



# Save & Sound

70 YEARS OF CPF



# FROM SAVINGS TO SHARES



**T**he year was 1993. Crowds descended upon the former CPF Building at 79 Robinson Road, and soon, snaking queues were winding through its lobby. People wore looks of equal parts anxiety and anticipation.

“Every time someone identified himself or herself as CPF Board staff, all the members of the public would surround that person and start asking

a lot of questions,” recalled Ms Tan Chui Leng, former Group Director of the Retirement Income Group at the CPF Board.

The situation was no different at the other CPF Service Centres. Members were anxious to know how they could use their CPF savings for the newly announced Special Discounted Shares (SDS) Scheme.



► Ms Tan Chui Leng was one of many CPF employees who were involved in managing the overwhelming crowds when the share ownership schemes were launched. (Source: CPF Board)

“To many members, it was the first time they were buying shares,” said Ms Tan.

Rolled out in October 1993, the scheme allowed CPF members to use their CPF savings to buy shares in government-linked company Singtel, which was newly listed. It was complemented by the Share Ownership Top-Up Scheme (SOTUS), in which those who contributed and retained at least \$500 to their CPF accounts between March and August 1993 would receive a \$200 cash grant from the Government, an incentive for them to buy the discounted Singtel shares.

These new schemes came a year after then-Prime Minister Mr Goh Chok Tong declared in his 1992 National Day Rally speech that the Government’s aim was to allow Singaporeans to share the fruits of the nation’s success and build up their assets through share ownership.<sup>1</sup>

“They were very successful schemes, but the implementation was a great challenge,” recalled

► Then-Prime Minister Mr Goh Chok Tong delivering his National Day Rally speech at the Kallang Theatre in 1992, where he spoke about enlarging asset ownership for Singaporeans. (Source: Ministry of Information and the Arts Collection, courtesy of National Archives of Singapore)





**Where do I sign?:** People handing in forms at the CPF Building to join the CPF top-up scheme. Today is the last day for joining the scheme.

## 11th-hour rush to join CPF plan

By SITI ROHANAH KOID

THERE was a last-minute rush at the CPF Building in Robinson Road yesterday. The reason: Singaporeans have till today to join the CPF Share Ownership Top-up Scheme.

The Government will give \$200 to those who have put in \$500 in their CPF accounts since March 1. (See conditions at right.) You can deposit the \$500 at the CPF Building, the five CPF branches, or at post offices.

The \$200 grant will be credited to your account on Sept 11. You can invest it in CPF-approved stocks and shares later.

Yesterday afternoon, the CPF Building lobby was packed. A CPF Board spokeswoman said: "This is expected. There are more people today because there's only more day left before the deadline."

"They were probably too busy to come earlier. Also, there are some people who tend to do things at the last minute."

Mr Q J Seah, 56, a clerk, said: "I heard about it months ago, but thought there was ample time until I noticed people queuing in post offices to top up their CPF accounts."

Said Mr Abdul Aziz, 37, a provisions stall owner: "I have a stall to manage. Every day I am busy. I thought about coming much earlier but just didn't have the time."

Miss Mindy Lim, 21, a student, said she heard about the scheme in February but could not come earlier due to schoolwork.

Another student, Mr Raymond Yong, 23, said: "I was in the US all this time — studying. I finally decided that it will be a good move, in case I want to buy shares in future," said the student who was opening a new account. He is here for his holidays.

Mr KM Chan, 32, who is self-employed, offered another explanation:

"In this scheme, we've got to come up with the cash ourselves. It's normal for people to want to hold on to the cash until the very last moment. I think that's why there's a crowd on the last two days."

### THE SCHEME

ONLY Singapore citizens who are at least 21 years old today may qualify for the grant.

To receive the full grant of \$200, CPF contributors must put in at least \$500 in their account between March 1 and today.

Those who put in less than \$500 will receive a proportionate amount.

Non-CPF members, who include housewives, students and the unemployed, can also qualify provided they open an account with the CPF Board.

Mr Lim Han Soon, the CPF Board's longest-serving General Manager, who held the position from 1987 to 2002. This was due to the sheer scale of the schemes, which almost all working adults qualified for. What's more, CPF members could get the shares at a preferential rate of \$1.90 a share then, which was deemed too good a deal to pass up.

The SDS was not the first time that members could use their CPF monies to invest. Investment options were introduced as early as 1978, and formally launched in 1986 — expanding the usage of the CPF beyond its three key pillars of retirement, housing, and healthcare. It was in recognition of the fact that while the CPF scheme offered risk-free interest rates, some members preferred more options and control over how they could grow their CPF savings.

Today, almost four decades later, the CPF Board has introduced high-quality and low-cost investment options that are accessible to the majority of CPF members.



## INVESTING IN THE FUTURE

Back in the 1970s to early 1980s, Singapore witnessed a period of rapid economic growth as the country moved into higher value-added industries like electronics and precision engineering.

With the nation's booming prosperity, it was natural that Singaporeans would want a slice of the success, or "own a piece of Singapore," noted Ms Linda Chan, Vice Dean of the CPF Board Academy.

The very first investment one could use CPF monies for – the 1978 Singapore Bus Service (SBS) Shares Scheme – was introduced to enable CPF members to buy up to 5,000 shares in one of Singapore's major transport companies. Subsequently, with the aim to provide CPF members with more flexibility to manage their CPF monies, an extensive investment scheme was formalised.

On May 1, 1986, the CPF Board introduced the Approved Investment Scheme (AIS), the first

▲ A young Ms Linda Chan at her desk on the 40<sup>th</sup> storey of the old CPF Building at 79 Robinson Road. (Source: Courtesy of Ms Linda Chan)

comprehensive investment scheme to feature more than one product. It allowed members to invest up to 20 per cent of their Ordinary Account (OA) savings to buy gold, shares, unit trusts, and loan stocks.

As with all investments, this came with a certain degree of inherent risk. Members were reminded to exercise prudence, with then-Acting Minister for Labour Mr Lee Yock Suan cautioning that CPF members who chose to take advantage of the scheme “must exercise care,” as their savings were ultimately for their social security needs.<sup>2</sup>

The AIS launch came a year after the country bounced back strongly from its first post-independence recession in 1985, and the economy continued to flourish. In the decade between 1986 and 1996, the nation saw an average annual growth rate of 12.8 per cent.<sup>3</sup>

On October 1, 1993, the AIS was renamed to the Basic Investment Scheme (BIS). At the same time, a new Enhanced Investment Scheme

(EIS) was introduced to allow members to invest their OA savings in a wider range of products.

Finally, in 1997, BIS and EIS were merged to form the CPF Investment Scheme (CPFIS) of today. The CPFIS was further expanded on January 1, 2001 to allow members to invest both their OA and Special Account (SA) savings, respectively referred to as the CPF Investment Scheme-Ordinary Account (CPFIS-OA) and CPF Investment Scheme-Special Account (CPFIS-SA).

Under the CPFIS, members could choose to invest in a wide range of financial products of varying risk profiles. These include shares, Singapore Government Bonds, Treasury Bills, unit trusts, exchange traded funds (ETFs), and gold.

While there was a wide range of investment options, the CPFIS was specially designed with safeguards to protect members’ interests, namely that they could only invest their OA and SA savings if they had more than \$20,000 and \$40,000 respectively.

## ENHANCING CPFIS: HIGHER QUALITY, LOWER COSTS

Among those who chose to participate in the CPFIS, not all were equally savvy in investing. It led to calls for caution from political leaders over the years, but no one could temper market volatility, resulting in wins for some, and losses for others.

Over the last two decades, the CPF Board has embarked on a journey to improve the quality of funds under the CPFIS and lower the cost of investments.

From February 2006, the admission criteria for new funds under the CPFIS was tightened. To be included under the scheme, new funds had to meet a few stringent requirements: have a good track record for at least three years; be in the top 25<sup>th</sup> percentile of funds they are benchmarked against; and have an expense ratio (the annual operating costs as a proportion of a fund's net assets) lower than the median of existing CPFIS funds in its risk category.

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In finance, they say there is no free lunch; higher returns come with higher risk. And if you are prepared to take that higher risk, then you must also be prepared that financial markets are volatile.

There will be ups, there will be downs, and you have to be prepared that if you make the wrong investment decisions, you could have a situation where your hard-earned investment monies go to a wrong investment decision, and then you end up with a big hole in your retirement plans.”

**Prime Minister Mr Lawrence Wong**, in a 2025 interview with *Lianhe Zaobao*

By 2011, these criteria were extended to existing funds under the CPFIS. The caps on expense



ratios were further reduced by 0.2 to 0.3 per cent for all funds in 2014 and 2016 respectively. “Over the years, the admission criteria for CPFIS funds have been based on the quality of investment products amongst peers, and cost. This has yielded positive results for our CPF members,” said Mr Koh Yong Guan, former CPF Board Chairman (2005–2013).

From 2018, three main enhancements were made to the CPFIS to better cater to members who had the time and knowledge to invest, and were prepared to undertake investment risks.

First, to help members decide whether the CPFIS is suitable for them, a compulsory Self-Awareness Questionnaire was introduced in

◀ CPF members must complete the Self-Awareness Questionnaire before they can start investing under the CPFIS. (Source: CPF Board)

2018 for new CPFIS investors, while existing ones were encouraged to take it as well.

Second, sales charges, which are fees paid to a financial advisor or distributor for facilitating a CPFIS transaction, were eventually removed in 2020.

Third, wrap fees, ongoing charges paid to a financial advisor for managing an individual's CPFIS account, were gradually reduced over the years, standing at 0.4 per cent per annum since 2020.

Later, from 2019, CPFIS investors could also use robo-advisors for investment advice and to invest in low-cost funds through online platforms. This came in line with Singapore's push to become a leading fintech hub in Asia and the emergence of robo-advisors in the market, which provided professional investment management services at a lower cost through automation and made investing more accessible to retail investors.

With the inclusion of more low-cost passive funds under the CPFIS over

the years, investors benefitted from expense ratios that were as low as 0.05 per cent.

These refinements were critical in enhancing the viability of the scheme for its target group: members with an appetite for risk and who possess both the time and knowledge to invest. As of December 2024, CPF members have channelled over \$28.2 billion from their OA and SA to investments.<sup>4</sup>

The evolution and refinement of the CPF investment schemes reflect an attentiveness to the diverse needs of Singaporeans, providing an additional option for those who have a higher risk appetite when it comes to their CPF savings.

With the CPF's comprehensive support for retirement – from housing and healthcare needs to investment opportunities – living out one's dream retirement is no longer just a dream, but an imminent reality. Now, the groundwork has been laid, and it is time for members to wind down and savour their hard-earned retirement savings.

## STORY SPOTLIGHT

## INVESTING WITH PURPOSE

About a decade ago, Ms Ong Sin Hong began to re-evaluate what a meaningful life looked like for her. “I used to have zero hobbies,” confessed the 60-year-old self-proclaimed workaholic, who is Chief Financial Officer at a local steel company.

That is no longer the case. Since she started learning the ukulele, she has combined her passion for music with her love for volunteering. Now, she spreads joy through music to the elderly and mentally challenged at nursing homes with her friends.

While her inner workaholic keeps putting off her retirement, there is another part of her that is looking forward to the countless possibilities it has to offer, including hiking and travelling the world.

Rather than retreating into passivity, many others like herself are beginning to see retirement

as the start of a new chapter, a chance to find renewed purpose in life.

Of course, Ms Ong’s vision of her dream retirement is grounded in decades of careful planning and the comfortable nest egg she’s built through her CPF. She has also grown her savings by investing in a variety of low-risk dividend stocks through the CPFIS-OA to collect a consistent stream of income.

She recalled buying shares in Keppel back in 2009, when prices dropped. “I was driving out to have lunch and listening to the radio. During the stock announcements, I heard Keppel shares were only at \$5-something and quickly went to buy them. I didn’t have a lot of cash in hand, so I used my CPF. I knew it was a good opportunity for such stocks to go down to so low,” she recounted.

“Even when the price peaked at around \$12 at one point, I didn’t sell...But I told myself it’s okay because I’m a long-term investor. Overall, I’m not losing (money) at all. I still earn a healthy yearly dividend, which automatically goes back to my CPF,” she said, adding that she is still holding onto her Keppel shares.

She is also a strong advocate of capitalising on the high interest

rates of 4 per cent on the SA (before age 55) and Retirement Account (RA) (after age 55).

“CPF is important for my retirement savings while CPF LIFE ensures that I have a consistent stream of cash flow when I eventually retire. At the end of the day, CPF benefits all of us. We don’t want to be in a situation where we burden our young ones; we have to be personally responsible for ourselves,” she maintained.



▲ After picking up the ukulele, Ms Ong Sin Hong (far left) often volunteers and performs at nursing homes with her friends. (Source: Courtesy of Ms Ong Sin Hong)

## STORY SPOTLIGHT

## MAKE YOUR CPF COUNT: 4 TIPS BEFORE INVESTING

Just like all investments, investing your CPF balances is not risk-free. As the age-old advice goes, the key to successful investing lies in understanding and managing risks appropriately, while aligning your risk profile with your targeted returns. When it comes to investing your CPF savings, the main advantage is the potential to boost your retirement nest egg by achieving higher returns than the risk-free CPF interest rate.

Ms Lorna Tan, former Invest Editor at *The Sunday Times* and best-selling finance author, shares four essential points to consider before deciding on whether the CPFIS is the right scheme for you.

1. Set aside OA funds that you may potentially use for big-ticket items such as housing purchases and loan repayments.
2. Maintain an emergency mortgage payment buffer by setting aside part of your OA savings in case you unexpectedly lose your income.
3. Consider topping up your own or your loved ones' CPF accounts to grow savings and enjoy higher monthly payouts in retirement.
4. Understand your financial situation, investment goals, risk tolerance, time horizon, and the available product solutions.

“Personally, I would not encourage investing your SA balance since it enjoys an attractive interest of up to 5 per cent,” she added.

The bottom line is: “Invest only if you are confident of earning more than the risk-free interest.”



▲ Ms Lorna Tan with then-Deputy Prime Minister Mr Heng Swee Keat, Senior Minister of State Mr Tan Kiat How and fellow guest speakers at a financial literacy workshop in Bedok, where she shared tips on retirement planning and how to optimise CPF savings with over 200 residents in 2024. (Source: Courtesy of Ms Lorna Tan)

## STORY SPOTLIGHT

## RETIRING WITH \$1 MILLION



▲ Mr Calvin Leong first interned at the CPF Board before joining full-time in 2022. (Source: Courtesy of Mr Calvin Leong)

While many of his peers are getting married and settling down, Mr Calvin Leong has other plans. The 28-year-old aims to amass over \$1 million in savings by the time he retires.

A key part of his strategy to get there? Investing part of his CPF savings.

Unlike his friends, who are using the bulk of their OA savings to buy a flat, he has some to spare. “I planned it such that the moment I hit \$20,000 in my OA, I immediately started investing my CPF money,” he said, referring to how he is diversifying his investment portfolio through the CPFIS-OA. It was through his internship at the CPF Board in 2021 that he was first exposed to the scheme.

Every month, he dutifully invests most of his monthly OA contributions and purchases index funds through a robo-advisor regulated by the Monetary Authority of Singapore and linked to his CPF Investment Account.

So far, his investments are up 11 per cent – more than four times the OA interest rate.

To him, there are two practical uses for tapping on the CPFIS. One, if he plans to buy his own flat when he hits the age of

35, his investment returns, which will be credited back to his OA, can help him to finance his home. Two, in the scenario that he doesn't move out of his parents' home, he gets to enjoy an added boost to his retirement funds.

By his "modest" projections, he expects to save about \$1.3 million by the time he turns 55. At that point, his plan is to top up his RA to the Enhanced Retirement Sum for higher monthly payouts in retirement. "My eventual goal is to get as much payouts from CPF LIFE as possible," he said.

► Mr Leong (second from left) setting up marketing posters around CPF service centres with his team. (Source: Courtesy of Mr Calvin Leong)

