

Central Provident Fund (Amendment) Bill

Bill No. 30/2003.

Read the first time on 16th October 2003.

A BILL

intituled

An Act to amend the Central Provident Fund Act (Chapter 36 of the 2001 Revised Edition).

Be it enacted by the President with the advice and consent of the Parliament of Singapore, as follows:

Short title and commencement

1. This Act may be cited as the Central Provident Fund (Amendment) Act 2003 and shall come into operation on such date as the Minister may, by notification in the *Gazette*, appoint.

5 Amendment of section 7

2. Section 7(7) of the Central Provident Fund Act (referred to in this Act as the principal Act) is amended by deleting “\$200” wherever it appears and substituting in each case “\$500”.

Amendment of section 13

10 3. Section 13(1) of the principal Act is amended by deleting “(m),” in paragraph (a).

Amendment of section 13B

4. Section 13B of the principal Act is amended by deleting subsection (3) and substituting the following subsection:

15 “(3) For the purpose of computing the sum referred to in subsection (2) in any year —

(a) the following amounts shall be included:

- (i) the amount contributed by a person in that year which is obligatory under this Act; and
- 20 (ii) subject to paragraph (b)(ii), any voluntary contribution paid by the employer of that person under section 7(4)(c) in that year; and

(b) the following amounts shall be excluded:

- 25 (i) any contribution made by a person in that year under sections 73 and 79; and
- (ii) any voluntary contribution made in that year by the employer of that person under section 7(4)(c) specifically for the purposes of that person’s medisave account, where such voluntary contribution does not
- 30 exceed \$1,500.”.

Amendment of section 15

5. Section 15 of the principal Act is amended —

(a) by deleting subsection (6) and substituting the following subsection:

5 “(6) Subject to subsections (6A) and (8), a member of the Fund who is entitled under subsection (2)(a), (3) or (4) to withdraw the sum standing to his credit in the Fund shall, at the time of withdrawal and in accordance with any regulations made under this Act —

10 (a) set aside or top-up a prescribed sum (referred to in this Act as the minimum sum); and

(b) unless the Board otherwise allows, set aside or top-up in his medisave account a sum of up to \$2,500 or such other amount as may be specified under subsection (6D) in respect of any class of persons.”; and

(b) by inserting, immediately after subsection (6C), the following subsection:

“(6D) The Minister may, by order published in the *Gazette* —

20 (a) substitute the amount of \$2,500 in subsection (6)(b) with such other amount as he thinks fit; and

(b) specify any other amount as he thinks fit in respect of any class of persons for the purposes of subsection (6)(b).”.

25 New section 18C

6. The principal Act is amended by inserting, immediately after section 18B, the following section:

“Transfer of member’s moneys in ordinary or special account to medisave account

30 **18C.**—(1) Subject to subsection (2), a member who has less than the requisite amount standing to his credit in his medisave account may apply to the Board to transfer any sum standing to his credit in

his ordinary or special account, or in both accounts, to his medisave account.

(2) An application by a member to transfer any sum standing to his credit in his ordinary or special account, or in both accounts, under subsection (1) shall be irrevocable and any transfer shall be subject to such terms and conditions as the Board may determine.

(3) In this section, “requisite amount” means the amount as directed by the Minister under section 13(6).”.

Amendment of section 24

7. Section 24 of the principal Act is amended —

(a) by deleting subsections (2) and (3) and substituting the following subsections:

“(2) The following investments made by a member under any scheme in accordance with any regulations made under section 77(1)(n) shall not be attached, sequestered, levied upon for or in respect of any debt or claim, or be subject to any right of set-off by any bank for any debt owing by the member to the bank:

(a) precious metals, insurance policies and securities purchased by the member;

(b) the proceeds from the sale of such precious metals and securities and the benefits of such insurance policies; and

(c) any moneys in any fixed deposit account maintained by the member with a bank.

(3) Such precious metals, insurance policies, securities, proceeds, benefits or moneys shall not pass to the Official Assignee on the bankruptcy of such member, and if such member is adjudicated a bankrupt or is declared insolvent by a court, such precious metals, insurance policies, securities, proceeds, benefits or moneys shall be deemed not to form part of the property of the member.”; and

(b) by inserting, immediately after subsection (6), the following subsection:

“(7) In this section, “insurance policies” includes investment-linked insurance policies.”.

Amendment of section 27

8. Section 27 of the principal Act is amended —

5 (a) by deleting subsection (2) and substituting the following subsection:

10 “(2) The Board may, in its discretion but only after the Board is satisfied that all repayments of any loan given to the member by the Government under an approved loan scheme within the meaning of section 14A, together with all interest and other charges which the member is liable to pay to the Government under the terms and conditions of that loan, have been paid, allow a member who is an undischarged bankrupt to withdraw from the amount standing to his credit in the Fund if —

15 (a) he satisfies any of the grounds for withdrawals specified in section 15(2)(a), (d) or (e); and

(b) he satisfies such conditions as may be specified by the Minister from time to time.”; and

(b) by deleting subsection (4).

20 **Repeal of sections 48, 70 and 71**

9. Sections 48, 70 and 71 of the principal Act are repealed.

Amendment of section 77

10. Section 77(1) of the principal Act is amended —

(a) by deleting paragraph (m); and

25 (b) by inserting, immediately after the words “such precious metals” in paragraph (n), the words “, insurance policies (including investment-linked insurance policies)”.

EXPLANATORY STATEMENT

This Bill seeks to amend the Central Provident Fund Act (Cap. 36).

Clause 1 relates to the short title and commencement.

Clause 2 amends section 7(7) to provide that the employer of a person whose wages are payable at intervals of less than one month is liable to make contributions to the Central Provident Fund (the Fund) in respect of that person only if the wages of that person for that month are likely to exceed \$500 (instead of \$200 as is currently the case).

Clause 3 makes a technical amendment to section 13(1)(a) arising from the deletion of section 77(1)(m) by clause 10.

Clause 4 amends section 13B(3) to exclude from the computation of the voluntary contribution cap of \$28,800, any additional medisave contribution, not exceeding \$1,500, that are made by an employer under section 7(4)(c) in any year in respect of an employee.

Clause 5 amends section 15(6) to require a member making a withdrawal under section 15(2)(a), (3) or (4) to set aside or top-up in his medisave account a sum of up to \$2,500 or such other amount as the Minister may specify in respect of any class of persons. This requirement will apply unless the Central Provident Fund Board (the Board) allows otherwise.

The amount of \$2,500 may be varied by the Minister by order published in the *Gazette* as and when the need arises.

Clause 6 inserts a new section 18C to allow members to apply to the Board to transfer the balances that they have in their ordinary and special accounts into their medisave accounts when the amounts in their medisave accounts are less than the amount as determined by the Minister under section 13(6).

Clause 7 amends section 24 to clarify that benefits derived from insurance policies (including investment-linked insurance policies) are protected under the section.

Clause 8 amends section 27 to allow the Board, in certain circumstances, to approve applications by members who are undischarged bankrupts for withdrawals of the amounts standing to their credit in the Fund.

Clause 9 repeals sections 48, 70 and 71 as they are no longer required.

Clause 10 amends section 77(1) by deleting paragraph (m) which is no longer required. The clause also makes a consequential amendment to paragraph (n) arising from the amendment made to section 24 by clause 7.

EXPENDITURE OF PUBLIC MONEY

This Bill will not involve the Government in any extra financial expenditure.
