


[Home](#) > ... > Clarifications regarding closure of the CPF Special Account

Clarifications regarding closure of the CPF Special Account (19 March 2024)

At Budget 2024, it was announced that the CPF Special Account (SA) will be closed for members aged 55 and above from early 2025. The Ministry of Manpower would like to clarify misconceptions on social media regarding the purpose of the CPF system and why the SA will be closed.

Key facts

1. The core priorities of the CPF system are to provide for members' basic retirement needs, as well as support their housing and healthcare needs. Even as the CPF system evolves, these three key needs of Singaporeans remain fundamental.
2. The core principle behind closing the SA for CPF members aged 55 and above is to 'right-site' CPF monies, such that only CPF savings committed for retirement earn the higher long-term interest rate.
3. With the raised Enhanced Retirement Sum from 1 January 2025, more than 99% of CPF members aged 55 and above today would be able to transfer all their SA savings to their Retirement Account (RA), if they do not wish to keep these savings in their Ordinary Account after the closure of SA. They will be able to continue earning the higher long-term interest rate, and receive higher retirement payouts.
4. For members on CPF LIFE, savings transferred to their RA will be automatically annuitised under CPF LIFE and continue to earn interest. CPF LIFE is an insurance scheme that addresses the risk of outliving one's savings by providing members with lifelong monthly payouts. Members can choose their CPF LIFE plan depending on their desired retirement lifestyle. Interest earned form part of members' monthly payouts, allowing them to receive higher payouts from the start. When a member passes away, interest that has not been paid to him is pooled and goes towards providing monthly payouts for surviving CPF members. It is this risk-pooling that enables CPF members to receive monthly payouts for as long as they live, even when their CPF LIFE premiums have been exhausted.

Please refer to MOM's [infographic](#)  for more information on the comprehensive suite of Retirement Adequacy measures announced at Budget and MOM's Committee of Supply 2024.

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