

## **ANNEX E-4: RETIREMENT ADEQUACY MEASURES**

The following Budget 2023 initiatives will help enhance the retirement adequacy of seniors who are preparing for or are already in retirement, and help middle-income Singaporeans to save more for retirement.

- (A) Increase in Senior Worker CPF Contribution Rates;
- (B) Increase in Minimum CPF Monthly Payouts for Seniors on the Retirement Sum Scheme (RSS); and
- (C) Increase in the CPF Monthly Salary Ceiling.

### **(A) Increase in Senior Worker CPF Contribution Rates**

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**

<b>Age Band</b>	<b>2016–2021</b>	<b>Current CPF Contribution Rates (As of 1 January 2023)</b>	<b>By ~2030</b>
≤55	37.0%	No change	
>55 to 60	26.0%	29.5%	37.0%
>60 to 65	16.5%	20.5%	26.0%
>65 to 70	12.5%	15.5%	16.5%
>70	12.5%	No change	

Note:

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

The first two steps of increases took effect on 1 January 2022 and 1 January 2023. **The next increase in senior worker CPF contribution rates will take place on 1 January 2024**, as shown in [Table 2](#). As with previous increases, this increase will be fully allocated to the Special Account, to help senior workers save more for retirement.

To mitigate the rise in business costs due to this increase, as part of Budget 2023, the **Government will provide employers with a one-year CPF Transition Offset** equivalent to half of the 2024 increase in employer CPF contribution rates for every Singaporean and Permanent Resident worker they employ aged above 55 to 70 (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 2024**

<b>Age Band</b>	<b>CPF Contribution Rates from 1 January 2024</b>			<b>CPF Transition Offset for 2024</b>
	<b>Total</b>	<b>Employer</b>	<b>Employee</b>	
<b>≤55</b>	No change			
<b>&gt;55 to 60</b>	31.0% (+1.5%-pt)	15.0% (+0.5%-pt)	16.0% (+1%-pt)	0.25%-pt
<b>&gt;60 to 65</b>	22.0% (+1.5%-pt)	11.5% (+0.5%-pt)	10.5% (+1%-pt)	0.25%-pt
<b>&gt;65 to 70</b>	16.5% (+1%-pt)	9.0% (+0.5 %-pt)	7.5% (+0.5%-pt)	0.25%-pt
<b>&gt;70</b>	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 2024, compared to current rates as of 1 January 2023.

### **(B) Increase in Minimum CPF Monthly Payouts for Seniors on the RSS**

The Government continues to provide targeted support for seniors with less resources to rely on in retirement. The Silver Support Scheme, which covers a third of all seniors aged 65 and above, provides quarterly cash supplements of up to \$900 to eligible seniors in addition to their CPF payouts and other forms of Government support, such as the Workfare Income Supplement and ComCare. Many seniors also receive additional retirement support from their loved ones and from their private savings.

Currently, the minimum CPF monthly payout that seniors on the RSS<sup>1</sup> can receive is \$250. As part of Budget 2023, **the Government will raise the minimum CPF monthly payout to \$350 from 1 June 2023 for all seniors on the RSS**. This will mean higher monthly payouts for seniors who are currently receiving less than \$350 per month. Payouts will continue until CPF savings are depleted. These seniors on the RSS can opt to join CPF LIFE any time before turning age 80 to receive lifelong payouts.

### **(C) Increase in the CPF Monthly Salary Ceiling**

The CPF monthly salary ceiling sets the maximum amount of CPF contributions payable for Ordinary Wages, and is currently set at \$6,000. There is also the CPF annual salary ceiling which sets the maximum amount of CPF contributions payable for all wages received in the year, inclusive of both Ordinary Wages and Additional Wages. It is currently set at 17 times of the monthly salary ceiling to account for bonuses equivalent to five months' salary, and is currently set at \$102,000. Both salary ceilings were last updated in 2016.

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<sup>1</sup> Members who turn age 65 from 2023 with at least \$60,000 in their Retirement Account (RA) will be automatically enrolled on CPF LIFE and receive monthly payouts for life. The remaining members can opt in to CPF LIFE, or receive their CPF payouts under the RSS.

To keep pace with rising salaries, as part of Budget 2023, **the Government will raise the CPF monthly salary ceiling from \$6,000 to \$8,000 by 2026**. The increase will take place in four steps, as shown in Table 3, to allow employers and employees to adjust to the changes.

Table 3: Changes in CPF Monthly Salary Ceiling

	CPF Monthly Salary Ceiling	CPF Annual Salary Ceiling
<b>Current</b>	\$6,000	\$102,000
<b>From 1 September 2023</b>	\$6,300 (+\$300)	
<b>From 1 January 2024</b>	\$6,800 (+\$500)	
<b>From 1 January 2025</b>	\$7,400 (+\$600)	
<b>From 1 January 2026</b>	\$8,000 (+\$600)	

There will be no change to the CPF annual salary ceiling at this juncture, but it will be reviewed periodically to ensure it continues to cover the broad majority of CPF members.

To ensure that employees earning the same annual salary receive the same CPF contributions regardless of their salary structure, the CPF monthly salary ceiling will eventually be set at one-twelfth of the CPF annual salary ceiling at steady state.

### More Information

Measure	Contact Details
Increase in Senior Worker CPF Contribution Rates	Please contact the CPF Board at <a href="http://cpf.gov.sg/contact-us">cpf.gov.sg/contact-us</a> .
Increase in Minimum CPF Monthly Payouts for Seniors on the RSS	
Increase in the CPF Monthly Salary Ceiling	
CPF Transition Offset	Please visit <a href="http://go.gov.sg/askpayout1">go.gov.sg/askpayout1</a> .