

Singapore

Exchange rate: US\$1.00 equals
1.69 Singapore dollars (S\$).

Old Age, Disability, and Survivors

Regulatory Framework

First law: 1953 (provident fund), implemented in 1955.

Current law: 2001 (provident fund), with 2002, 2003, and 2004 amendments.

Type of program: Provident fund system.

Note: Central Provident Fund (CPF) operates four types of individual account: an ordinary account, to finance the purchase of a home, approved investments, CPF insurance, and education; a special account, principally for old-age provisions; a medisave account, to pay for hospital treatment, medical benefits, and approved medical insurance; and, from age 55, a retirement account, to finance periodic payments from age 62.

Coverage

Employed persons, including most categories of public-sector employee, earning more than S\$50 a month.

Self-employed persons earning an annual net trade income greater than S\$6,000 are covered for hospitalization expenses and approved medical insurance.

Special system for certain categories of public-sector employees, including administrative service staff.

Source of Funds

Insured person: None if monthly earnings are less than S\$500; 60% of the amount over S\$500 if monthly earnings are between S\$500 and S\$750; 20% of monthly earnings if monthly earnings are over S\$750.

Depending on the fund member's age, between zero and 22% of the total insured person and employer contributions are placed in the ordinary account, between zero and 7% are placed in the special account, and between 6% and 8.5% are placed in the medisave account. The medisave account covers the cost of hospitalization and medical expenses (see *Sickness and Maternity*, below). The maximum monthly contributions to the medisave account (depending on age) are between S\$330 and S\$467.50.

Fund members aged 55 or older contribute at lower rates.

The maximum earnings for contribution purposes are S\$5,500 a month.

Insured persons may pay additional voluntary contributions. The total employer and insured person voluntary and mandatory contributions must not exceed S\$23,760 a year.

Contributions are tax deductible.

Self-employed person: Between 6% and 8% (depending on age) of annual income to the medisave account only. Additional voluntary contributions are possible, up to a maximum.

The maximum monthly contribution to the medisave account (depending on age) is between S\$330 and S\$467.50.

Contributions are tax deductible.

Employer: None for employees with monthly earnings less than S\$50; 13% of monthly wages for employees with earnings greater than S\$50 but no more than S\$500; 13% of monthly wages for an employee's first S\$500 of earnings, plus 60% of earnings between S\$500 and S\$750; 13% of monthly wages up to S\$1,815 (plus 13% of wages above S\$1,815) for employees with monthly earnings greater than S\$750.

Contributions on behalf of all employed fund members aged 55 or older are paid at lower rates.

The maximum earnings for contribution purposes are S\$5,500 a month.

Employers may pay additional voluntary contributions on behalf of employees. The total employer and insured person voluntary and mandatory contributions must not exceed S\$23,760 a year.

Government: None.

Qualifying Conditions

Old-age benefit: Contributions are allocated to three separate accounts, and individual savings can be accessed under different specified conditions.

Ordinary account: Funds can be withdrawn at age 55 subject to certain conditions.

Drawdown payment: Funds can be drawn down before age 55 to purchase a home or insurance (term-life insurance scheme and a mortgage-reducing insurance scheme operated by the Central Provident Fund), invest in approved instruments, and pay for education at approved local institutions for the member or his or her children.

Special account: Funds can be withdrawn at age 55 subject to certain conditions.

Drawdown payment: Funds can be drawn down before age 55 to make investments in approved instruments.

Medisave account: Funds in excess of S\$25,500 (the medisave minimum sum) can first be withdrawn at age 55. The cessation of employment is not necessary.

Drawdown payment: Funds can be drawn down before age 55 to purchase medical insurance for the member and dependents from the Central Provident Fund or approved private providers.

All funds may be withdrawn at any age if a member permanently emigrates from Singapore.

Disability benefit: Permanent total incapacity for any work. The disability is assessed either by a registered doctor in any government hospital or by the Central Provident Fund Board's panel of doctors.

Survivor benefit: Payable to the survivor(s) named by the fund member.

Old-Age Benefits

Old-age benefit

Ordinary and special accounts: A lump sum equal to total employee and employer contributions, plus at least 2.5% (ordinary account) and 4% (special account) compound interest, minus drawdown payments and the cash proportion of the retirement account.

Retirement account: At age 55, a retirement account is established in which fund members must place a maximum of S\$84,500 (50% of which must be pledged property). The cash proportion ensures monthly income of S\$668 from age 62 (age 60 for certain occupations), until the account is empty. The account earns compound interest of at least 4%. Funds can be deposited with a bank, left in the Central Provident Fund retirement account, or used to buy a life annuity from an insurance company. Annuities are first payable at age 62 or older.

Medisave account: At age 55, fund members must leave at least S\$25,500 in the medisave account to meet the cost of future hospitalization. Savings in excess of S\$25,500 (the medisave minimum sum) can be withdrawn. The account earns compound interest of at least 4%.

Drawdown payment: Up to S\$660 a year from the medisave account can be used to purchase medical insurance.

Interest rate: Members receive a market-related interest rate (based on the 12-month fixed deposit and month-end savings rates of the major local banks) on their savings. Savings in the medisave, special, and retirement accounts earn additional interest of 1.5 percentage points above the annually credited interest rate. The Central Provident Fund Board guarantees a minimum rate of interest of 2.5% per year. Interest is computed monthly and compounded and credited annually.

Permanent Disability Benefits

Disability benefit

Ordinary and special accounts: A lump sum equal to total employee and employer contributions, plus at least 2.5% (ordinary account) and 4% (special account) compound interest, minus drawdown payments.

Medisave account: Disabled fund members must leave at least S\$25,500 (the medisave minimum sum) in the medisave account to meet the cost of future hospitalization. The account earns a compound interest of at least 4%.

Drawdown payment: Up to S\$660 a year from the medisave account can be used to purchase medical insurance.

Interest rate: Members receive a market-related interest rate (based on the 12-month fixed deposit and month-end savings rates of the major local banks) on their savings. Savings in the medisave, special, and retirement accounts earn additional interest of 1.5 percentage points above the annually credited interest rate. The Central Provident Fund Board guarantees a

minimum rate of interest of 2.5% per year. Interest is computed monthly and compounded and credited annually.

Survivor Benefits

Survivor benefit (all accounts): The benefit is equal to the remaining balances in the deceased's accounts and term-life insurance payout, if covered.

The fund member determines the proportion of benefit that different survivors receive. In the absence of named survivors, the benefit is distributed by the Public Trustee in accordance with the law.

Administrative Organization

Ministry of Manpower (<http://www.mom.gov.sg>) provides general supervision through its Income Security and Policy Division.

Managed by a tripartite board and a chairman, the Central Provident Fund (<http://www.cpf.gov.sg>) is responsible for the administration of the program, including custody of the fund, collection of contributions, and payment of benefits.

Members' funds are invested in Singapore Government Bonds and placed in Advance Deposits with the Monetary Authority of Singapore pending the issue of such bonds. The insurance fund is managed by institutional fund members and the Central Provident Fund Board.

Sickness and Maternity

Regulatory Framework

First laws: 1953 (provident fund), implemented in 1955; and 1968 (employment).

Current laws: 1996 (employment); and 2001 (provident fund), with 2002, 2003, and 2004 amendments.

Type of program: Employer-liability (cash sickness and maternity benefits), provident fund (medical benefits), and social assistance (medical benefits) systems.

Coverage

Cash benefits (employer liability): All employed persons.

Medical benefits (provident fund): Employed and self-employed persons with an annual net income of more than S\$6,000.

Special system for certain categories of public-sector employees, including administrative service staff.

Medical benefits (social assistance): Singapore citizens unable to pay for medical treatment in approved hospitals and medical institutions can apply for financial aid from the medifund program. The amount of financial aid provided depends on individual circumstances. Under the separate public assistance program, individuals without employment or any source of income may be given free medical treatment at government hospitals and clinics.

Source of Funds

Insured person

Cash benefits (employer liability): None.

Medical benefits (provident fund): See source of funds under Old Age, Disability, and Survivors, above.

Contributions are tax deductible. The maximum tax deduction is 33% of assessable income or S\$21,780, whichever is less.

Medical benefits (social assistance): None.

Self-employed person

Cash benefits (employer liability): Not applicable.

Medical benefits (provident fund): See source of funds under Old Age, Disability, and Survivors, above.

Contributions are tax deductible. The maximum tax deduction is 33% of assessable income or S\$21,780, whichever is less.

Medical benefits (social assistance): None.

Employer

Cash benefits (employer liability): Total cost.

Medical benefits (provident fund): See source of funds under Old Age, Disability, and Survivors, above.

Medical benefits (social assistance): None.

Government

Cash benefits (employer liability): None.

Medical benefits (provident fund): The contribution varies each year; fund members are subsidized when using certain classes of hospital wards.

Medical benefits (social assistance): Total cost.

Qualifying Conditions

Cash sickness benefit (employer liability): At least 6 months' employment. Medical certification is necessary.

Cash maternity benefit (employer liability): At least 180 days' employment immediately before childbirth. The benefit is limited to the births of the first two children (from October 1, 2004, the first four children).

Medical benefits (provident fund): Members of the medisave program. (Members can access savings in their medisave account.)

Medical benefits (social assistance): Citizens satisfying tests of means and income.

Sickness and Maternity Benefits

Cash sickness benefit (employer liability): Fourteen days of paid sick leave a year (up to 60 days if hospitalized).

Cash maternity benefit (employer liability): 100% of the female employee's gross wages for up to 4 weeks before and 4 weeks after childbirth. (from October 1, 2004, working mothers have a right to up to 12 weeks of paid maternity leave. Employers pay for 8 weeks for the first two births. Government

reimburses employers for the additional 4-week period for the first two childbirths and pays for the entire 12-week leave period for the third and fourth births.)

Workers' Medical Benefits

Outpatient treatment and inpatient hospital care in government hospitals and approved private hospitals and medical institutions, including day-surgery treatment and prescribed medicines. The cost of medical treatment is deducted from the fund member's balance in the medisave account for approved treatments.

Hospital expenses related to child delivery can be deducted from the fund member's balance in the medisave account for the first three children. (From August 1, 2004, the medisave account can be used to pay for the delivery and prenatal expenses incurred for the first four live childbirths.)

Patients in hospital wards receive subsidies ranging from 20% to 80% of costs.

Maximum limits on costs deducted from the medisave account for different types of interventions apply (such as a maximum of S\$300 for daily hospital charges, including a maximum of S\$50 for doctor's daily attendance fees).

Dependents' Medical Benefits

Members can use savings in their medisave account to help pay for the medical expenses of their spouse, children, parents, and grandparents. Grandparents must be Singapore citizens or permanent residents.

The medical benefits, subsidies, and maximum limits on cost are the same as for the insured.

Administrative Organization

Employer liability: Ministry of Manpower (<http://www.mom.gov.sg>) provides general supervision and enforces the law through its labor relations department.

Provident fund: Ministry of Manpower (<http://www.mom.gov.sg>) provides general supervision and enforces the law through its Income Security and Policy Division.

Managed by a tripartite board and a chairman, the Central Provident Fund (<http://www.cpf.gov.sg>) is responsible for the administration of the program, including custody of the fund, collection of contributions, and payment of benefits.

Medical benefits: Ministry of Health (<http://www.moh.gov.sg>) provides medical services through government hospitals and private providers.

Work Injury

Regulatory Framework

First law: 1933 (workmen's compensation).

Current law: 1975 (workmen's compensation), with 1980 and 1990 amendments.

Type of program: Employer liability with compulsory insurance with a private carrier (unless exempted).

Coverage

All manual labor; nonmanual labor earning S\$1,600 a month or less.

Exclusions: Self-employed persons, nonmanual labor with earnings exceeding S\$1,600 a month, domestic and casual workers, home workers, and family labor.

Special system for the police.

Source of Funds

Insured person: None.

Self-employed person: Not applicable.

Employer: Total cost, through direct provision of benefits or insurance premiums.

Government: None.

Qualifying Conditions

Work injury benefits: There is no minimum qualifying period, but claims must be made within 1 year of the date of the accident.

Temporary Disability Benefits

100% of the insured's average monthly earnings in the 12 months before the onset of disability for 14 days if not hospitalized (up to 60 days if hospitalized); thereafter, 2/3 of the insured's average monthly earnings in the 12 months before the onset of disability. The benefit is payable from the first day of incapacity for a maximum of 1 year.

Permanent Disability Benefits

If assessed with a degree of disability of 100% (totally disabled), a lump sum equal to 6 years (for workers aged 66 or older) to 12 years (for workers aged 40 or younger) of the insured's average monthly earnings in the 12 months before the onset of disability, according to age.

The minimum lump-sum benefit is S\$49,000.

The maximum lump-sum benefit is S\$147,000.

Constant-attendance supplement: With a total permanent disability, an additional grant equal to 25% of the lump-sum payment is payable if requiring the constant attendance of another person. Medical certification must be provided by a registered doctor.

Partial disability: A lump sum equal to the lesser of the assessed degree of disability times S\$147,000 or the assessed degree of disability times the insured's average monthly earnings in the 12 months before the onset of disability times a multiplying factor according to the schedule in law.

Workers' Medical Benefits

Necessary medical treatment, hospitalization, appliances, and medicines. Medical care must be provided by a registered doctor or, upon referral by a registered doctor, in a government or approved private hospital.

If hospitalized, certain maximum limits on costs apply.

Survivor Benefits

A lump sum equal to 4 years (if the deceased was aged 66 or older) to 9 years (if the deceased was aged 40 or younger) of the deceased's average monthly earnings in the 12 months before death, according to the deceased's age at the date of death.

Eligible survivors are spouses, parents, grandparents, stepparents, children, grandchildren, stepchildren, brothers, and sisters. Survivors need not have been dependent. The Commissioner for Labor distributes benefits among several eligible survivors.

The minimum lump sum is S\$37,000.

The maximum lump sum is S\$111,000.

Administrative Organization

Ministry of Manpower (<http://www.mom.gov.sg>) provides general supervision through its Work Injury Compensation Department.

Commissioner for Labor, part of the Ministry of Manpower, enforces the law, approves agreements between employers and claimants, and distributes survivor benefits.

Employers must insure liability with private insurance companies. The Ministry of Manpower may exempt any employer or class of employers from compulsory insurance. Exempted classes of employers include the government, statutory boards, financial companies, retail shops, and hotels.