

Central Provident Fund (Amendment) Bill

Bill No. 6/2006.

Read the first time on 13th February 2006.

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 2006 and shall come into operation on such date as the Minister may, by notification in the *Gazette*, appoint.

5 **Amendment of section 2**

2. Section 2(1) of the Central Provident Fund Act (referred to in this Act as the principal Act) is amended by deleting the definition of “retirement account” and substituting the following definition:

10 ““retirement account” means a retirement account maintained for the purposes of section 15(2A)(a), (6C), (7B)(a) and (8A)(a);”.

Amendment of section 4

3. Section 4 of the principal Act is amended —

- 15 (a) by deleting “4” in subsection (4)(d) and substituting “7”; and
 (b) by inserting, immediately after subsection (4), the following subsection:

“(4A) The Minister, with the President’s concurrence under Article 22A(1)(b) of the Constitution, may appoint the chief executive officer to be a member of the Board.”.

20 **Amendment of section 5**

4. Section 5(1) of the principal Act is amended by deleting the words “, with the approval of the Minister,”.

Amendment of section 13

5. Section 13 of the principal Act is amended —

- 25 (a) by deleting the words “section 15(2) to (5), 18, 18A, 18B, 22 or 45” in subsection (1)(a) and substituting the words “subsection (7) and sections 15(2), (3), (4) and (5), 18, 18A, 18B, 22 and 45”;
 30 (b) by deleting the words “sections 15(2) to (5) and 54” in subsection (1)(b) and substituting the words “subsection (6) and sections 15(2), (3), (4) and (5), 16A and 54”;

- (c) by deleting the words “section 15(2) to (5), section 17, section 45(2)” in subsection (1)(c) and substituting the words “subsection (7) or section 15(2), (3), (4) or (5), 17 or 45”;
- 5 (d) by deleting the words “to a member’s ordinary account” in subsection (6) and substituting the words “to one or more designated accounts of a member, in accordance with any regulations made under section 77(1)(ka),”;
- (e) by deleting the words “the ordinary account” in subsection (7) and substituting the words “any designated account”; and
- 10 (f) by inserting, immediately after subsection (7), the following subsection:
- “(8) In this section, “designated account”, in relation to a member, means such ordinary account, special account or retirement account (if any) of the member as may be prescribed
- 15 by any regulations made under section 77(1)(ka).”.

Amendment of section 15

6. Section 15 of the principal Act is amended —

- (a) by deleting paragraphs (d) and (e) of subsection (2) and substituting the following paragraphs:
- 20 “(d) is physically or mentally incapacitated —
- (i) from ever continuing in any employment; or
- (ii) in such other manner as the Minister may approve;
- (e) is of unsound mind;
- 25 (f) is suffering from a medical condition leading to a severely impaired life expectancy; or
- (g) is suffering from a terminal illness or disease.”;
- (b) by inserting, immediately after subsection (2), the following subsections:
- 30 “(2A) A member of the Fund who is entitled under subsection (2)(d), (e) or (f) to withdraw the sum standing to his credit in the Fund shall, at the time of the withdrawal and in

accordance with such directions as the Minister may give in any particular case —

(a) set aside or top-up in his retirement account such amount as the Minister may specify; and

5 (b) set aside or top-up in his medisave account the prescribed amount referred to in section 16.

(2B) The amount referred to in subsection (2A)(a) may be withdrawn by the member in accordance with such terms and conditions as the Minister may from time to time impose.”;

10 (c) by deleting the words “sum standing to the credit of that member in the Fund” in subsection (5) and substituting the words “balance standing to the credit of that member in the Fund, after deducting any sum withdrawn, or to be withdrawn, under section 16A,”;

15 (d) by deleting the words “subsections (6A) and (8)” in subsection (6) and substituting the words “subsections (6A), (8) and (8A)”;

(e) by deleting subsections (6A) and (6B) and substituting the following subsections:

20 “(6A) Where 2 members of the Fund are parties to a marriage, the Board may, on their joint application, permit them to set aside jointly an amount which is less than 2 times the minimum sum if each member has executed a memorandum under section 25(1) nominating the other member to receive, on his death, an amount belonging to him which is not less than such amount as the Board may specify.

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(6B) No memorandum executed under subsection (6A) shall be revocable during the subsistence of the marriage between the members unless the Board is satisfied that either or both of the members are —

30 (a) physically or mentally incapacitated —

(i) from ever continuing in any employment; or

(ii) in such other manner as the Minister may approve;

(b) of unsound mind;

- (c) suffering from a medical condition leading to a severely impaired life expectancy; or
- (d) suffering from a terminal illness or disease.”;
- (f) by deleting the words “with the Board” in subsection (6C);
- 5 (g) by deleting paragraphs (a) and (b) of subsection (7A) and substituting the following paragraphs:
- “*(a)* physically or mentally incapacitated —
- (i) from ever continuing in any employment; or
- (ii) in such other manner as the Minister may
- 10 approve;
- (b) of unsound mind;
- (ba)* suffering from a medical condition leading to a severely impaired life expectancy.”;
- (h) by inserting, immediately after subsection (7A), the following
- 15 subsections:
- “*(7B)* A member of the Fund who is entitled under subsection *(7A)(a)*, *(b)* or *(ba)* to withdraw the minimum sum or any part thereof from his account with an approved bank or his retirement account or surrender his approved annuity from
- 20 an insurer shall, at the time of the withdrawal or surrender, as the case may be, and in accordance with such directions as the Minister may give in any particular case —
- (a) set aside or top-up in his retirement account such amount as the Minister may specify; and
- 25 (b) set aside or top-up in his medisave account the prescribed amount referred to in section 16.
- (7C)* The amount referred to in subsection *(7B)(a)* may be withdrawn by the member in accordance with such terms and conditions as the Minister may from time to time impose.”;
- 30 (i) by deleting subsection (8) and substituting the following subsections:
- “*(8)* A member need not deposit the minimum sum with an approved bank or in his retirement account, or use the

minimum sum to purchase an approved annuity from an insurer, if the Board is satisfied that the member —

(a) is physically or mentally incapacitated —

(i) from ever continuing in any employment; or

5 (ii) in such other manner as the Minister may approve;

(b) is of unsound mind;

(c) is suffering from a medical condition leading to a severely impaired life expectancy;

10 (d) is suffering from a terminal illness or disease;

(e) on his retirement will receive such pension, annuity or other benefit as may be approved which will provide him with a monthly income of not less in value than the amount prescribed by the Minister; or

15 (f) has attained the age of 55 years before 1st January 1987.

(8A) 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 and who, under subsection (8)(a), (b) or (c), need not deposit the minimum sum with an approved bank or in his retirement account or use the minimum sum to purchase an approved annuity from an insurer shall, at the time of the withdrawal and in accordance with such directions as the Minister may give in any particular case —

25 (a) set aside or top-up in his retirement account such amount as the Minister may specify; and

(b) set aside or top-up in his medisave account the prescribed amount referred to in section 16.

30 (8B) The amount referred to in subsection (8A)(a) may be withdrawn by the member in accordance with such terms and conditions as the Minister may from time to time impose.”;

(j) by inserting, immediately after the words “minimum sum” in subsection (9)(a), the words “or part thereof”;

- (k) by inserting, immediately after subsection (10A), the following subsection:

“(10B) The Board shall not enforce any undertaking under subsection (10) or (10A) if the Board is satisfied of the occurrence of any of the events mentioned in subsection (15)(e).”;

- (l) by deleting the word “if” wherever it appears in subsection (15)(e)(ii) to (v); and

- (m) by deleting the words “subsection (6)” in subsection (15)(e)(iii) and substituting the words “subsection (2A), (6), (7B) or (8A)”.

Amendment of section 15A

7. Section 15A of the principal Act is amended by deleting the words “section 15(2)(b), (c), (d) or (e)” and substituting the words “section 15(2)(b), (c), (d), (e), (f) or (g)”.

Amendment of section 16

8. Section 16 of the principal Act is amended —

- (a) by deleting the words “section 15(2)(a), (d) or (e) or (3)” in subsection (1) and substituting the words “section 15(2)(a), (d), (e), (f) or (g), (3) or (4)”;

- (b) by deleting subsection (2) and substituting the following subsection:

“(2) Where the amount in a member’s medisave account exceeds the prescribed amount —

- (a) if the member is required to top-up the minimum sum under section 15(6)(a), the amount in excess of the prescribed amount (referred to in this subsection as the excess amount) shall be applied to meet any shortfall in the minimum sum, and any balance of the excess amount may be withdrawn under section 15(3) or (4);

- (b) if the member is required to set aside or top-up in his retirement account the amount referred to in section 15(2A)(a), the excess amount shall be applied to meet any shortfall in that amount, and any balance of the

excess amount may be withdrawn under section 15(2)(d), (e) or (f);

(c) if the member is required to set aside or top-up in his retirement account the amount referred to in section 15(7B)(a) or (8A)(a), the excess amount shall be applied to meet any shortfall in that amount, and any balance of the excess amount may be withdrawn under section 15(2)(a), (3) or (4); or

(d) in any other case, the excess amount may be withdrawn under section 15(2)(a) or (g), (3) or (4).”.

New section 16A

9. The principal Act is amended by inserting, immediately after section 16, the following section:

“Withdrawal from medisave account of deceased member for payment of his medical expenses

16A.—(1) Notwithstanding section 24(3A), on or after the death of a member of the Fund, the Board may, subject to such conditions as the Minister may from time to time impose, permit the withdrawal of the whole or any part of the sum standing to his credit in his medisave account, in accordance with any regulations made under section 77(1), for the payment of expenses for medical treatment received by him, if that withdrawal had been authorised —

(a) before his death, by him or, if he was unable to give the authorisation, by a prescribed person; or

(b) on or after his death, by a prescribed person.

(2) Where the Board has permitted the withdrawal of any money under subsection (1), section 24(3A) shall not apply to that money.

(3) In subsection (1), “prescribed person” means such person or committee as may be prescribed by any regulations made under section 77(1).”.

Amendment of section 18

10. Section 18 of the principal Act is amended —

- (a) by renumbering the section as subsection (1) of that section, and by inserting immediately thereafter the following subsection:

“(2) The Board may, for any of the purposes mentioned in section 15(2A)(a), (7B)(a) and (8A)(a) and subject to such terms and conditions as it may impose, permit —

(a) a member to transfer such portion of the sum standing to his credit in the Fund as the Board may determine to the retirement account of his parent or spouse to be applied by the parent or spouse; or

(b) any person to pay money into his parent’s, grandparent’s or spouse’s retirement account.”; and

- (b) by inserting, immediately after the words “minimum sum” in the section heading, the words “and amounts specified under section 15(2A)(a), (7B)(a) and (8A)(a),”.

Amendment of section 24

11. Section 24 of the principal Act is amended —

- (a) by deleting subsections (1), (2) and (3) and substituting the following subsections:

“(1) Notwithstanding any written or other law but subject to any regulations made under section 77(1) —

(a) no withdrawals made from the Fund under this Act and no rights of any member of the Fund acquired thereunder; and

(b) no moneys repayable to the Fund by any member of the Fund which are secured by —

(i) a charge on his estate or interest in an immovable property under section 21(1) or 21A(1); or

(ii) a charge constituted on an HDB flat under section 21B(1),

shall be assignable, transferable, attached, sequestered or levied upon for or in respect of any debt or claim, or be subject to any set-off of any nature for any debt owing by the member.

(2) Notwithstanding any written or other law, every investment made by a member of the Fund under any scheme

in accordance with any regulations made under section 77(1)(n), and the proceeds and benefits of the investment, shall not be assignable, transferable, attached, sequestered or levied upon for or in respect of any debt or claim, or be subject to any set-off of any nature for any debt owing by the member.

(3) Notwithstanding anything in the Bankruptcy Act (Cap. 20), if a member of the Fund is adjudicated a bankrupt by a court, every investment made by the member under any scheme in accordance with any regulations made under section 77(1)(n) and the proceeds and benefits of the investment —

(a) shall not pass to the Official Assignee on the bankruptcy of the member; and

(b) shall be deemed not to form part of the property of the member.”;

(b) by deleting the word “All” in subsection (3A) and substituting the words “Subject to section 16A, all”; and

(c) by deleting subsection (7) and substituting the following subsection:

“(7) In this section, “HDB flat” has the same meaning as in section 21B(14).”.

Amendment of section 25

12. Section 25 of the principal Act is amended by deleting subsection (2) and substituting the following subsection:

“(2) Where, at the time of the death of a member of the Fund, no person has been nominated by him under subsection (1), the total amount payable on his death out of the Fund shall be paid to the Public Trustee for disposal in accordance with —

(a) the Intestate Succession Act (Cap. 146), if the member is not a Muslim at the time of his death; or

(b) section 112 of the Administration of Muslim Law Act (Cap. 3), if the member is a Muslim at the time of his death.”.

Amendment of section 27

13. Section 27(2) of the principal Act is amended by deleting the words “section 15(2)(a), (d) or (e)” in paragraph (a) and substituting the words “section 15(2)(a), (d), (e), (f) or (g)”.

5 **Amendment of section 77**

14. Section 77 of the principal Act is amended —

(a) by inserting, immediately after paragraph (k) of subsection (1), the following paragraph:

10 “(ka) to provide for the transfer of money from the medisave account of a member to his ordinary account, special account and retirement account (if any);”;

15 (b) by deleting the words “investing in such precious metals, insurance policies (including investment-linked insurance policies) and securities, and depositing in such fixed deposit accounts,” in subsection (1)(n) and substituting the words “making such investments”; and

20 (c) by deleting the words “is physically or mentally incapacitated” in subsection (2)(c) and substituting the words “satisfies any ground under section 15(2)(d), (e), (f) or (g), (6B), (7A)(a), (b), (ba) or (c), (8)(a), (b), (c) or (d) or (15)(e)(ii), 36(2) or 49(2)”.

EXPLANATORY STATEMENT

This Bill seeks to amend the Central Provident Fund Act (Cap. 36) for the following main purposes:

- (a) to increase the number of members of the Central Provident Fund Board (the Board) and to expressly enable the chief executive officer of the Board to be appointed as a member of the Board;
- (b) to facilitate the transfer of money between a member’s medisave account and the member’s ordinary account, special account and retirement account (if any);
- (c) to increase the number of grounds on which a member may —
 - (i) withdraw the sum standing to his credit in the Central Provident Fund (the Fund) under section 15(2);

- (ii) withdraw the minimum sum or such part thereof as the Board may determine, or surrender his approved annuity, under section 15(7A); or
- (iii) be excused from having to deposit the minimum sum, or to use the minimum sum to purchase an approved annuity, under section 15(8), and to provide for the conditions which the member may have to satisfy in order to make the withdrawal or surrender, or to be excused from having to make the deposit or purchase, as the case may be;
- (d) to allow the amount in a deceased member's medisave account to be used for the payment of expenses for medical treatment received by the member;
- (e) to clarify the ambit of the prohibitions and protection under section 24(1), (2) and (3); and
- (f) to clarify how the amount payable on the death of a member under section 25(2) should be disposed of.

Clause 1 relates to the short title and commencement.

Clause 2 makes an amendment to the definition of "retirement account" in section 2(1) that is consequential to the amendments to section 15 by clause 6(b), (h) and (i).

Clause 3(a) amends section 4(4)(d) to increase the maximum number of members of the Board who may be appointed under that provision from 4 to 7.

Clause 3(b) amends section 4 to insert a new subsection (4A) which expressly enables the Minister, with the President's concurrence under Article 22A(1)(b) of the Constitution, to appoint the chief executive officer to be a member of the Board.

Clause 4 amends section 5(1) to remove the requirement for the Board to obtain the approval of the Minister when the Board appoints inspectors for carrying the Act into effect.

Clause 5(a), (b) and (c) makes minor technical amendments to section 13(1), including changes that are consequential to the amendments to section 13 by clause 5(d), (e) and (f), the amendments to section 15 by clause 6(b) and (c) and the insertion of the new section 16A by clause 9.

Clause 5(d) amends section 13(6) to empower the Board to transfer an amount in a member's medisave account which is in excess of the amount directed by the Minister to one or more designated accounts of the member, in accordance with regulations made under section 77(1)(ka).

Clause 5(e) amends section 13(7) to empower the Board, upon application by a member and with the approval of the Minister, to transfer to the member's medisave account an amount in any designated account of the member which had been transferred from the medisave account.

Clause 5(f) amends section 13 by inserting a new subsection (8) to define the term "designated account" in that section.

Clause 6(a) amends section 15(2) (by deleting paragraphs (d) and (e) and substituting new paragraphs (d) to (g)) to allow a member to withdraw the sum standing

to his credit in the Fund, regardless of his age, if the Board is satisfied that the member —

- (a) is physically or mentally incapacitated from ever continuing in any employment or in such other manner as the Minister may approve;
- (b) is of unsound mind;
- (c) is suffering from a medical condition leading to a severely impaired life expectancy; or
- (d) is suffering from a terminal illness or disease.

Clause 6(b) amends section 15 by inserting new subsections (2A) and (2B) to stipulate the conditions which a member must satisfy to withdraw the sum standing to his credit in the Fund on any of the following grounds (the debilitating grounds):

- (a) the member is physically or mentally incapacitated from ever continuing in any employment or in such other manner as the Minister may approve;
- (b) the member is of unsound mind;
- (c) the member is suffering from a medical condition leading to a severely impaired life expectancy.

Clause 6(c) makes an amendment to section 15(5) that is consequential to the insertion of the new section 16A by clause 9.

Clause 6(d) makes an amendment to section 15(6) that is consequential to the insertion of the new section 15(8A) by clause 6(i).

Clause 6(e) amends section 15 by deleting and substituting subsections (6A) and (6B) —

- (a) to enable 2 members who are parties to a marriage to set aside jointly, with the permission of the Board, an amount which is less than 2 times the minimum sum if each has executed a memorandum under section 25(1) nominating the other to receive, on his death, an amount which is not less than an amount specified by the Board; and
- (b) to enable the memorandum to be revoked during the subsistence of the marriage between the members if the Board is satisfied that any of the debilitating grounds applies to either or both of the members or that either or both of the members are suffering from a terminal illness or disease.

Clause 6(f) makes a technical amendment to section 15(6C) that is consequential to the amendment of the definition of “retirement account” in section 2(1) by clause 2.

Clause 6(g) amends section 15(7A) to enable a member to whom that provision applies to withdraw the minimum sum or such part thereof as the Board may determine, or surrender his approved annuity, if the Board is satisfied that any of the debilitating grounds applies to the member.

Clause 6(h) amends section 15 by inserting new subsections (7B) and (7C) to stipulate the conditions which a member referred to in section 15(7A) must satisfy to

withdraw the minimum sum or part thereof, or surrender his approved annuity, on any of the debilitating grounds.

Clause 6(*i*) amends section 15(8) to provide that a member need not deposit the minimum sum, or use the minimum sum to purchase an approved annuity, if the Board is satisfied that any of the debilitating grounds applies to the member. It also amends section 15 by inserting new subsections (8A) and (8B) to stipulate the conditions which a member referred to in subsection (8) must satisfy to be excused from having to deposit the minimum sum, or to use the minimum sum to purchase an approved annuity, on any of the debilitating grounds.

Clause 6(*j*) amends section 15(9)(*a*) to align it with section 15(9A)(*a*), (10)(*a*) and (10A)(*a*).

Clause 6(*k*) amends section 15 by inserting a new subsection (10B) to clarify that the Board will not enforce any undertaking under subsection (10) or (10A) if the Board is satisfied of the occurrence of any of the events mentioned in subsection (15)(*e*).

Clause 6(*l*) makes technical amendments to section 15(15)(*e*) to align the phraseology used in sub-paragraphs (i) to (v).

Clause 6(*m*) amends section 15(15)(*e*)(iii) to allow a charge under section 15(9) or (9A) on an immovable property to be cancelled, on the application of a member or any other person having an interest in the property, if the Board is satisfied that the member has complied with the requirements of section 15(6) or the new section 15(2A), (7B) or (8A).

Clause 7 amends section 15A to extend the restriction on withdrawal under that section to withdrawal by a member under the new section 15(2)(*d*) to (*g*).

Clause 8 amends section 16 —

- (*a*) to extend the restriction on withdrawal under subsection (1) to withdrawal by a member under section 15(2)(*d*) to (*g*) and (4); and
- (*b*) to specify in subsection (2) the additional requirements, if any, which must be met before a member may withdraw from his medisave account under section 15(2)(*a*), (*d*), (*e*) or (*f*), (3) or (4).

Clause 9 inserts a new section 16A —

- (*a*) to empower the Board to permit, on or after the death of a member, the withdrawal of the whole or any part of the amount in the member's medisave account for the payment of expenses for medical treatment received by the member if certain conditions are met; and
- (*b*) to provide that section 24(3A) will not apply to any money withdrawn in those circumstances.

Clause 10 amends section 18 to empower the Board to permit, for any of the purposes mentioned in section 15(2A)(*a*), (7B)(*a*) or (8A)(*a*) —

- (*a*) a member to transfer a sum standing to his credit in the Fund to the retirement account of his parent or spouse; or

- (b) a person to pay money into his parent's, grandparent's or spouse's retirement account.

Clause 11 amends section 24 —

- (a) to clarify that subsections (1) and (2) have effect notwithstanding any written or other law;
- (b) to clarify that the prohibition against assignment or transfer, and the protection against enforcement, under subsection (1) extends to all withdrawals from the Fund under the Act and the rights of any member acquired thereunder, and all moneys repayable to the Fund which are secured by any charge under section 21(1), 21A(1) or 21B(1);
- (c) to clarify that the protection against enforcement conferred on a member under subsection (1) includes protection against any set-off for any debt owing by the member;
- (d) to substitute the reference in subsection (2) to specific forms of investments which a member may make under any scheme in accordance with regulations made under section 77(1)(n) with a generic reference to every investment which the member may make under that scheme;
- (e) to clarify that the protection against enforcement under subsection (2) extends to all proceeds and benefits of the investment, regardless of the nature of the investment;
- (f) to expressly prohibit the assignment or transfer of any investment under subsection (2);
- (g) to extend the protection against set-off conferred on a member under subsection (2) to any set-off of any nature by any creditor of the member for any debt owing by the member;
- (h) to clarify that subsection (3) will have effect notwithstanding anything in the Bankruptcy Act (Cap. 20);
- (i) to make changes to subsection (3) that are consequential to the changes to subsection (2);
- (j) to provide that subsection (3A) will have effect subject to section 16A; and
- (k) to make consequential changes to subsection (7).

Clause 12 amends section 25(2) to clarify that where a member dies without making any nomination under section 25(1), the amount payable on his death out of the Fund will be disposed of by the Public Trustee in accordance with —

- (a) the Intestate Succession Act (Cap. 146), if the member is not a Muslim at the time of his death; or
- (b) section 112 of the Administration of Muslim Law Act (Cap. 3), if the member is a Muslim at the time of his death.

Clause 13 amends section 27(2) to empower the Board to allow a member who is an undischarged bankrupt to withdraw from the amount standing to his credit under the new section 15(2)(d) to (g) if certain requirements are met.

Clause 14 amends section 77 —

- (a) by inserting a new subsection (1)(ka) to expressly enable the making of regulations for the transfer of money from the medisave account of a member to his ordinary account, special account or retirement account (if any);
- (b) to substitute the reference in subsection (1)(n) to investing in specific forms of investments with a generic reference to the making of investments; and
- (c) to allow rules to be made under subsection (2)(c) for the appointment of medical boards for the purpose of determining whether a member satisfies any ground under section 15(2)(d), (e), (f) or (g), (6B), (7A)(a), (b), (ba) or (c), (8)(a), (b), (c) or (d) or (15)(e)(ii), 36(2) or 49(2).

EXPENDITURE OF PUBLIC MONEY

This Bill will involve the Government in extra financial expenditure, the exact amount of which cannot at present be ascertained.
