

## Help people better understand CPF changes, say MPs and academics

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To help members better understand proposed changes to the Central Provident Fund (CPF) system, the authorities could send out information leaflets showing different levels of payouts at retirement and hold financial counselling sessions with grassroots leaders.

Such public education efforts would clear up doubts, even as a government-appointed advisory panel has made strides in simplifying the national retirement scheme, said experts.

"It is useful that the panel is explaining concepts in terms of monthly payouts instead of minimum sums. People want to know exactly how much they will get a month at retirement," said Mr Baey Yam Keng, an MP for Tampines GRC.

The advisory panel announced on Wednesday proposals that would give CPF members the flexibility of choosing different levels of savings and payouts.

However, some key ideas of the CPF system are still fuzzy, said academics.

Nanyang Technological University economist Walter Theseira said CPF members may not understand fully how much they stand to lose if they withdraw a lump sum of their savings at 55.

"CPF accounts offer higher interest rates than the banks. With compound interest, CPF gives you significantly more. But not everyone understands how compound interest works," said Dr Theseira.

Singapore residents can withdraw savings above the Minimum Sum at 55 or after, though no more than \$5,000 if they do not reach the Minimum Sum.

The CPF panel has also recommended that people turning 65 be allowed to withdraw up to 20 per cent of their CPF savings.

Dr Theseira said the CPF Board should send letters to members in their 50s, using the member's actual savings, which show different scenarios of how much they earn with CPF accounts compared to fixed deposits and ordinary bank savings accounts.

Institute of Policy Studies researcher Christopher Gee suggested the CPF Board get members who want to make lump sum withdrawals though they do not meet the Minimum Sum to attend financial counselling sessions.

"An independent financial consultant can tell you this is your income and expenditure, and what the implications are if you make the withdrawal," he added.

Similarly, Mr Zainudin Nordin, chairman of the Government Parliamentary Committee for Manpower, said the CPF Board should conduct free personal finance clinics at community clubs.

But to ensure that more people are reached, larger-scale public education initiatives are important too. Mr Baey said advertisements should be placed in the mass media, and road shows held in dialects and mother tongues.

Mr Liang Eng Hwa, MP for Holland-Bukit Timah GRC, suggested roping in grassroots leaders to distribute information packets.

"With a simple table, we can show residents at a quick glance how the scheme affects them," he said.

Nee Soon GRC MP Lee Bee Wah agreed, but said some training may be needed so information can be communicated effectively.

"Graphics are a good way to explain things. Our grassroots leaders should also be trained to summarise the changes in a digestible way," she said.