

## **FACTSHEET ON CPF CONTRIBUTION RATE CHANGES AND RELATED ASSISTANCE MEASURES FOR EMPLOYERS**

In the Budget Statement 2014, Deputy Prime Minister and Finance Minister Tharman Shanmugaratnam announced that the Government would raise CPF contribution rates for the Medisave Account (MA) for all workers, and also the Special Account (SA) and the Ordinary Account (OA) for older workers, to help them save more for healthcare and retirement needs.

### **(A) CPF Contribution Rate Changes**

#### **Increase in Medisave Contribution Rates**

2. Employer contribution rates to the Medisave Account (MA) will be increased by 1 percentage point to help workers save for their future healthcare expenses.
3. MA contribution rates will also be raised by 1 percentage point for self-employed persons with annual net trade income<sup>1</sup> of \$18,000 and above, to align with the increase for employees.
4. Both increases will take effect from 1 January 2015.

#### **Increase in CPF Contribution Rates for Older Workers**

5. The CPF contribution rates for workers aged above 50 years to 65 years will be increased from 1 January 2015 as shown in Table 1 below. This will be on top of the 1 percentage point increase in MA contribution rates.

**Table 1: Increase in CPF Contribution Rates for Older Workers\***

Employee Age (Years)	Increase in Contribution Rates (% of wage)		
	Contribution by Employer	Contribution by Employee	Total
Above 50 – 55	+1	+0.5	+1.5
Above 55 - 65	+0.5	-	+0.5

\*Excluding increase in Medisave Contribution Rates

The increase in employer contribution rates will be allocated to the Special Account. The increase in employee contribution rates will be allocated to the Ordinary Account.

#### **New CPF Contribution Rates for All Workers**

6. Tables 2a and 2b show the new CPF contribution rates for employees, and Table 3 shows the new Medisave contribution rates for self-employed persons with an annual net trade income of \$18,000 and above. Both the increases in Medisave contribution rates and contribution rates for older workers have been taken into account.

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<sup>1</sup> "Net trade income" refers to gross trade income minus all allowable business expenses, capital allowances and trade losses as determined by the Inland Revenue Authority of Singapore (IRAS). It excludes income from share dividends, employment and interest from savings.

**Table 2a: New CPF Contribution Rates for Employees (increases in brackets)**

Date	Employee Age (Years)	Contribution Rate (% of wage)		
		Contribution by Employer	Contribution by Employee	Total
With effect from 1 Jan 2015	35 and below	17 (+1)	20	37 (+1)
	Above 35 – 45			
	Above 45 – 50	16 (+2)	19 (+0.5)	35 (+2.5)
	Above 50 – 55			
	Above 55 – 60	12 (+1.5)	13	25 (+1.5)
	Above 60 – 65	8.5 (+1.5)	7.5	16 (+1.5)
	Above 65	7.5 (+1)	5	12.5 (+1)

**Table 2b: Allocation of New CPF Contribution Rates for Employees (increases in brackets)**

Date	Employee Age (Years)	Credited Into (% of wage)		
		OA	SA	MA
With effect from 1 Jan 2015	35 and below	23	6	8 (+1)
	Above 35 – 45	21	7	9 (+1)
	Above 45 – 50	19	8	10 (+1)
	Above 50 – 55	14 (+0.5)	10.5 (+1)	10.5 (+1)
	Above 55 – 60	12	2.5 (+0.5)	10.5 (+1)

Date	Employee Age (Years)	Credited Into (% of wage)		
		OA	SA	MA
	Above 60 – 65	3.5	2 (+0.5)	10.5 (+1)
	Above 65	1	1	10.5 (+1)

Notes:

1. The rates in Table 2a and 2b are applicable for Singapore Citizens and Singapore Permanent Residents (SPRs) in the 3rd year and onwards of obtaining SPR status and earning monthly wages of  $\geq$ \$750. As per current practice, the employee CPF contribution rates for employees earning  $>$ \$500 but  $<$ \$750 will be phased-in. Further details on the changes to the contribution rates are available on CPF Board's website: [www.cpf.gov.sg](http://www.cpf.gov.sg)
2. The Ordinary Wage Ceiling will remain as \$5,000.

**Table 3: New Medisave Contribution Rates for Self-Employed Persons (increases in brackets)**

	Age of Self-Employed Person as at 1 January	Medisave Contribution Rates (% of Net Trade Income)
<b>With effect from 1 Jan 2015</b>	Below 35 Years	8 (+1)
	35 – below 45 years	9 (+1)
	45 – below 50 years	10 (+1)
	50 years and above	10.5 (+1)

Note:

The rates in Table 3 are applicable for self-employed persons with annual net trade income of \$18,000 and above. As per current practice, self-employed persons earning less than \$18,000 contribute at lower rates. Further details on the changes to Medisave contribution rates for Self-Employed Persons are available on CPF Board's website: [www.cpf.gov.sg](http://www.cpf.gov.sg).

## **(B) Related Assistance Measures for Employers**

### **Enhancement of the Special Employment Credit (SEC)**

7. To help employers adjust, the SEC will be enhanced for one year to provide employers who hire Singaporean workers aged above 50 earning up to \$4,000 a month with an additional offset of up to 0.5 percent of wages.

8. With the enhancement, employers who hire older Singaporean workers between 1 January 2015 and 31 December 2015 will receive an SEC of up to 8.5 percent of a worker's monthly wage. For more information on the SEC, please refer to [www.sec.gov.sg](http://www.sec.gov.sg).

**Table 4: Example of Monthly SEC Amounts for Wages Paid in 2015**

<b>Income of Employee in a Given Month (\$)</b>	<b>SEC for the Month (\$)</b>
\$500	\$42.50
\$1,000	\$85.00
\$1,500	\$127.50
\$2,000	\$170.00
\$2,500	\$212.50
\$3,000	\$255.00
\$3,500	\$127.50
≥ \$4,000	\$0

### **Temporary Employment Credit (TEC)**

9. To alleviate the rise in business costs due to the increase in Medisave contribution rates, employers will receive a one-year offset of 0.5 percent of wages for Singaporean and Singapore Permanent Resident workers up to the CPF salary ceiling of \$5,000 per month.

10. TEC payments will be made based on employees' incomes paid in 2015. More details will be made available at a later date.

## **(C) More information**

11. Members of the public may visit [www.cpf.gov.sg](http://www.cpf.gov.sg) or contact CPF Board for more information.

Hotline number: 1800-227-1188 (General enquiry)  
1800-222-2888 (SEC/TEC)

Email: [employer@cpf.gov.sg](mailto:employer@cpf.gov.sg); or  
[member@cpf.gov.sg](mailto:member@cpf.gov.sg)