Our CPF projections are based on the rules on the CPF website, as well as some of our financial planning team's assumptions.

We use the following information that you provide to project your CPF balances:

- Your current balance of Ordinary Account (OA), Special Account (SA), MediSave Account (MA), and Retirement Account (RA) (if you are 55 years and above)
- Your monthly CPF contributions (including Employer and Employee contributions)
- Your monthly loan repayment using OA (if any)

These are the CPF rules used in our projections:

1. **Your monthly CPF contribution is divided and credited to your Ordinary Account, Special Account and MediSave Account. The split between these 3 accounts is based on your age.** Every month, the CPF board divides your total CPF contribution using the rates below and then credits the respective amounts to your OA, SA and MA.

Age Range	Ordinary Account	Special Account	MediSave Account
35 and below	62.17%	16.21%	21.62%
Above 35 - 45	56.77%	18.91%	24.32%
Above 45 - 50	51.36%	21.62%	27.02%
Above 50 - 55	40.55%	31.08%	28.37%
Above 55 - 60	46.16%	13.46%	40.38%
Above 60 - 65	21.22%	15.15%	63.63%
Above 65	8.00%	8.00%	84.00%

Source: CPF Allocation Rate for Contribution Amount

How did we apply this rule?

Each month, we apply the rates in the table above to your CPF contribution amount, and then allocate the amounts to your respective CPF accounts. We assume that your CPF contribution amount is fixed throughout the projection.

For e.g. If the CPF contribution of an employee (30 years old) is $100, his CPF contribution will be allocated as follows:

Employee's Age	CPF Contribution	Ordinary Account	Special Account	MediSave Account
35 and below	$100	$62.17 ($100 - $21.62 - $16.21)	$16.21 ($100 x 0.1621)	$21.62 ($100 x 0.2162)

2. **The change in your age is applicable from the month of your birthday.** Source: CPF Contribution and Allocation Rates

You are considered to be "55 years", "60 years" or "65 years" in the month of your 55th, 60th or 65th birthday respectively. You are considered to be "Above 55", "Above 60" or "Above 65" from the month after your 55th, 60th or 65th birthday.

3. **These are the interest rates that each account earns every year.**

	Ordinary Account	Special Account	MediSave Account	Retirement Account
Base interest rate	2.5% p.a	4% p.a	4% p.a	4% p.a

Source: CPF Interest Rates

How did we apply the rule?
For every month, we calculate the base interest that you earn in each account using the rates above. The interest is accumulated and credited to the respective account in January of the following year.

4. **The additional interest earned on Ordinary Account balance is credited to Special Account before age 55 and to Retirement Account after age 55.**
Source: CPF Interest Rates

How did we apply the rule?
For each month, we compute the additional interest earned in the OA. In January of the following year, we credit the accumulated additional interest into SA (if the year of projection falls before you turn age 55) or into RA (if the year of projection falls after you turn age 55).

5. **You can earn an additional interest rate of 1% p.a. on the first $60K of your CPF balance (capped at $20k for Ordinary Account balance).**
The sequence of the account balances used to make up the first $60K is as follows:
Before age 55: Ordinary Account, Special Account, MediSave Account
Age 55 - age 64: Retirement Account, Ordinary Account, Special Account, MediSave Account
After age 65: CPF LIFE, Retirement Account, Ordinary Account, Special Account, MediSave Account
Source: CPF Interest Rates, CPFB | How much extra interest can I earn on my CPF balances?

How did we apply the rule?
Every month, we check the balance of each account in sequence up to $60k and accumulate the additional interest for the corresponding account. In January of the following year, we credit the accumulated additional interest into the respective accounts, except for OA (see rule 4).

6. **After age 55, you can earn another additional interest rate of 1% p.a. on the first $30k of CPF balance.**
The sequence of the account balances used to make up the first $30K is as follows:
Age 55 - age 64: Retirement Account, Ordinary Account, Special Account, MediSave Account
After age 65: CPF LIFE, Retirement Account, Ordinary Account, Special Account, MediSave Account
Source: CPF Interest Rates, CPFB | How much extra interest can I earn on my CPF balances?

How did we apply the rule?
In the years after you turn age 55, we check the balance of each account every month in sequence up to $30k as per the CPF rules and accumulate the additional interest for the corresponding account. In January of the following year, we then credit the accumulated additional interest into the respective accounts, except for OA (see rule 4).

7. **All interest is computed on the lowest balance of the month.**
The final CPF balances used for calculating interest depend on the transactions in your account. The contributions (including refunds) you receive in a given month start earning interest from the following month and withdrawals/deductions made in this month will not earn interest from this month onwards. So, the interest is calculated after accounting for withdrawals/deductions, and will not include any contributions made during the month.
Source: CPFB | How is my CPF interest computed and credited into my accounts?

How did we apply the rule?
For e.g. if you have a balance of $100, and make a contribution of $50 and withdrawal of $20:

Start of month balance = $100
Contribution = $50
Withdrawal = $20
Lowest balance of month = $100 - $20 = $80
End of month balance = $100 - $20 + $50 = $130
The interest computed will be based on the lowest balance, which is $80

8. **All interest is calculated monthly but credited and compounded annually on 31 December.**
Source: CPFB | How is my CPF interest computed and credited into my accounts?

How did we apply the rule?
We accrue the interest earned on each account every month based on rules 2 to 7. The interest is credited to the different accounts in January of the following year.

9. **Your MediSave Account balance in excess of the Basic Healthcare Sum (BHS) will overflow into the other accounts.**
Source: I have saved the Basic Healthcare Sum (BHS) in my MediSave Account. What happens to my MediSave savings above the BHS?

How did we apply the rule?
Every month, we check the projected MA balance against the projected BHS. Any excess balance is shifted to other accounts based on your age and whether you have accumulated the Full Retirement Sum (FRS):

Below 55 years:
If there is any excess balance, we will shift the excess balance to your SA. If your SA already has the FRS for the prevailing year, the balance shifts to your OA.

55 years and above:
If there is any excess balance, we will shift the excess balance to your RA. If your RA already has the FRS for your cohort, the balance shifts to your OA.

10. **The Basic Healthcare Sum (BHS) applicable to you will not increase after you reach age 65.**
    CPF board declares the BHS annually. As of 2021, the prevailing BHS is $63,000 SGD.
    Source: [CPFB | What is the Basic Healthcare Sum?]

    How did we apply the rule?
    We assume that the BHS grows by 5% p.a. This is in line with medical inflation in Singapore. We stop increasing the BHS applicable to you once your projected age reaches age 65. For the projected BHS, we round the value to the nearest thousand.

    If you are age 65 and above, we use the BHS already declared for you in the projection. (E.g. If you are born in 1952, the BHS applicable to you is $52,000)

11. **The Full Retirement Sum (FRS) applicable to you will not increase after you reach age 55.**
    CPF board has only declared the FRS until 2022. For 2021, the FRS is $186,000 SGD. For 2022, the FRS is $192,000 SGD.
    Source: CPFB | Retirement Sum Scheme, CPF Advisory Panel Recommendation

    How did we apply the rule?
    In our projection, we assume that the FRS grows by 3% p.a. This rate is calculated by the CPF board based on long-term inflation and an increase in expectations for standard of living. We stop growing the FRS applicable to you once your projected age reaches age 55. For the projected FRS, we round the value to the nearest thousand.

    If you are age 55 and above, we use the FRS already declared for you in the projection. For e.g. If you are born in 1962, the FRS applicable to you is $166,000.

12. **The Retirement Account is created on your 55th birthday using savings from your Special Account first, followed by savings from your Ordinary Account, up to the Full Retirement Sum.**
    Source: CPFB | What is the Retirement Account?

    How did we apply the rule?
    During the month of your 55th birthday, we use the projected balance in your SA followed by the projected balance in your OA to form your projected RA balance up to the FRS that we project for you. The interest earned on the OA and SA balances that were used to create your RA will be credited to OA and SA.

13. **You can withdraw the balances in your Ordinary Account and Special Account after age 55 if you have set aside more than the Full Retirement Sum.**
    If you choose to make a withdrawal, your money in your SA will be withdrawn first before the

money in your OA is withdrawn.
Source: [When I make a withdrawal after age 55, do I get to choose the account to withdraw from? What is the reason that Special Account savings will be paid first, followed by Ordinary Account savings?]

How did we apply the rule?
We used any excess balance above your FRS at age 55, or your target financial freedom age, whichever is later, to calculate the projected monthly withdrawals you can make each month to supplement your income during your financial freedom years. We will deduct the projected monthly withdrawal from your SA until it's depleted, before we deduct from your OA.

14. **You can choose to start your CPF LIFE payout anytime between age 65 and 70.**
    Source: CPFB | When do I have to choose my CPF LIFE plan?
    CPFB | How much CPF savings do I need to join CPF LIFE?

    How did we apply the rule?
    By default, we assume that you will start your payout as early as possible.

    Target financial freedom age is 70 and below:
    On the month of your 65th birthday or your target financial freedom age, whichever is later, the projected balance of your RA is used to participate in the CPF LIFE annuity scheme to start the CPF LIFE payout.

    Target financial freedom age is above 70:
    On the month of your 70th birthday, the projected balance of your Retirement Account is used to participate in the CPF LIFE annuity scheme to start the CPF LIFE payout.

15. **You can choose the type of CPF LIFE payout you want.**
    Source: CPFB | What are the CPF LIFE plans available and which is the right plan for me?

    How did we apply the rule?
    By default, we used the CPF LIFE Escalating Plan in our projections because we recommend that the payouts you receive during financial freedom be protected against inflation.

16. **CPF LIFE balance earns a base interest of 4% p.a. which is credited to the CPF Lifelong fund.**
    Source: CPFB | Does my CPF LIFE premium continue to earn interest?
    CPFB | Why is interest earned on my CPF LIFE premium not included as part of the amount paid to my beneficiaries when I pass away?
    CPFB | What happens to the interest earned on my CPF LIFE premium?
    Understanding risk-pooling: How CPF LIFE secures a lifelong income for you

    How did we apply the rule?
    We don't grow your CPF LIFE balance by 4% p.a because the interest earned is credited to the CPF Lifelong Fund.

17. **The CPF LIFE payout will be deducted from your CPF LIFE balance. After it runs out, you will still continue to receive your payout for as long as you live.**
    Source: CPFB | What happens to the interest earned on my CPF LIFE premium?
    CPFB | Why is interest earned on my CPF LIFE premium not included as part of the amount paid to my beneficiaries when I pass away?

    How did we apply the rule in your projection?
    After the CPF LIFE payout starts in your CPF projections, we deduct the projected monthly CPF LIFE payout from your CPF LIFE balance till it runs out.

These are the other assumptions made by us in the projections:

1. We assume that your contribution will stay constant throughout the projection years. You can adjust it whenever you review your financial plan or if there is a change to your contribution amounts.

2. If you plan to reach financial freedom after the age of 55, we assume that you will continue contributing to CPF and that your OA, SA and MA will continue growing until then.

3. We compute the weighted average interest rate of OA and SA based on the OA and SA balances at the start of withdrawal period (refer to rule 13). Then, we apply the weighted average interest rate to calculate your projected monthly withdrawal from your excess balances above Full Retirement Sum (FRS) after age 55. This helps to estimate the amount of monthly withdrawals that enable your excess balance above FRS to last till your life expectancy age.

4. For the Escalating Plan, we calculate the payout rate for your age group and gender based on our research on the CPF LIFE scheme and data extracted from the CPF LIFE Estimator in CPF website. We apply this payout rate to your projected CPF LIFE balance to determine your CPF LIFE payout using this formula:

   Monthly CPF LIFE payout = (Payout Rate x Projected CPF LIFE balance on 65th birthday) / 12

5. We deduct the MediShield Life premium from your MA throughout the projection years. We've used the latest 2021 MediShield Life Premium and applied a 5% p.a inflation rate to deduct the MediShield Life premium from your MA.

6. We assume that once your CPF LIFE payout starts, the balance in excess of the Basic Healthcare Sum (BHS) will overflow to your OA.

7. If you were born in 1980 or later, we deduct the CareShield Life premium from your MediSave Account from age 30 to age 67. We've used the latest 2021 CareShield Life Premium and applied a 2% p.a inflation rate to deduct the CareShield Life premium from your MediSave Account.

8. If you were born in 1979 or earlier, we deduct the ElderShield400 premium from your MA till age 65. We deduct the latest ElderShield premium from your MA.

9. We deduct the Dependent Protection Scheme premium from your OA throughout the projection years. We've used the latest 2021 Dependent Protection Scheme premium to deduct from your OA.

These are the exclusions that we don't account for in our projections:

1. The deduction of Private Medical Insurance premiums from your MediSave Account projections.
2. The deduction of Home Protection Scheme premiums from your Ordinary Account projections.
3. Any Education Loans you may have taken on your CPF Ordinary Account.