

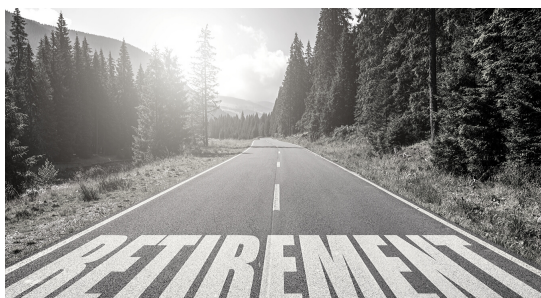
CONTEGO NEWS



A FINANCIALLY SAVVY NEWSLETTER FOR
PRUDENT PROFESSIONALS IN SINGAPORE

CONTEGO SOLUTIONS

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WHAT IS CPF LIFE?

CPF LIFE is a life annuity that provides you with a monthly payout from the current payout eligibility age of 65, for as long as you live.

By this scheme, a Retirement Account (RA) will be created for you on your 55th Birthday, and savings from your Special Account (SA) and Ordinary Account (OA) will be transferred to your RA to form your retirement sum.

Your retirement sum will be used to buy CPF LIFE. The exact amount of retirement sum that will be deducted as annuity premium will depend on the plan you have chosen, and will be made known to you when your CPF LIFE Plan is issued. The interest earned on the annuity premium you pay into the Lifelong Income Fund is then pooled and used to pay the monthly payout to all surviving members in the scheme.

Contact us now to learn more.
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DIRECTOR'S NOTE

Hello friends and associates! I hope you are well and that you are staying safe and keeping healthy through the current crisis. Since we all have a little more time on our hands, I thought it would be great to start thinking more about our retirement.

Singaporeans live to an average of 83 years old, and this is why the government has devised a way to help our income last throughout our later years—CPF Life.

There are three plans under CPF Life: Standard, Basic & Escalating. The Standard and Basic plans allow you to choose between getting higher monthly payouts by leaving lower bequest to your beneficiaries, or conversely, getting lower payouts and leaving more to your beneficiaries. With the Escalating plan, the payout increases at 2% per year, making it suitable for those who are concerned about inflation -

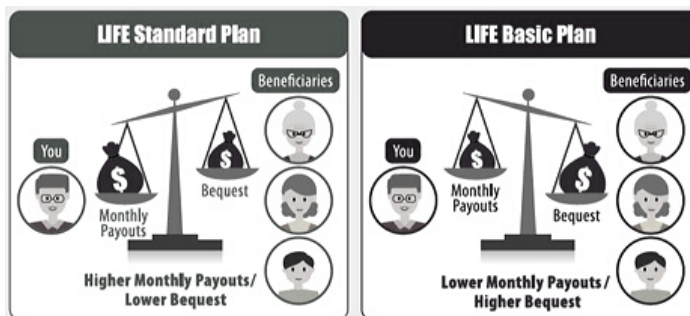


Image Source: areyouready.sg

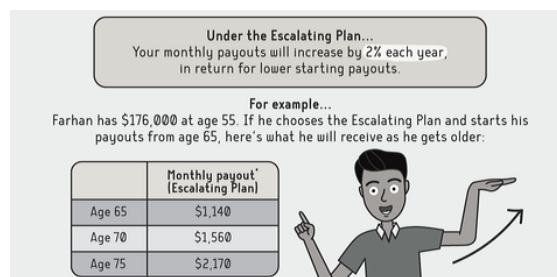


Image Source: cpf.gov.sg

At this point, we should be asking ourselves how much we can afford to leave behind for our loved ones, and how much we'll need for ourselves. While it is ever so important to take care of our loved ones and beneficiaries, I feel that it is also important for us to take care of ourselves. The plan you choose should fully encompass your current and aspired lifestyle for retirement.

HOW MUCH WILL MY CPF LIFE PAYOUTS BE?

This depends on your retirement sum and choice of LIFE plan. The table below estimates how much you will receive should you set aside the BRS, FRS or the Enhanced Retirement Sum (ERS), assuming you begin receiving payouts at age 65 under the LIFE Standard Plan. You may choose from a range of monthly payout options to suit your retirement needs.

MONTHLY PAYOUTS FOR LIFE FROM 65 ONWARDS			
RETIREMENT ACC. SAVINGS AT 55	STANDARD PLAN (DEFAULT)	ESCALATING PLAN	BASIC PLAN*
BASIC RETIREMENT SUM (BRS) \$90,500	\$750 - \$810	\$580 - \$640 (INITIAL AMOUNT) PAYOUTS INCREASE BY 2% EVERY YEAR	\$710 - \$740
FULL RETIREMENT SUM (FRS) \$181,000	\$1,390 - \$1,490	\$1,070 - \$1,180 (INITIAL AMOUNT) PAYOUTS INCREASE BY 2% EVERY YEAR	\$1,310 - 1,360
ENHANCED RETIREMENT SUM (ERS) \$271,500	\$2,030 - \$2,180	\$1,560 - \$1,720 (INITIAL AMOUNT) PAYOUTS INCREASE BY 2% EVERY YEAR	\$1,920 - \$1,980

Source: cpf.gov.sg

Note: These are estimates and are computed as of 2020. Visit cpf.gov.sg for the latest updates.

If you have a low balance in your RA at 55, you can grow it by transferring your SA and OA savings to RA or by making a cash top up. You may also choose to defer your payout start age up to 70 for higher monthly payouts. Monthly payouts increase by up to 7% for each year that you defer.



WILL MY PAYOUTS BE ADJUSTED TO COPE WITH INFLATION?

This is a hard No. Currently, CPF LIFE monthly payouts are not adjusted for inflation. Are you banking on CPF Life alone to fund your retirement? If so, you might want to rethink that.

The truth is that with the current CPF Life scheme, you may not have a sustainable monthly income in your retirement years to cover your lifestyle expenses, and even if you do, how many years will your current fund last? Will you be able to maintain all aspects of your lifestyle and also finally enjoy life after working so hard?

If you answered No to either question, contact me to learn how to turn that into a firm "Yes!".

*Lee Mallard
a.k.a Lelauthe*



What happens if I pass away?

If you are on CPF LIFE, the unused annuity premium and Retirement Account savings, if any, after death, will be paid to your beneficiaries along with your remaining CPF savings.

Can I opt out of CPF LIFE?

You will automatically be placed on CPF LIFE if you are a Singapore Citizen or Permanent Resident.

However, if you meet the Retirement Account balances to be auto-included in CPF LIFE, you may still apply to be exempted from CPF LIFE under the following conditions if you are either a) fully exempted from setting aside the retirement sum in your Retirement Account because you are receiving a monthly pension or annuity payout, OR b) are exempted under medical grounds.

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