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Changes to CPF in 2024 and beyond

Stay up to date with what lies ahead for you and your CPF savings.

22 Mar 2024

SOURCE: CPF Board



Following the Budget Announcements for 2024, it's once again time to look at the changes that are coming your way. As CPF serves as the foundation for Singaporeans' basic retirement needs, these enhancements ensure that CPF continues to help Singaporeans achieve retirement adequacy.

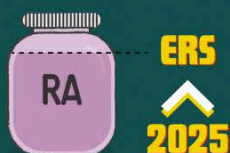
Here are what the changes to CPF in 2024 mean for you:

UPCOMING CHANGES TO CPF IN 2024 AND BEYOND

Majulah package will be introduced for young seniors in their 50s to 60s

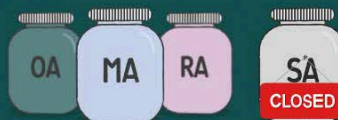


Total CPF contribution rates for senior workers aged above 55 to 65 to be increased by 1.5% from 2025



Enhanced Retirement Sum (ERS) to be raised to 4 times the Basic Retirement Sum (BRS) from 2025

Closure of Special Account (SA) for those aged 55 and above from early 2025



Silver Support Scheme to be enhanced from 2025




Matched Retirement Savings Scheme (MRSS) to continue with removal of age cap and higher matching grant from 2025

Workfare Income Supplement (WIS) Scheme to be enhanced from 2025




Increase in income threshold



**of spouse/ siblings for
tax relief from cash top-ups
in YA 2025**

**One-off MediSave bonus
of up to \$300 for
Singaporeans aged
between 21 and 50 in
December 2024**



Strengthening Retirement Adequacy of Seniors

1) Majulah package to be introduced for “young” seniors in their 50s to 60s

The Majulah Package will be rolled out to support “young seniors”, who are in their 50s and early 60s. Members in this group have faced unique challenges, including having had a shorter runway in their life to benefit from recent improvements to the CPF system, and having to care for both the young and old in their families. This package, which is intended to help them better prepare for retirement, will also be extended to Pioneer and Merdeka Generation seniors.

WHAT THIS MEANS FOR YOU

The Majulah Package is made up of three components, with the benefits as follows:

a) Earn and Save Bonus (ESB)

The ESB will cover around seven in ten lower- to middle-income Singaporean workers earning up to \$6,000 a month, with more support going to those earning less. The first payment will be credited to the member’s CPF account in 2025 based on the work done in the year before. The amount of bonus to be received are as follows:

Average Monthly Income* based on work done the year before	Annual Bonus to be received in CPF Retirement or Special Account
\$500 to ≤ \$2,500	\$1,000
> \$2,500 to ≤ \$3,500	\$700
> \$3,500 to ≤ \$6,000	\$400

*Persons with disabilities, workers who qualify for ComCare Short-to-Medium Term Assistance and caregivers of care recipients (generally includes caregivers residing with care recipients who are medically certified to have permanent moderate to severe disabilities) will qualify for concessionary ESB of \$400/year, even if they earn less than \$500 per month.

b) Retirement Savings Bonus (RSB)

Seniors with retirement savings below the Basic Retirement Sum (BRS) for 2023 of \$99,400 will receive a one-time bonus in their Special Account or Retirement Account (depending on age), which will be paid in December 2024. There are two different levels of payouts, which are as follows:

CPF Retirement Savings as of 31 December 2022	One-Time Bonus to be received in CPF Retirement or Special Account
< \$60,000	\$1,500

≥ \$60,000 to < \$99,400 \$1,000

Do note that only seniors who own no more than one property and live in a property with an annual value of \$25,000 or below will be eligible.

c) MediSave Bonus (MSB)

All Singapore Citizens who are born on 31 December 1973 or earlier will receive a one-time bonus in their MediSave Account, which will be paid in December 2024. The amounts are as follows:

Singaporeans born in	Own ≤ 1 property		Own > 1 property
	Residential Annual Value		
	≤ \$25,000	> \$25,000	
1959 or earlier (Age 65 and above in 2024)		\$750	
1960 - 1973 (Age 51 to 64 in 2024)	\$1,500		\$750

2) Total CPF Contribution rate for senior workers to be increased by 1.5% in 2025

For senior workers aged above 55 to 65, the total CPF contribution rates will be increased by 1.5% from 1 January 2025, inclusive of a 0.5% increase from the employer’s side, and 1% from the employee’s side. Contribution rates for employees aged 65 to 70 remain unchanged, at 16.5% of their wage.

Below is a table of the upcoming changes:

Employee's Age	Current (% of wage)	CPF Contribution Rates from 1 Jan 2025		
		Total (% of wage)	Employer (% of wage)	Employee (% of wage)
55 and below	37.0	No change		
Above 55 to 60	31.0	32.5 (+1.5)	15.5 (+0.5)	17.0 (+1)
Above 60 to 65	22.0	23.5 (+1.5)	12.0 (+0.5)	11.5 (+1)
Above 65 to 70	16.5	No change		
Above 70	12.5	No change		

In addition, CPF Transition Offset (CTO) to employers will be provided for another year. The CPF Transition Offset (CTO) is a transitional wage offset meant to alleviate the rise in business costs due to the increase in CPF contribution rates for senior workers. It is equivalent to 50% of each year's increase in employer CPF contribution rates for every Singaporean and Permanent Resident worker they employ aged above 55 to 70. The offset to employers will be based on employees’ monthly incomes paid up to the CPF salary ceiling. This will support employers by covering half of the 2025 increase in employer contributions.

WHAT THIS MEANS FOR YOU

If you are a senior worker, you will now be able to accumulate more savings in your CPF account. Your total amount received is also higher, due to the 0.5% increase on

the employer's side. This in turn means your retirement savings will be able to grow at a faster rate than before.

If you are an employer, the CTO extension means you will be given a longer period to handle this increase in contribution rates, as part of the increased cost will be balanced out by the CTO's wage offset.

3) Enhanced Retirement Sum to be raised to four times the Basic Retirement Sum (BRS) in 2025

The retirement sum provides a reference point on how much you need in your CPF savings to achieve the level of your desired monthly payouts for your retirement expenses. The Enhanced Retirement Sum (ERS) is the level where there are higher monthly payouts, which makes it suitable for those who might require more retirement income. It is set as a multiple of the Basic Retirement Sum (BRS), which is the level that provides monthly payouts to cover basic living needs, excluding rental expenses.

Currently, the ERS is set at three times the BRS. From 1 January 2025, it will be raised to four times the BRS, allowing members to set aside more in their CPF to receive even higher monthly payouts.

WHAT THIS MEANS FOR YOU

A higher ERS will allow more members turning 55 to fully commit their CPF savings to receive CPF payouts, if they wish to do so. The Full Retirement Sum (FRS) remains the same, at two times the BRS. A member who turns 55 years old in 2025 who tops up to the raised ERS will receive about \$3,300 per month of CPF LIFE payouts from age 65. This is higher than the current payouts, which are about \$2,500.

Aligning CPF interest rates to the nature of CPF savings

4) Closure of the Special Account (SA) for members aged 55 and above

The Special Account (SA) for all members aged 55 and above will be closed from early 2025. SA savings which contribute to members' retirement payouts and cannot be withdrawn in a lump sum will be transferred to the Retirement Account (RA), up to the Full Retirement Sum, where they will continue to earn long-term interest rate.

The remaining SA savings that are withdrawable on demand will be transferred to the Ordinary Account (OA) and earn the short-term interest rate. The change is intended to better align CPF interest rates to the nature of CPF savings. In early 2025, members will be notified after the transfer of all their SA savings to their RA and/or OA, and closure of their SA. They will also be able to check the amounts transferred from their CPF statement.

Members are not required to take any action for now.

WHAT THIS MEANS FOR YOU

For savings that are transferred to the OA, they can be kept there in for liquidity or invested into safe instruments, such as Singapore Government Securities via the CPF Investment Scheme. In addition, members can also voluntarily transfer their savings from the OA to the RA at any time, up to the prevailing Enhanced Retirement Sum, to earn higher interest and receive higher retirement payouts.

Over 99% of members will be able to transfer all of their OA to RA up to the raised ERS, allowing for more security in retirement. Finally, investment-savvy members can also choose to withdraw the monies to invest outside the CPF system, should they prefer. However, as such investments can come with risks, it will be up to the member to manage those risks should they choose this option.

Enhancements to Support Schemes for lower-income workers

5) Silver Support Scheme qualifying per capital household income to be raised

The Silver Support (SS) Scheme provides continuing financial support for Singapore Citizens aged 65 and above, who had low incomes during their working years and now have less in retirement. From 2025, the SS Scheme quarterly payments will be increased by 20% to strengthen support for eligible senior Singaporeans who have less in retirement. The qualifying per capita household income threshold will also be raised from \$1,800 to \$2,300.

HDB Flat Type ²	Total CPF contributions ≤ \$140,000 by age 55 ¹	
	Household monthly income per person ≤ \$1,500	Household monthly income per person > \$1,500 to ≤ \$2,300
1- and 2-Room	\$1,080	\$540
3-Room	\$860	\$430
4-Room	\$650	\$325
5-Room ³	\$430	\$215

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 Senior should not own, and not have a spouse who owns, 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.

WHAT THIS MEANS FOR YOU

The changes to the SS Scheme mean it can provide more members with financial support in their retirement years. With the increased qualifying per capita household income threshold, more families can now qualify for support under the SS Scheme, thereby reducing the financial burden on more Singaporeans going forward.

6) Matched Retirement Savings Scheme (MRSS) to continue with removal of age cap and higher matching grant

The Matched Retirement Savings Scheme (MRSS) is a scheme that helps senior Singapore Citizens with lower retirement savings build up more savings for their retirement, by matching dollar for dollar to the cash top-ups made to their Retirement Accounts (RA). It will continue beyond its pilot with the following enhancements:

Enhancements	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	Age 55 to 70	Age 55 and above

Tax relief for cash top-ups that attract the MRSS matching grant will be removed as the matching grant is already a significant benefit extended by the Government. Givers can continue to receive up to \$16,000 in tax relief on cash top-ups that do not receive the matching grant.

WHAT THIS MEANS FOR YOU

The new changes to MRSS allow members to not only build up more savings for retirement, thereby having higher monthly payouts, but the removal of the age cap also broadens the range of eligible members, thereby allowing more members to benefit from the MRSS.

For those whose family members are eligible for MRSS, it is also possible to make top-ups for them to help them achieve higher payouts in retirement as well.

7) Workfare Income Supplement (WIS) Scheme enhancements

Introduced in 2007, the Workfare Income Supplement (WIS) Scheme is a broad-based measure that tops up the salaries of lower-income workers to help them save for retirement, and encourages eligible workers to work and build up their CPF savings.

From 2025, the qualifying income cap for the Workfare Income Supplement Scheme (WIS) will be increased from \$2,500 to \$3,000 to ensure that lower-income workers continue to be covered, even as wages grow. Workfare payments will also be increased, with the maximum annual payment increased from \$4,200 to \$4,900.

The maximum workfare annual payment for varying ages are as follows:

Age	Maximum Workfare annual payment
60 and above	\$4,900
45 to 59	\$4,200
35 to 44	\$3,500
30 to 34	\$2,450

WHAT THIS MEANS FOR YOU

With this change, lower-income workers can continue to receive support towards building up their retirement nest egg as they continue to work. The higher annual payment also means more support for members who need it, by providing them with more assistance to tackle their needs while simultaneously saving for retirement.

If you wish to find out more about this change, please refer to the [FAQ page for the WIS](#).

Other changes and government support for Singaporeans

8) Increase in income threshold of spouse/siblings for tax relief from cash top-ups

The income threshold to qualify for tax relief for cash top-ups made to spouse/siblings will be increased from \$4,000 to \$8,000, for top-ups made from 1 January 2024 in Year of Assessment (YA) 2025.

WHAT THIS MEANS FOR YOU

An increase in the income threshold means Singaporeans will be able to qualify for more tax relief when making cash top-ups to their loved ones, thereby encouraging more top-ups which build higher retirement savings for their loved ones.

9) One-off MediSave bonus of up to \$300 for Singaporeans aged 21-50

All adult Singaporeans aged 21 to 50 will receive a one-time MediSave Bonus of up to \$300, which will be paid in December 2024. The amounts that will be paid are as follows:

Singaporeans born in	Own ≤ 1 property		Own > 1 property
	Residential Annual Value		
	≤ \$25,000	> \$25,000	
1974 - 1983 (Age 41 to 50 in 2024)	\$300	\$200	\$200
1984 - 2003 (Age 21 to 40 in 2024)	\$200	\$100	\$100

WHAT THIS MEANS FOR YOU

If you are eligible, having more MediSave savings means less of a financial burden on your shoulders in case of hospitalisation or other medical expenses. Of course, it's also important to ensure your MediSave savings are properly managed!

To find out more about MediSave and what it can be used for, check out the [MediSave page](#) with some helpful resources to get you started.

The changes to the CPF system are intended to help all members, regardless of which stage of life you are at. This includes providing more support for members who might be facing challenges in building their retirement nest egg, as well as strengthening support for seniors approaching retirement and may need more help. By changing alongside the times, it becomes easier to maintain a sense of security amidst shifting concerns and needs.

Information in this article is accurate as at the date of publication.

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