


# Singapore

## Singapore: pension system in 2008

The Central Provident Fund (CPF) covers all workers including most civil servants. CPF is a defined contribution scheme.

## Key indicators

		Singapore	OECD
Average earnings	SGD	53 700	58 600
	USD	37 200	40 600
Public pension spending	% of GDP		7.0
Life expectancy	At birth	80.4	78.9
	At age 65	83.7	83.1
Population over age 65	% of working-age population	13.8	23.6

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## Qualifying conditions

Normal pension age is 55 for CPF withdrawal in lump sum and 62 for phased withdrawal.

## Benefit calculation

### Defined-contribution

Maximum contribution for the private sector is calculated based on a basic salary ceiling of SGD 4 500 per month for both the employer and the employee. Benefits are paid as lump-sum for the amount over a maximum sum, while the amount up to the maximum sum can be drawn down over 20 years. The maximum sum is SGD 106 000 in 2008 and it will be raised to SGD 120 000 (in 2003 dollars) in 2013. For comparison with other economies, for replacement rate purposes the pension is shown as a price-indexed annuity based on sex-specific mortality rates.

The contribution rates vary depending on the age as indicated below.

Employee age (years)	Contribution by employer (% of wage)	Contribution by employee (% of wage)	Total contribution (% of wage)	Credited into ordinary account (ratio of contribution)	Special account (ratio of contribution)	Medisave account (ratio of contribution)
35 and below	14.5	20	34.5	0.6667	0.1449	0.1884
35-45	14.5	20	34.5	0.6088	0.1739	0.2173
45-50	14.5	20	34.5	0.5509	0.2028	0.2463
50-55	10.5	18	28.5	0.4562	0.2456	0.2982
55-60	7.5	12.5	20	0.575	0	0.425
60-65	5	7.5	12.5	0.28	0	0.72
Above 65	5	5	10	0.1	0	0.9

## Variant careers

### Early retirement

It is not possible to withdraw pension before normal pension age, unless it is for approved items such as housing and education.

**Late retirement**

It is possible to defer the pension claim after normal retirement age and during this period people can continue to contribute to the fund. People can also combine pension receipt with continuing to work.

**Personal income tax and social security contributions****Taxation of workers**

Compulsory CPF contributions are fully tax-exempt. There is also relief for “cash top-up” of CPF retirement account up to a maximum of SGD 7 000 per year.

There is also tax deductible “earned income relief”, and the relief amount depends on the worker’s age as described below.

Age	Relief amount
Below 55 years old	SGD 1 000
55 to 59 years old	SGD 3 000
60 years old and above	SGD 4 000

**Taxation of worker’s income**

For resident individuals income tax rates and bands (in 2008) are as follows:

Chargeable income	Tax rate (%)
Up to SGD 20 000	0
Over SGD 20 000 up to SGD 30 000	3.5
Over SGD 30 000 up to SGD 40 000	5.5
Over SGD 40 000 up to SGD 80 000	8.5
Over SGD 80 000 up to SGD 160 000	14
Over SGD 160 000 up to SGD 320 000	17
Over SGD 320 000	20

**Social security contributions payable by workers**

Workers pay contribution to the CPF as described above.

**Taxation of pensioners**

There is no additional tax relief for pensioners.

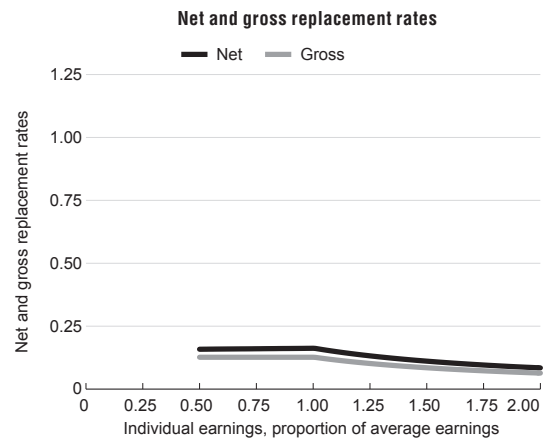
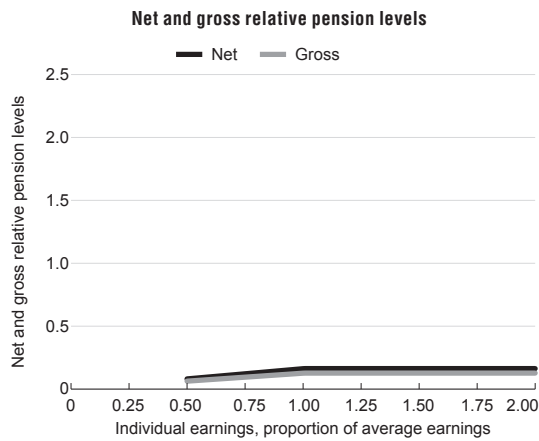
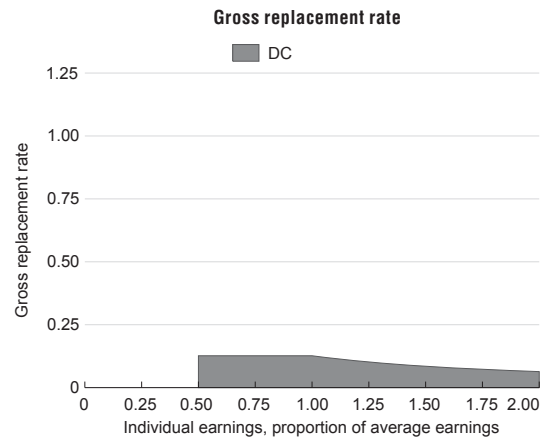
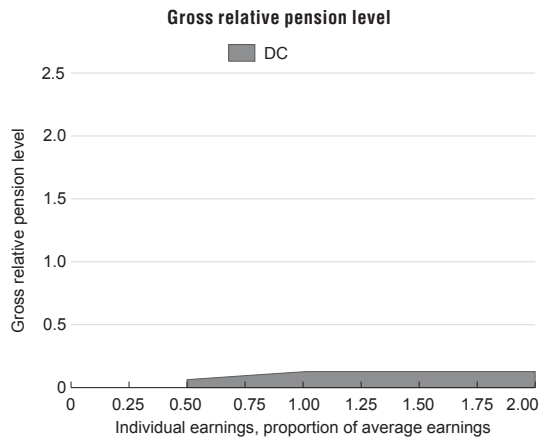
**Taxation of pension income**

Pension income from approved annuity providers is exempted from personal income tax.

**Social security contributions payable by pensioners**

Pensioners do not pay any social security contributions.

### Pension modelling results: Singapore



Men Women (where different)	Median earner	Individual earnings, multiple of average				
		0.5	0.75	1	1.5	2
Gross relative pension level	10.3	6.3	9.5	12.7	12.7	12.7
(% average gross earnings)	9.0	5.6	8.4	11.2	11.2	11.2
Net relative pension level	13.1	8.1	12.2	16.2	16.3	16.3
(% net average earnings)	11.6	7.1	10.7	14.3	14.4	14.4
Gross replacement rate	12.7	12.7	12.7	12.7	8.5	6.4
(% individual gross earnings)	11.2	11.2	11.2	11.2	7.5	5.6
Net replacement rate	16.1	15.8	16.0	16.2	11.1	8.4
(% individual net earnings)	14.2	14.0	14.1	14.3	9.8	7.4
Gross pension wealth	2.2	2.2	2.2	2.2	1.5	1.1
(multiple of individual gross earnings)	2.2	2.2	2.2	2.2	1.5	1.1
Net pension wealth	2.2	2.2	2.2	2.2	1.5	1.1
(multiple of individual gross earnings)	2.2	2.2	2.2	2.2	1.5	1.1

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### Alternative economic and career length assumptions

40 year career under OECD economic assumptions

Men Women (where different)	Median earner	Individual earnings, multiple of average				
		0.5	0.75	1	1.5	2
Gross relative pension level	9.7	6.0	9.0	12.0	12.0	12.0
(% average gross earnings)	8.5	5.3	7.9	10.5	10.6	10.6
Net relative pension level	12.4	7.7	11.5	15.3	15.4	15.4
(% net average earnings)	10.9	6.8	10.1	13.5	13.6	13.6
Gross replacement rate	12.0	12.0	12.0	12.0	8.0	6.0
(% individual gross earnings)	10.5	10.5	10.5	10.5	7.1	5.3
Net replacement rate	15.2	15.0	15.1	15.3	10.5	8.0
(% individual net earnings)	13.4	13.2	13.3	13.5	9.2	7.0
Gross pension wealth	2.1	2.1	2.1	2.1	1.4	1.1
(multiple of individual gross earnings)	2.1	2.1	2.1	2.1	1.4	1.1
Net pension wealth	2.1	2.1	2.1	2.1	1.4	1.1
(multiple of individual gross earnings)	2.1	2.1	2.1	2.1	1.4	1.1

30 year career under OECD economic assumptions

Men Women (where different)	Median earner	Individual earnings, multiple of average				
		0.5	0.75	1	1.5	2
Gross relative pension level	7.1	4.4	6.5	8.7	8.8	8.8
(% average gross earnings)	6.2	3.8	5.8	7.7	7.7	7.7
Net relative pension level	9.1	5.6	8.4	11.2	11.3	11.3
(% net average earnings)	8.0	4.9	7.4	9.9	9.9	9.9
Gross replacement rate	8.7	8.7	8.7	8.7	5.9	4.4
(% individual gross earnings)	7.7	7.7	7.7	7.7	5.2	3.9
Net replacement rate	11.1	10.9	11.1	11.2	7.7	5.8
(% individual net earnings)	9.8	9.6	9.7	9.9	6.7	5.1
Gross pension wealth	1.5	1.5	1.5	1.5	1.0	0.8
(multiple of individual gross earnings)	1.5	1.5	1.5	1.5	1.0	0.8
Net pension wealth	1.5	1.5	1.5	1.5	1.0	0.8
(multiple of individual gross earnings)	1.5	1.5	1.5	1.5	1.0	0.8

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