

How does the CPF LIFE Basic Plan work?

CPF LIFE Basic Plan is a legacy plan carried over from the time CPF LIFE was first introduced in 2009. Many members would find the Standard or Escalating Plan more suited to their needs. If you opt for the Basic Plan, about 80-90% of your Retirement Account (RA) savings will be directly used to provide payouts until age 90. The remaining 10-20% will be deducted as your CPF LIFE premium when you join CPF LIFE and used to provide payouts from age 90 for the rest of your life. As less is used for your CPF LIFE premium, the monthly payout will be lower compared to the Standard Plan. The monthly payouts under Basic Plan will get progressively lower when your combined CPF balances eventually fall below \$60,000. This is because the extra interest earned on the first \$60,000 of your CPF balances is credited to your Retirement Account (RA) and paid as part of your monthly payouts. As your balances decrease due to payouts, the extra interest earned and subsequent payouts will also decrease.