

## Summary of Key Recommendations

S/No	Recommendations	Objectives
<b>Safeguarding CPF Funds for Retirement</b>		
1.	Increase the contribution rate to the Special Account by an additional 1%-point to 5/7/9 (5% for members 35 years and below, 7% for members above 35 to 45 years, and 9% for members above 45 to 55 years) as we restore the CPF contribution rate to 40%.	<ul style="list-style-type: none"> <li>• Boost members' Special Account balances and help them reach the Minimum Sum</li> </ul>
2.	Limit CPF withdrawals for housing to 150% of the value of the property starting this year, and to bring this Valuation Limit down to 120% over 5 years. This cap should not apply to subsidised loans for HDB flats, nor to all existing loans.	<ul style="list-style-type: none"> <li>• Safeguard funds withdrawn for housing purposes</li> </ul>
3.	Increase Minimum Sum gradually as wages rise over time.	<ul style="list-style-type: none"> <li>• To meet higher standards of living and rising expectations of basic retirement needs for future generation of retirees</li> </ul>
4.	Explore ways to help homeowners monetise their housing assets.	<ul style="list-style-type: none"> <li>• Give Singaporeans greater flexibility to convert their housing assets into retirement income</li> <li>• Enhance adequacy for retirement</li> </ul>
5.	Use the CPF as a counter-cyclical, cost-cutting tool only as a last resort.	<ul style="list-style-type: none"> <li>• Reaffirm long-term orientation of CPF system in providing for Singaporeans retirement needs</li> </ul>

<b>Addressing Healthcare Needs</b>		
6.	<p>Reaffirm Government ' s intention to increase the contribution rate to the Medisave Account (MA) by 1% point to 7/8/9 (7% for members 35 years and below, 8% for members above 35 to 45 years, and 9% for members above 45 years) when we restore the CPF contribution rate to 40%.</p>	<ul style="list-style-type: none"> <li>• To address upward pressures on healthcare costs and rising expectations of Singaporeans in healthcare</li> <li>• To help Singaporeans better prepare for their healthcare needs in retirement</li> </ul>
7.	<p>Increase risk-pooling via enhanced medical insurance, while retaining the framework of co-payments and deductibles.</p> <p>Explore devolving the health insurance system and other CPF-based insurance schemes to private insurers to operate and manage.</p>	<ul style="list-style-type: none"> <li>• Improve the efficiency of financing healthcare expenses.</li> <li>• To provide enhanced insurance coverage for Singaporeans</li> <li>• Improve competition, thereby boosting provider quality and keeping premiums under market discipline</li> </ul>
<b>Enhanced Investment Choices For Improved Returns</b>		
8.	<p>Facilitate the provision of low-cost privately-managed pension plans to CPF members, as an additional option under the CPFIS framework.</p>	<ul style="list-style-type: none"> <li>• Achieve economies of scale for investment of retirement funds and reduce investment costs.</li> </ul>

		<p>investment costs.</p> <ul style="list-style-type: none"> <li>• Increase returns on members' CPF balances</li> </ul>
9.	<p>Peg the interest rate paid on SA balances to an appropriate long-term interest rate, such as the yield on long-term government bonds.</p>	<ul style="list-style-type: none"> <li>• Rationalise the existing system of pegging the SA interest rate to an arbitrary fixed premium over short-term rates</li> </ul>
<p><b>Enhancing Labour Market Flexibility</b></p>		
10.	<p>Lower CPF salary ceiling from \$6,000 to \$5,000, to be phased in as we restore the CPF contribution rate to 40%. Encourage employers to make appropriate adjustments to salary packages to offset the CPF reduction and to reflect the employees' market value.</p>	<ul style="list-style-type: none"> <li>• Reduce mandatory savings for members with incomes above the 80% income percentile level</li> <li>• Give these members greater autonomy and flexibility to deploy their income</li> </ul>
11.	<p>Raise the employee CPF wage bands for lower-income workers from \$200 - \$363 to \$500 - \$750.</p>	<ul style="list-style-type: none"> <li>• Increase take-home pay of low-wage workers</li> <li>• Encourage part-time work, increase labour force participation</li> </ul>
12.	<p>Keep the employer's CPF contribution rate for workers in the 50-55 age group at its present level of 16%, even as the rate is restored to 20% for the other age groups. Lower the employee's CPF contribution rate for employees in the 50-55 age group from the present level of 20% to 16%, as we restore the CPF contribution rate for the other age groups. Allow members aged 50-55 to continue using their Special Account to meet shortfalls in mortgage repayments for a longer transition period.</p>	<ul style="list-style-type: none"> <li>• Move from seniority-based wage system towards a more flexible wage system</li> <li>• Enhance employability of workers in the 50-55 age group</li> </ul>

	<p>repayments for a longer transition period. Encourage employers to pass on part of their cost savings to deserving workers in this age group through the variable component of their wages, depending on the circumstances of each company and the contribution of each worker.</p>	<p>age group</p> <ul style="list-style-type: none"><li>• Help members affected by the non-restoration in employer's CPF contribution rate to overcome mortgage shortfalls</li></ul>
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