

CPF LIFE

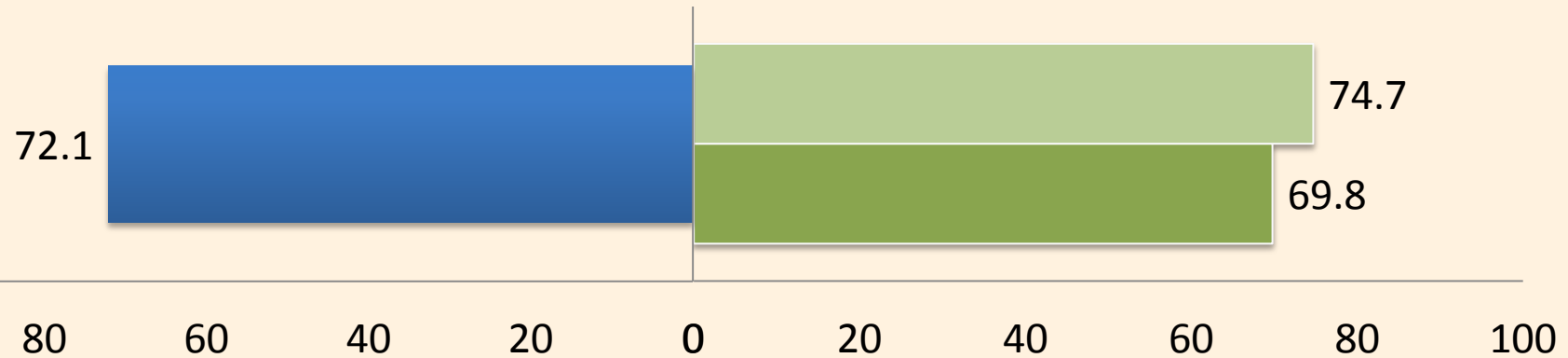
Singapore's solution to longevity risk

Teo Zhijia
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Central Provident Fund Board

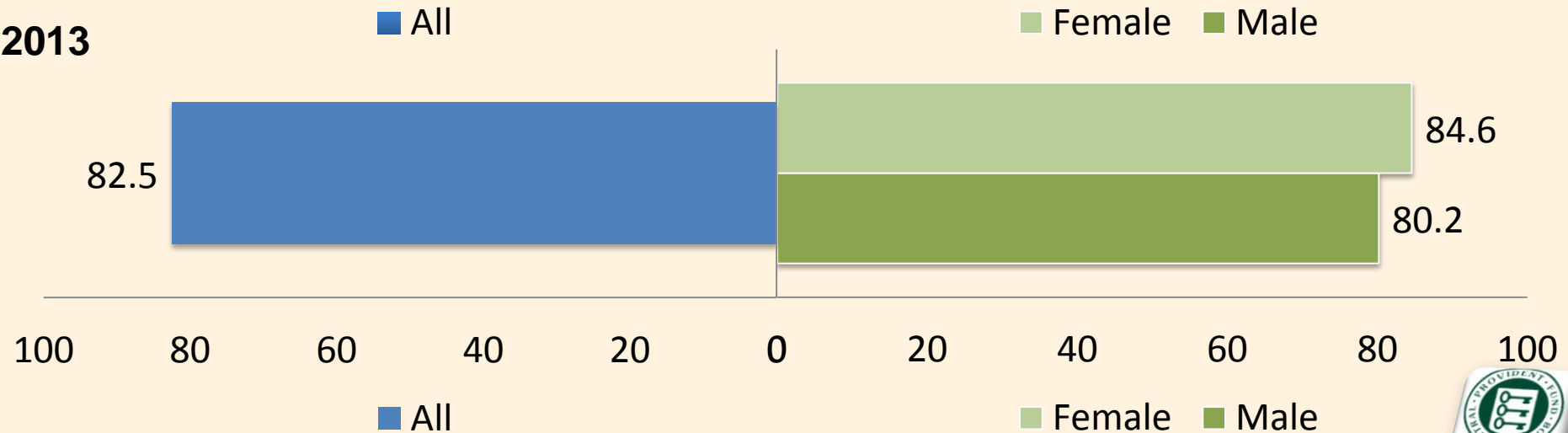


Life expectancy at birth

1980



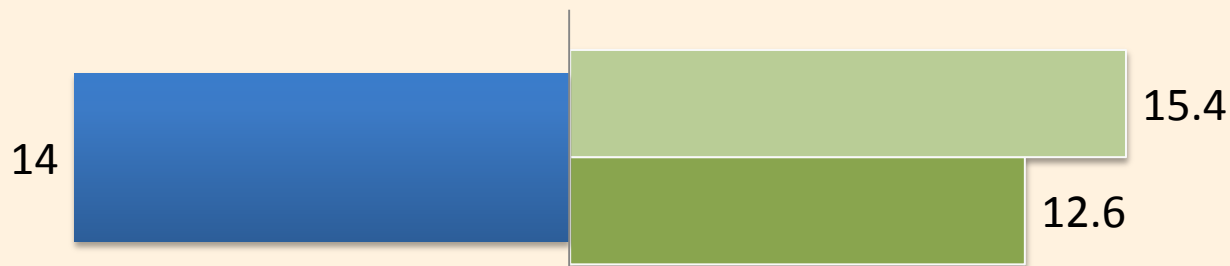
2013



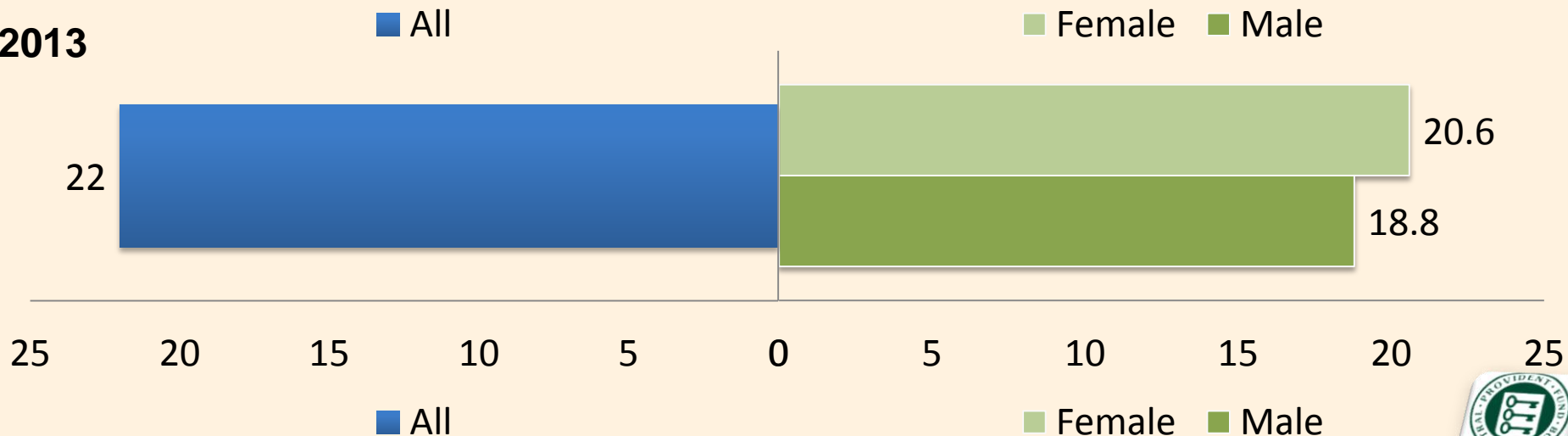
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Life expectancy at age 65

1980



2013



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People are living longer



Age 65

1 in 2



Age 85

1 in 3



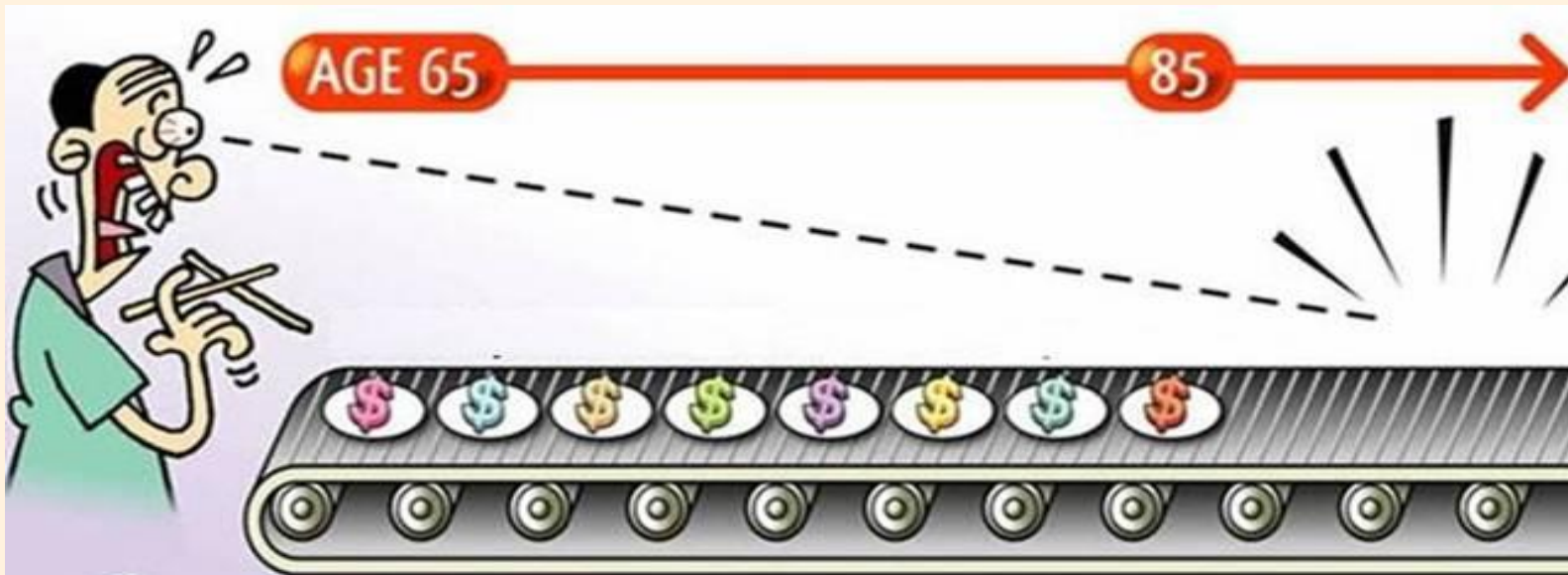
Age 90



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The need for annuities

- CPF members start receiving their monthly payouts from their Retirement Account (RA) from age 65.
 - Expected to last for about 20 years only



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CPF LIFE

- Introduced in 2009
- Started out as opt-in scheme
 - open to all citizens and permanent residents age 55 and above.
- Made mandatory in 2013
 - cover automatically extended to all citizens and permanent residents who turned 55 with at least S\$40,000 in their Retirement Account.
- Eligible members choose from 2 plans



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Key features of CPF LIFE

Basic & Affordable

- Premiums paid from Retirement Account (RA) and are refundable upon death.
- Steady income for life.

Fair

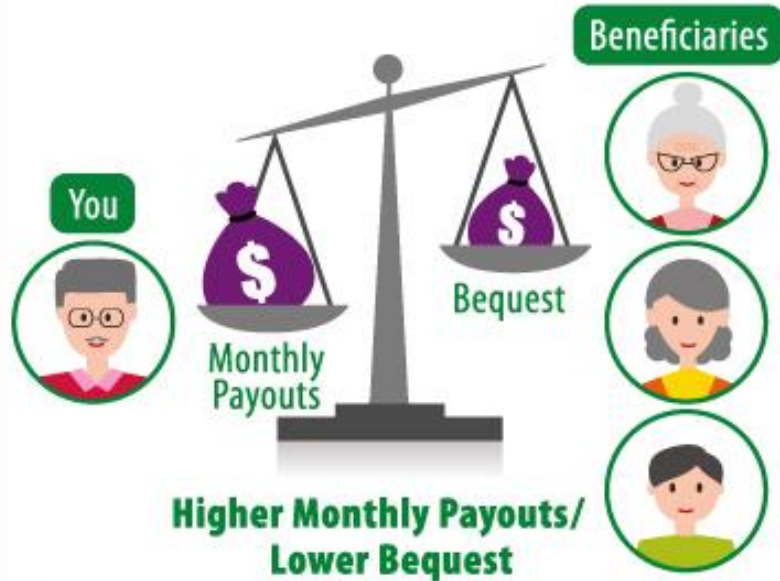
- Premiums and payouts are actuarially determined and reviewed periodically to reflect actual mortality and investment outcomes.
- Payouts are dependent on what members have saved in their Retirement Account.

Flexible

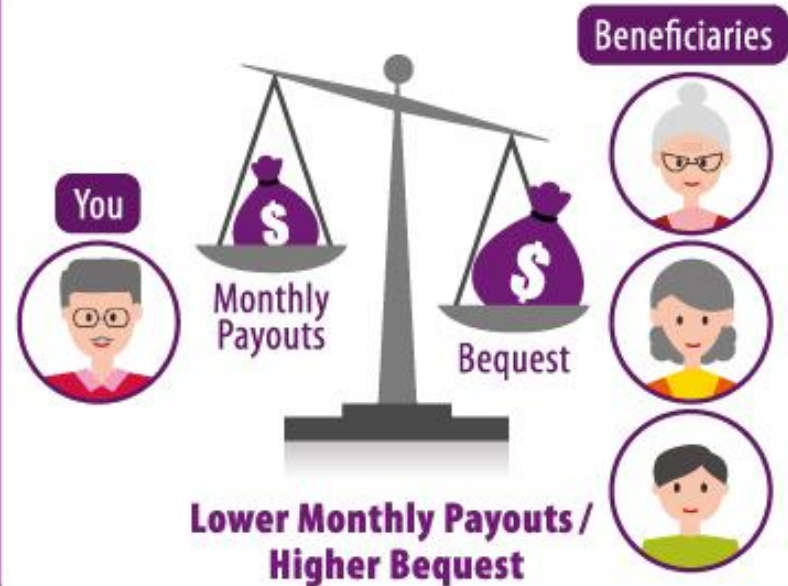
- Members allowed options to choose plans according to their retirement needs.

Plans Available

LIFE Standard Plan



LIFE Basic Plan



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Estimated Payout

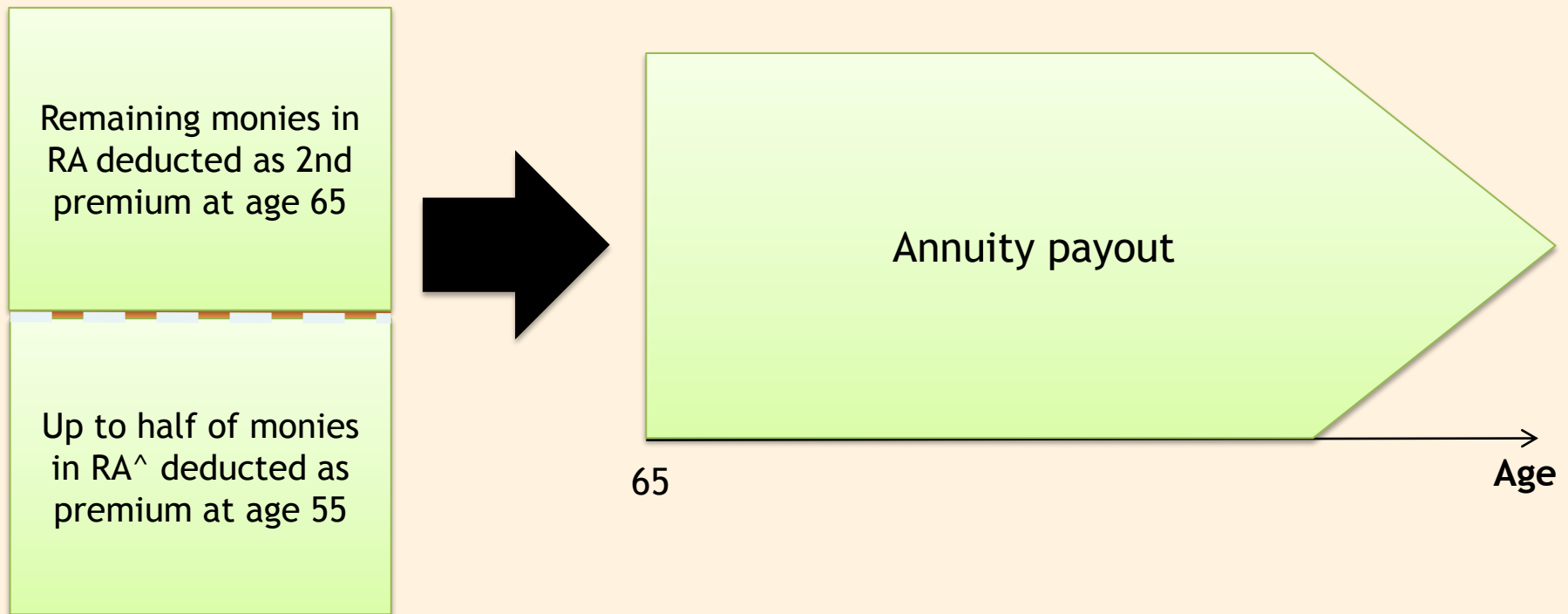
Retirement Account Balance	LIFE Standard Plan	LIFE Basic Plan
\$40,000	\$360	\$330
\$75,000	\$640	\$570
\$155,000	\$1,200	\$1,100

Figures quoted are in Singapore Dollars



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CPF LIFE Standard Plan

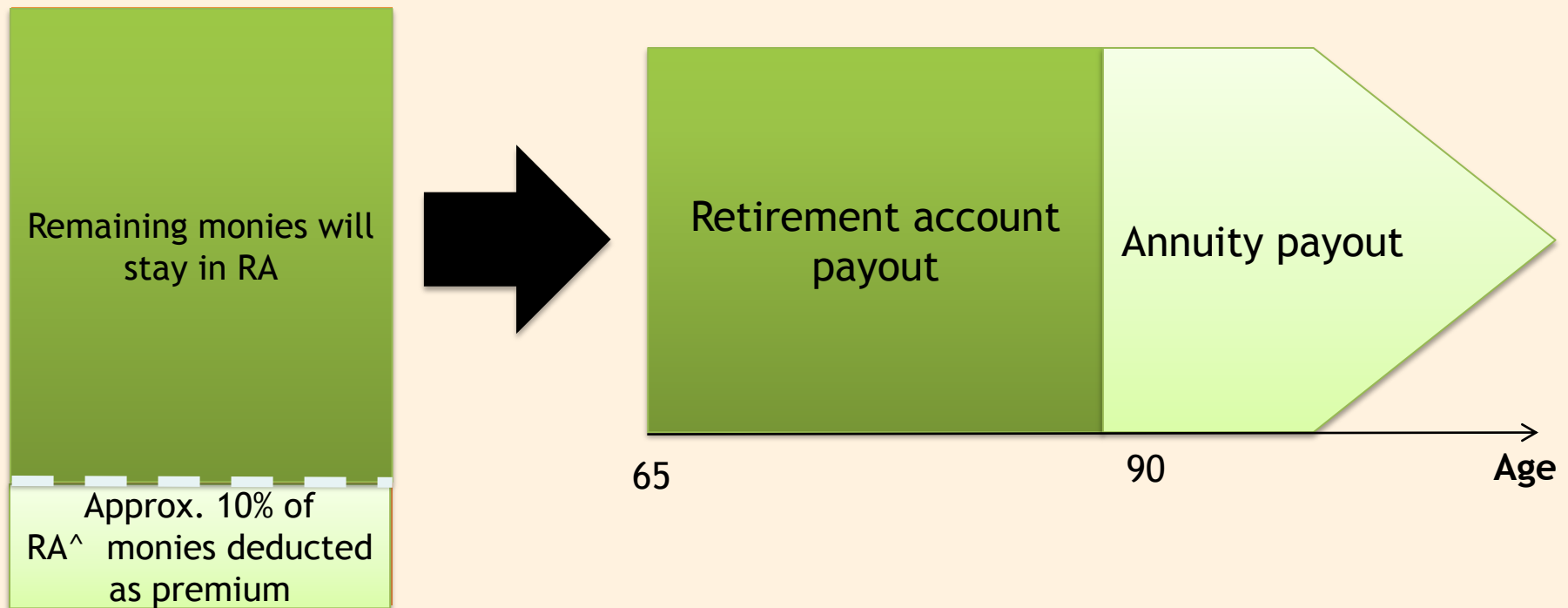


^RA : Retirement Account



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CPF LIFE Basic Plan



[^]RA : Retirement Account



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Risks

Investment risk

CPF monies are backed by special Singapore Government Securities.

Mortality risk

Automatic inclusion to reduce the risk of adverse selection.

Payouts are not guaranteed but reviewed yearly and adjust when necessary to reflect actual experience.

CPF LIFE Experience

as of December 2013

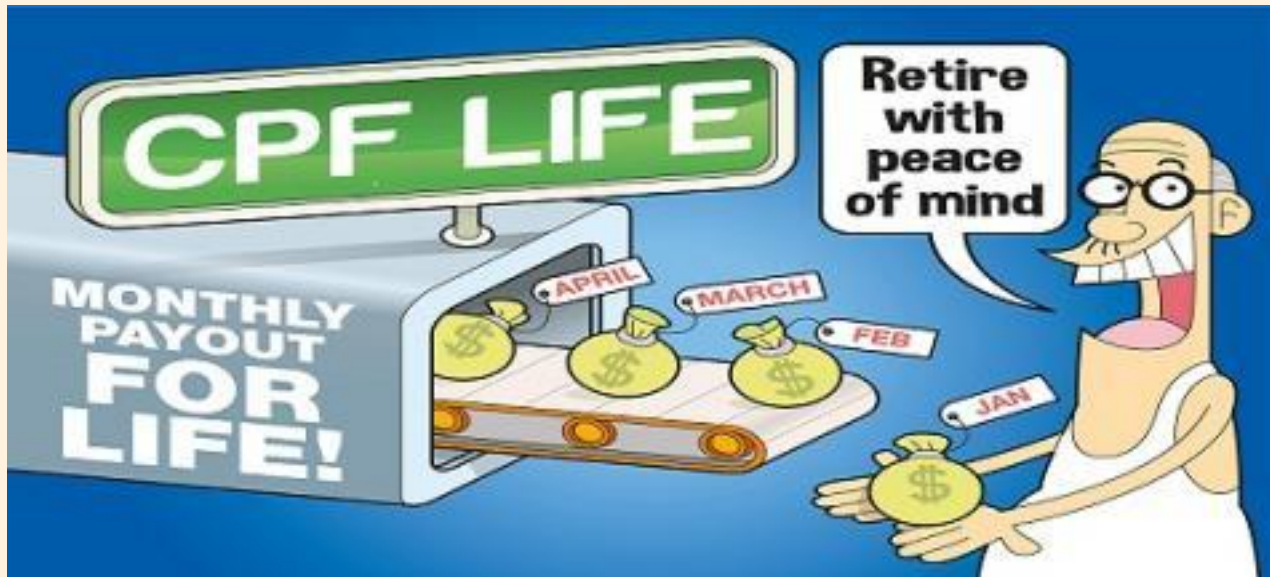
Membership	105,000
Lifelong Income Fund	\$4.9 bil
Number of members receiving monthly payouts	35,000



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Moving forward

- Explore ways to ensure that payouts keep pace with cost of living.



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Thank you

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Supplementary Slides



Estimated Payout and bequest

LIFE Standard Plan	
This plan provides a higher monthly payout than LIFE Basic Plan, but leaves a lower bequest for your beneficiaries.	
Monthly Payout	\$367 - \$405
Bequest at age 65	\$39,594 - \$39,632
Bequest at age 75	\$0
Bequest at age 85	\$0
Bequest at age 95	\$0

LIFE Basic Plan	
This plan provides a lower monthly payout than LIFE Standard Plan, but leaves a higher bequest for your beneficiaries.	
Monthly Payout	\$337 - \$369
Bequest at age 65	\$61,187 - \$63,963
Bequest at age 75	\$44,389 - \$46,972
Bequest at age 85	\$20,232 - \$21,333
Bequest at age 95	\$0

RA balance of \$40,000



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Estimated Payout and bequest

LIFE Standard Plan	
This plan provides a higher monthly payout than LIFE Basic Plan, but leaves a lower bequest for your beneficiaries.	
Monthly Payout	\$644 - \$710
Bequest at age 65	\$74,289 - \$74,355
Bequest at age 75	\$0
Bequest at age 85	\$0
Bequest at age 95	\$0

LIFE Basic Plan	
This plan provides a lower monthly payout than LIFE Standard Plan, but leaves a higher bequest for your beneficiaries.	
Monthly Payout	\$573 - \$632
Bequest at age 65	\$111,299 - \$116,496
Bequest at age 75	\$80,713 - \$85,521
Bequest at age 85	\$36,726 - \$38,782
Bequest at age 95	\$0

RA balance of \$75,000



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Estimated Payout and bequest

LIFE Standard Plan	
This plan provides a higher monthly payout than LIFE Basic Plan, but leaves a lower bequest for your beneficiaries.	
Monthly Payout	\$1,205 - \$1,334
Bequest at age 65	\$185,249 - \$190,078
Bequest at age 75	\$40,920 - \$43,270
Bequest at age 85	\$0
Bequest at age 95	\$0

LIFE Basic Plan	
This plan provides a lower monthly payout than LIFE Standard Plan, but leaves a higher bequest for your beneficiaries.	
Monthly Payout	\$1,099 - \$1,219
Bequest at age 65	\$222,920 - \$233,653
Bequest at age 75	\$161,592 - \$171,465
Bequest at age 85	\$73,398 - \$77,627
Bequest at age 95	\$0

RA balance of \$155,000



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