

## Summary of CPF and Related Changes

S/No	Policy change	Implementation date
<b>Changes arising from ERC recommendations</b>		
1	Raise Minimum Sum after it has reached \$80,000 in Jul 03.	To be determined.
2	Raise target CPF contribution rates to the Special Account by 1%-point across various age groups, from 4/6/8 to 5/7/9.	As CPF contribution rate is restored to 40%.
3	Facilitate CPF members to invest in private pension plans.	To be announced.
4	Peg Special Account interest rate to an appropriate benchmark interest rate.	To be determined.
5	<p>Lower salary ceiling for CPF contributions from a monthly salary of \$6,000 to \$5,000.</p> <p>Lower salary ceilings of for employer and employee contributions for non-pensionable public officers from \$7,000 and \$6,000 respectively, to \$5,000.</p> <p>Lower salary ceilings of for employer and employee contributions for pensionable public officers from \$9,333 and \$8,000 respectively, to \$6,667.</p> <p>Lower Supplementary Retirement Scheme salary ceiling to \$5,000.</p>	As CPF contribution rate is restored to 40%.
6	Raise CPF employee contribution income floor from monthly salary of \$200-\$363 to \$500-\$750.	For salaries earned from 1 Oct 2002.
7	<p>Extend the enhanced support to the Skills Redevelopment Programme (SRP) and the People-for-Job Traineeship Programme (PJTP) for a year.</p> <p>Extend period of wage support under the PJTP for those aged 50 and above from 6 months to 9 months, but at a lower support rate of 25% of monthly wages capped at \$1,000 for the additional 3 months, starting from 1 Nov 2002.</p>	Schemes extended till 31 Oct 2003.
8	<p>Keep employer's CPF contribution rate for workers aged 50-55 at the 16%.</p> <p>Lower employee CPF contribution rate for workers aged 50-55 from 20% to 16%.</p>	As CPF contribution rate is restored to 40%.
9	Implement a Transitional CPF Top-Up Component (TCTC) for civil servants aged 50-55 such that when CPF is restored for the others, they will receive in the TCTC part of what they would have not had their CPF top had been restored.	As CPF contribution rate is restored to 40%.

10	Allow workers aged 50-55 to continue to draw on their Special Account for a period of time to meet shortfalls in mortgage payments due to the non-restoration of the CPF rate.	
11	<p>Set a CPF withdrawal limit equivalent to 150% of valuation of property, and bring this Valuation Limit down to 120% over 5 years.</p> <p>HDB subsidised loans not affected.</p>	<p><u>Private properties</u></p> <p>For purchase options, and new contracts to refinance existing loans, entered into on or after 1 Sep 2002.</p> <p><u>HDB flats with bank originated loans</u></p> <p>For purchase options entered into on or after 1 Jan 2003,</p> <p>starting with 150%, moving down to 144% from 1 Jan 2004, and subsequent 6% decrease annually until 120% from 1 Jan 2008.</p>
<b>Changes arising from review of HDB's market rate loans</b>		
12	Cease granting HDB market rate loans and allow banks to provide such loans on commercial terms.	From 1 Jan 2003.
13	<p>For mortgage loans, reverse the charge position of CPF Board and financial institutions regulated by MAS. On interest rate due, CPF Board and financial institutions will rank pari passu.</p> <p>HDB subsidised loans not affected.</p>	<p><u>Private properties</u></p> <p>For purchase options, and new contracts to refinance existing loans, entered into on or after 1 Sep 2002.</p> <p><u>HDB flats with bank-originated loans</u></p> <p>For purchase option entered into on or after 1 Jan 2003.</p>
14	<p>Allow 10% of the downpayment for private property purchase to be paid out of CPF, with the remaining 10% still have to be paid in cash.</p> <p>Phase in 10% cash downpayment requirement for bank mortgages on HDB flats gradually over 5 years.</p> <p>Retain maximum quantum of bank financing at 80% of property value.</p> <p>HDB subsidised loans not affected.</p>	<p><u>Private properties</u></p> <p>For purchase options entered into on or after 1 Sep 2002.</p> <p><u>HDB flats with bank-originated loans</u></p> <p>For purchase option entered into on or after 1 Jan 2003, starting with 0% cash downpayment in 2003, to 2% cash downpayment from 1 Jan 2004, and 2%-point increase annually until 10% from 1 Jan 2008.</p>