$25,000 will be adjusted every year, to take into account inflation of healthcare costs.

- CPF Minimum Sum will increase by \$4,000 every year till it reaches \$120,000 in 2013.

**CPF Minimum Sum (in today's \$)**

Current	\$	80,000
From 1/01/2004	\$	84,000
From 1/01/2005	\$	88,000
From 1/01/2006	\$	92,000
From 1/01/2007	\$	96,000
From 1/01/2008	\$	100,000
From 1/01/2009	\$	104,000
From 1/01/2010	\$	108,000
From 1/01/2011	\$	112,000
From 1/01/2012	\$	116,000
From 1/01/2013	\$	120,000

1 January 2005 – Salary ceiling will be lowered from \$5,500 to \$5,000  
 - CPF contribution rate for workers aged above 50 to 55 will be cut to 30% from 33% (employees: 19%; employers: 11%)

1 January 2006 – Salary ceiling will be lowered from \$5,000 to \$4,500  
 - CPF contribution rate for workers aged above 50 to 55 will be cut to 27% from 30% (employees: 18%; employers: 9%)

	<b>Salary ceiling for CPF contribution</b>	<b>Contribution rate for workers aged above 50 to 55</b>		
		<b>Employee</b>	<b>Employer</b>	<b>Total</b>
Current	\$ 6,000	20%	16%	36%
From 1/10/2003	Unchanged	20%	13%	33%
From 1/01/2004	\$ 5,500	Unchanged		
From 1/01/2005	\$ 5,000	19%	11%	30%
From 1/01/2006	\$ 4,500	18%	9%	27%

1 January 2009 – The 50% withdrawal rule for CPF members who reach 55 will be phased out gradually. The percentage for withdrawal will be reduced to 40%, and will go down by 10% every year until it is phased out by 1/1/2013. After 1 January 2013, CPF members who reach 55 can withdraw the balances in their Ordinary and Special Accounts only after setting aside the CPF Minimum Sum and the Medisave Minimum Sum. However, the first \$5,000 can be withdrawn even if the Minimum Sum requirement is not met.

Currently, CPF members can withdraw 50% of their combined Ordinary and Special Accounts balances at age 55 even if this leaves them with less than \$40,000 in CPF (or the cash portion of the current CPF Minimum Sum)

**Withdrawal of Ordinary Account and  
Special Account Balances at Age 55**

Now till 31/12/2008	50% (unchanged)
2009	40%
2010	30%
2011	20%
2012	10%
From 1/1/2013	0%