

# Planning for old age with new options

The CPF Advisory Panel has recommended two key changes to the national retirement savings system. The first is to offer a low-fuss, low-cost investment scheme for members who want to pursue potentially higher returns. The second is to offer escalating payments in the CPF Life annuity programme.

## Investing with CPF savings

**Existing option 1**  
 Leave **cash** in savings accounts

- Low-risk
- Above-market returns in low-yield environment

**Interest**  
 Higher of 2.5% or 3-month average of local banks' deposit rates

**Ordinary account**

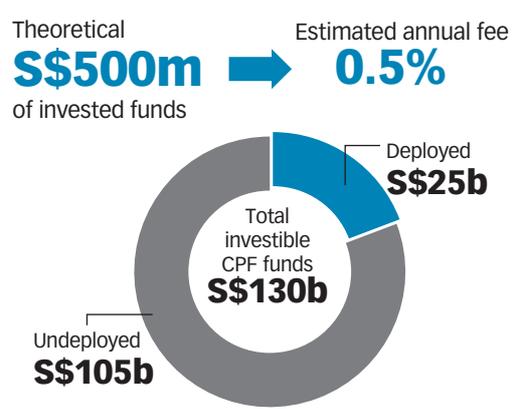
**Special account**  
 Higher of 4.0% or 1% above 12-month average 10-year SGS yield

**Existing option 2**  
**CPF Investment Scheme**

- Flexibility and control
- Some risk, but potential for better long-term returns
- Must have at least S\$20,000 in Ordinary Account and/or S\$40,000 in Special Account

**NEW OPTION**  
**Lifetime Retirement Investment Scheme**

- Limited flexibility and control
- Some risk, but potential for better long-term returns
- Lower fees by economies of scale, restricting investors' flexibility
- Less work for investor with fewer choices and funds that do not require active balancing
- Implementation details to be worked out by panel of experts



## Receiving retirement payouts

The CPF Life scheme provides monthly payments to CPF members from the age of 65 to the end of their lives.

	Current scheme	
	Standard Plan	Basic Plan
<b>Monthly payout</b>	Fixed. Higher than Basic payout	Fixed. Lower than Standard payout
<b>Bequest amount</b>	Lower than Basic	Higher than Standard at the start

**NEW OPTION**  
**Escalating Plan**

Increases by 2 per cent per year. Lower than Standard at the start, but higher after about 13 years\*

Higher than Standard and Basic at the start

\* Assumes initial escalating monthly payout is 20% less than Standard payout

## Potential payout of Escalating plan

