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Central Provident Fund (Amendment) Bill

Bill No. 37/2017.

Read the first time on 2 October 2017.

A BILL

i n t i t u l e d

An Act to amend the Central Provident Fund Act (Chapter 36 of the 2013 Revised Edition).

Be it enacted by the President with the advice and consent of the Parliament of Singapore, as follows:

Short title and commencement

1. This Act is the Central Provident Fund (Amendment) Act 2017 and comes into operation on a date that the Minister appoints by notification in the *Gazette*.

5 Amendment of section 2

2. Section 2(1) of the Central Provident Fund Act (called in this Act the principal Act) is amended —

(a) by inserting, immediately after the definition of “additional interest”, the following definitions:

10 ““approved annuity” means an annuity approved by the Board for the purposes of section 15(6C)(b) or the former section 15(6C)(b);

15 “approved bank” means a bank approved by the Board for the purposes of section 15(6C)(a) or the former section 15(6C)(b);”;

(b) by inserting, immediately after the definition of “ordinary account”, the following definition:

20 ““payout benchmark applicable to the member” means the payout benchmark specified by the Minister in relation to the member under section 15(8CA)(a) or (c);”.

Amendment of section 13

25 3. Section 13(7H) is amended by deleting “18B(1)” and substituting “18B”.

Amendment of section 15

4. Section 15 of the principal Act is amended —

30 (a) by deleting the words “, on attaining the prescribed age, entitled” in subsection (7) and substituting the words “entitled, at any time on or after the entitlement date,”;

(b) by deleting paragraph (e) of subsection (7A) and substituting the following paragraph:

“(e) is receiving or will receive a pension, annuity or other benefit approved by the Board that provides the member with a monthly income, whether or not the monthly income is less in value than the payout benchmark applicable to the member.”;

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(c) by deleting paragraph (e) of subsection (8) and substituting the following paragraph:

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“(e) is receiving or will receive a pension, annuity or other benefit approved by the Board that provides the member with a monthly income not less in value than the payout benchmark applicable to the member; or”;

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(d) by inserting, immediately after subsection (8C), the following subsection:

“(8CA) For the purposes of subsections (7A)(e) and (8)(e), the Minister —

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(a) may specify different amounts of payout benchmark for different classes of members, taking into account the life expectancy of the different classes of members;

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(b) must publish the payout benchmark applicable to each class of members in a manner accessible to the public; and

(c) may, on the application of a member, specify a payout benchmark for that member that is less than the payout benchmark published under paragraph (b) for the class of members to which the member belongs.”;

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- (e) by deleting the definition of “approved” in subsection (16);
and
- (f) by inserting, immediately after the definition of “approved developer” in subsection (16), the following definition:

5 “entitlement date”, in relation to a member, means
 a date specified by the Board, for the purposes
 of subsection (7), that falls in the month in
 which the member attains the prescribed age;”.

Amendment of section 18

10 **5.** Section 18 of the principal Act is amended —

(a) by deleting the words “of the sum standing to his credit in the Fund as may be prescribed” in subsections (1)(a) and (3)(a) and substituting in each case the words “(not exceeding such amount as may be prescribed) of the sum standing to the member’s credit in the Fund as the Board may determine”; and

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(b) by inserting, immediately after subsection (8), the following subsections:

 “(8A) The Minister may —

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(a) for the purposes of subsection (1)(a) or (3)(a), prescribe different amounts that may be transferred by different classes of members to different classes of relevant individuals;

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(b) for the purposes of subsection (2)(a), specify different amounts that may be transferred by different classes of members to different classes of relevant individuals; and

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(c) for the purposes of subsection (2)(b), specify different amounts that may be paid by different classes of persons to different classes of members.

(8B) The Board may, for the purposes of subsection (1)(a), (2)(a) or (3)(a), determine different portions that may be transferred by different classes of members to different classes of relevant individuals.”

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Repeal and re-enactment of section 18B

6. Section 18B of the principal Act is repealed and the following section substituted therefor:

“Transfer of member’s money in ordinary account to special account

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18B. The Board may (on a member’s application and subject to any regulations made under section 77(1) and any terms and conditions as the Board may impose) transfer a sum, not exceeding the special account top-up limit computed in accordance with regulations made under section 77(1), from the amount standing to a member’s credit in the member’s ordinary account to the member’s special account.”

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Amendment of section 27A

7. Section 27A of the principal Act is amended by deleting the definitions of “approved annuity” and “approved bank”.

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Amendment of section 27J

8. Section 27J of the principal Act is amended by deleting the definition of “relevant age” and substituting the following definition:

“ “relevant age”, in relation to a relevant member, means the age prescribed in, or designated by the relevant member under, the relevant regulations for the purposes of section 27K(1) and (6) in relation to the relevant member’s annuity plan;”

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Amendment of section 27K

9. Section 27K of the principal Act is amended —

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(a) by deleting subsection (1) and substituting the following subsection:

“(1) The Board is authorised to establish and maintain a Lifelong Income Scheme for the purpose of providing, to every relevant member who has an annuity plan that is in force, a monthly income for the remainder of the relevant member’s life, starting in or after the month in which the relevant member attains the relevant age applicable to the relevant member.”; and

(b) by deleting the words “, after he has attained the relevant age applicable to him, such monthly income as the Minister may determine” in subsection (6) and substituting the words “such monthly income as the Minister may determine, starting in or after the month in which he attains the relevant age applicable to him”.

Amendment of section 77

10. Section 77(1) of the principal Act is amended —

(a) by deleting the words “sections 15(6)(a), (6C), (6CA), (6CB), (7), (8D), (9), (9A), (10), (10A) and (11) to (11F), 18(1) and (1A) and 18A(1) and (1A)” in paragraph (o) and substituting the words “sections 15, 18(1) and (1A) and 18A”;

(b) by deleting the words “, after a member has attained the prescribed age” in paragraph (o)(iii);

(c) by deleting sub-paragraph (vii) of paragraph (o) and substituting the following sub-paragraph:

“(vii) require the following members or persons to set aside or to top-up (as the case may be) in the member’s retirement account an amount determined by the Board (not exceeding the amount of the retirement sum applicable to the member and any interest payable on that amount as if it had been set aside in the member’s retirement account

when the member attained 55 years of age) if the pension, annuity or other benefit mentioned in sub-paragraph (A), (B) or (C) (as the case may be) is surrendered or terminated after the member attained 55 years of age: 5

(A) a member who did not need to comply with section 15(6)(a) by reason of a pension, annuity or other benefit approved by the Board for the purposes of section 15(8)(e); 10

(B) a member who has a pension, annuity or other benefit approved by the Board that is taken into account in computing the amount of the retirement sum applicable to the member; 15
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(C) any other person, who has an obligation to pay the member mentioned in sub-paragraph (A) or (B) any amount in respect of the termination or surrender of that member's pension, annuity or other benefit mentioned in that sub-paragraph; and"; 25
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(d) by deleting the words "section 18(3), (6)(b) and (7)" in paragraph (oa) and substituting the words "sections 18(3), (6)(b) and (7) and 18B";

(e) by deleting the word "and" at the end of paragraph (oa)(ia); and 35

(f) by inserting the word “and” at the end of sub-paragraph (ii) of paragraph (oa), and by inserting immediately thereafter the following sub-paragraph:

“(iii) the method of computing the special account top-up limit mentioned in section 18B;”.

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EXPLANATORY STATEMENT

This Bill seeks to amend the Central Provident Fund Act (Cap. 36) for the following main purposes:

- (a) to make changes relating to the exemption from the requirement to set aside or top-up the retirement sum (RS) where a member of the Central Provident Fund (member) has a pension, annuity or other benefit approved by the Central Provident Fund Board (the Board) with a monthly income of not less than the payout benchmark applicable to the member specified by the Minister in accordance with the new section 15(8CA);
- (b) to allow greater flexibility in the withdrawal and payment of monthly income from the retirement account (RA) or under the Lifelong Income Scheme (LIS), respectively;
- (c) to allow flexibility in the top-up limit, in relation to different classes of persons —
 - (i) for transfers from the moneys standing to the credit of a member to the special account (SA) or the RA of a relevant individual (defined under section 2); and
 - (ii) for payment to the RA of a member;
- (d) to provide that the top-up limit for transfers from a member’s ordinary account (OA) to the member’s SA is to be computed in accordance with regulations made under section 77(1).

Clause 1 relates to the short title and commencement.

Clause 2 amends section 2(1) to insert definitions of “approved annuity” and “approved bank” to consolidate the existing definitions of “approved” in section 15(16) and “approved annuity” and “approved bank” in section 27A. This is to distinguish these from pensions, annuities and other benefits approved under amended section 15(7A)(e) and (8)(e). The definition of a new term “payout benchmark applicable to the member” is also inserted.

Clause 3 amends section 13(7H) as a consequence of the repeal and re-enactment of section 18B in clause 6.

Clause 4(a) and (f) amends section 15(7) and (16) to provide, respectively, that a member is entitled, at any time on or after the entitlement date, to withdraw a monthly income from the member's RA, and to define "entitlement date" as a date specified by the Board that falls in the month in which the member attains the prescribed age (defined in section 2).

Clause 4(b) and (c) amends section 15(7A)(e) and (8)(e) to refer to the payout benchmark applicable to the member which is specified by the Minister in accordance with the new section 15(8CA) (inserted by clause 4(d)). Under the new section 15(8CA), the Minister —

- (a) may specify different amounts of payout benchmark for different classes of members, taking into account life expectancy;
- (b) must publish the payout benchmark applicable to each class of members in a manner accessible to the public; and
- (c) may, on a member's application, specify a lower payout benchmark.

Section 15(7A)(e) is also consequentially amended to clarify that a member can make a withdrawal under that subsection of an amount determined by the Board, whether or not the monthly income from a pension, annuity or other benefit approved by the Board is less in value than the payout benchmark applicable to the member.

Clause 5(a) amends section 18(1)(a) and (3)(a) to clarify that the Board has flexibility in determining such portion of the sum standing to a member's credit in the Fund (that does not exceed an amount that is prescribed in regulations) that may be transferred to the RA or SA of a relevant individual.

Clause 5(b) inserts new section 18(8A) and (8B) to allow —

- (a) the Minister to prescribe or specify different maximum amounts that may be transferred by different classes of members to different classes of relevant individuals for the purposes of section 18(1)(a), (2)(a) and (3)(a) and different maximum amounts that may be paid by different classes of persons to different classes of members for the purposes of section 18(2)(b); and
- (b) the Board to determine different portions that may be transferred by different classes of members to different classes of relevant individuals for the purposes of section 18(1)(a), (2)(a) or (3)(a).

Clause 6 repeals and re-enacts section 18B (which allows transfers from a member's OA to the member's SA) to provide for the special account top-up limit to be computed in accordance with regulations made under section 77(1).

Clause 7 amends section 27A to delete the definitions of “approved annuity” and “approved bank”, which are now found in section 2.

Clause 8 amends section 27J, consequential to the amendments to section 27K, to clarify the definition of “relevant age”.

Clause 9 amends section 27K(1) and (6) to allow the Board to commence paying a member a monthly income under the LIS in or after the month in which the member attains the relevant age.

Clause 10 makes the following amendments to section 77(1)(o):

- (a) the references to the sections to which the regulations made under that paragraph relate are updated;
- (b) amendments to sub-paragraph (iii) that are consequential to the amendments to section 15(7) allowing withdrawal on or after the entitlement date (definition of “entitlement date” as inserted in section 15(16));
- (c) the deletion and substitution of sub-paragraph (vii), to allow regulations to be made to require setting aside in, or topping-up of, a member’s RA in certain circumstances where a member’s pension, annuity or other benefit approved by the Board for the purposes of section 15(8)(e) is surrendered or terminated.

Clause 10 also amends section 77(1)(oa) to allow regulations to be made to prescribe the method of computing the special account top-up limit mentioned in section 18B.

EXPENDITURE OF PUBLIC MONEY

This Bill will involve the Government in extra financial expenditure, the exact amount of which cannot at present be ascertained.
