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Comprehensive Guide Specifically for Singaporeans Approaching Their 55th Birthday

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Congratulations on Reaching Your Golden Years!

As the CPF landscape evolves, it can get confusing for us.

What are your options when it comes to your CPF SA closure at age 55?

The CPF SA balances, after the RA is formed, will go to your OA, where it can be withdrawable as cash.

Terminology

- **CPF** : Central Provident Fund
- **OA** : Ordinary Account
- **SA** : Special Account
- **RA** : Retirement Account
- **BRS** : Basic Retirement Sum
- **FRS** : Full Retirement Sum (2x BRS in 2026)
- **ERS** : Enhanced Retirement Sum (up to 4X BRS in 2026)
- **CPF Life** : CPF Lifelong Income For the Elderly
- **NOK** : Next of Kin

Option 1:
Do Nothing

Information overload can be confusing, and taking the wrong options can lead you into scams or losses. It could be tempting to stay put and do nothing.

CPF OA returns are below

What are the CPF interest rates?

CPF Interest Rates (1 April 2026 to 30 June 2026)

	Ordinary Account	Special, MediSave and Retirement Account
Interest Rate	2.5%	4%

To help boost retirement savings, the Government pays extra interest on the first $60,000 of your combined CPF balances, which is capped at $20,000 for Ordinary Account (OA). Please refer to details on extra interest in the table below.

Age	Extra interest
Below 55 years old	1% per annum on the first $60,000 (capped at $20,000 for OA)
55 years old and above	2% per annum on the first $30,000, 1% per annum on the next $30,000 (capped at $20,000 for OA)

Extra interest earned on OA savings go into your Special Account (SA) or Retirement Account (RA) to enhance your retirement savings. If you are participating in the CPF LIFE scheme, you will still earn the extra interest on your combined CPF balances, including the savings used for CPF LIFE.

Source: https://www.cpf.gov.sg/service/article/what-are-the-cpf-interest-rates

BUT...

What happens when you finish spending these CPF OA money?

Option 2:
Shift Your CPF OA to RA

This is a popular opinion from clients' I have surveyed (before they met me). Topping up your RA gives you increased CPF life payouts, and since these payouts last for lifetime, it can be a great option for some of us with really solid life expectancies.

Some considerations on this strategy are:

1. Payouts start at 65 if you start it early, or 70 if you delay it (Starting early makes sense!)
2. You cannot withdraw lump sums from your RA after topping it up
3. Your payout is increased if you increase your RA amount from the FRS
4. The amount you put aside in RA up to the ERS will fund your CPF Life, but the amount will be drawn down so Next of Kin (NOK) gets potentially less legacy payouts the longer you live

So it can be a great option if you can live longer and prosper, but the NOK might not get much of any legacy, and the funds will be locked in and cannot be withdraw.

Option 3:
Withdraw as Cash and Reinvest Into Personal Insurance Plans With 3 Main Options

Which option to select, depends on which client category you are in:

- No Kids, No Spouse
- Kids, or Spouse, or Kids and Spouse

If you have No Kids, No Spouse:
Your aim could be to draw down your capital with payouts, to spend maximum on yourself. Complementing your CPF Life with a 10 - 20 year payout plan could give you a much needed boost early in your retirement years, when you are active with hobbies or travel.

If you have Kids, or Spouse, or Kids and Spouse (or Charity):
With a family or legacy requirements, you could do well with a plan that pays out dividends or payouts, and has a payout upon demise (which is up to the premiums paid!).

This type of dividend or payout can be either a high dividend or low payout amount.

The main differences:

- The high dividend option can pay out the premiums upon demise
- The low payout option has capital available for withdrawal after premium term, and can be cashed out thereafter

Mistake #3

Not understanding the implications and opportunity costs of different CPF allocation strategies.

If you had a $200,000 in CPF Life premiums, and drawn all down $200,000 in your lifetime... NOK gets $0 legacy.

How much CPF LIFE premium balance will my beneficiaries receive when I pass away?

After you pass away, your beneficiaries will receive your CPF LIFE premium balance, which is the total CPF LIFE premium that you have paid minus the total payouts you have received, together with any remaining CPF savings.

For example, if you paid a CPF LIFE premium of $200,000 and pass away after receiving a monthly payout of $1,000 for 10 months, we will pay your CPF LIFE premium balance of $190,000 (i.e. $200,000 - [$1,000 x 10 months]), together with any CPF savings to your beneficiaries.

On the other hand, if you pass away before receiving any payouts, we will pay your CPF LIFE premium balance of $200,000, together with any remaining CPF savings to your beneficiaries.

Source: https://www.cpf.gov.sg/service/article/what-happens-to-my-savings-used-for-cpf-life-when-i-pass-away-will-it-go-to-my-beneficiaries

By choosing personal insurance options, you spend your money with $200,000 or more to give to your NOK on top of that. Opportunity costs: $200,000.

If you were single and topped up $200,000 to your RA, you increase your monthly payout, and to know the amount you can use.

https://www.cpf.gov.sg/member/tools-and-services/calculators/monthly-payout-estimator

Alternatively, by concentrating your drawdown to 20 years via a personal insurance plan, you potentially withdraw more for use when you can spend the money, for example:
Total payout of $1,595.55 (consisting of $862.46 and $733.09 non-guaranteed) per month for 20 years, totaling to potentially $382,932 received.

Quotations differ from person to person, this can be advised after a fact finding process.

Figures based on Income Gro Retire Flex Pro II (GRME2), MNS 55ALB, $199,960.50 Single Premium, where the 4.25% investment return was used.

Reach out today for a discussion on your personal options!

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