

# **Central Provident Fund (Amendment) Bill**

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**Bill No. 21/2008.**

*Read the first time on 25th August 2008.*

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 2008 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 inserting, immediately after the definition of “ordinary account”, the following definition:

10 ““prescribed age” means such age of a member as the Minister may prescribe by regulations made under section 77(1), and the Minister may prescribe different ages for different purposes and in respect of different classes of members;”.

### **Amendment of section 13**

15 3. Section 13(1) of the principal Act is amended by inserting, immediately after “18C,” in paragraph (c), “19A,”.

### **Amendment of section 13B**

4. Section 13B of the principal Act is amended —

- 20 (a) by inserting, at the end of subsection (3)(a)(i), the word “and”;
- (b) by deleting sub-paragraph (iii) of subsection (3)(a);
- (c) by deleting sub-paragraph (ia) of subsection (3)(b); and
- (d) by deleting subsections (4) and (5).

### **Amendment of section 15**

5. Section 15 of the principal Act is amended —

- 25 (a) by inserting, immediately after the words “this section” in subsection (2), the words “and sections 19 and 19A”; and
- (b) by deleting the words “age of 60 years or such other age as the Minister may prescribe” in subsections (7) and (7A) and substituting in each case the words “prescribed age”.

### **Amendment of section 18**

30 6. Section 18 of the principal Act is amended —

(a) by deleting paragraph (b) of subsection (1) and substituting the following paragraph:

“(b) any person to pay money into the retirement account of a member who has attained the age of 55 years; or”;

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(b) by deleting the words “his parent, grandparent, spouse or sibling” in subsection (2)(b) and substituting the words “a member”;

(c) by deleting paragraph (b) of subsection (3) and substituting the following paragraph:

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“(b) any person to pay money into the special account of a member who has not attained the age of 55 years.”;

(d) by deleting subsections (4), (5) and (6) and substituting the following subsections:

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“(4) Subject to subsection (6), where a member is a spouse or sibling to whose special account any moneys have been transferred under subsection (3)(a) —

(a) the moneys so transferred; and

(b) any interest that would have accrued thereto,

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shall be transferred by the Board to the member’s retirement account when the member attains the age of 55 years.

(5) Subject to subsection (6) —

(a) any moneys paid by any person into a member’s special account under subsection (3)(b); and

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(b) any interest that would have accrued thereto,

shall be transferred by the Board to the member’s retirement account when the member attains the age of 55 years.

(6) Where, when a member attains the age of 55 years, the total amount of the moneys and interest referred to in subsections (4)(a) and (b) and (5)(a) and (b) exceeds the minimum sum applicable to the member —

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(a) the total amount to be transferred by the Board to the member’s retirement account under subsections (4)

and (5) shall not exceed the minimum sum applicable to the member; and

(b) the moneys and interest referred to in subsections (4)(a) and (b) and (5)(a) and (b) shall be transferred by the Board to the member's retirement account in the following order of priority:

(i) the moneys and interest referred to in subsection (4)(a) and (b); and

(ii) the moneys and interest referred to in subsection (5)(a) and (b).";

(e) by inserting, immediately after subsection (7), the following subsection:

"(8) Any moneys transferred under subsection (1)(a), (2)(a) or (3)(a), paid under subsection (1)(b), (2)(b) or (3)(b) or maintained under subsection (1)(c) shall be deemed to be contributions for the purposes of this Act."; and

(f) by deleting the section heading and substituting the following section heading:

**"Transfer or payment of moneys to retirement account or special account, and voluntary maintenance of sum in retirement account"**.

### **Repeal and re-enactment of sections 19 and 19A**

7. Sections 19 and 19A of the principal Act are repealed and the following sections substituted therefor:

**"Provisions relating to moneys transferred or paid to parent's, grandparent's, spouse's or sibling's retirement account on death or withdrawal under section 15(2)(b) or (c)**

**19.—**(1) Any moneys transferred by a member to his parent's, grandparent's, spouse's or sibling's retirement account under section 18(1)(a) or (2)(a) —

(a) shall not form part of the moneys payable out of the Fund on the death of the parent, grandparent, spouse or sibling, as the case may be; and

(b) shall not be withdrawn from the Fund by the parent, grandparent, spouse or sibling, as the case may be, under section 15(2)(b) or (c).

5 (2) Except as otherwise provided by subsections (3) and (4), the moneys transferred under section 18(1)(a) or (2)(a), or the balance thereof, shall be credited to the account from which it was transferred upon —

(a) the death of the parent, grandparent, spouse or sibling; or

10 (b) the withdrawal of any sum from the Fund by the parent, grandparent, spouse or sibling under section 15(2)(b) or (c).

(3) Where any moneys transferred by a member to the retirement account of his parent, grandparent, spouse or sibling under section 18(1)(a) or (2)(a) are transferred or paid by the Board to any person under section 27B —

15 (a) subsection (2) shall not apply to those moneys; and

(b) the person to whom those moneys have been transferred or paid by the Board under section 27B shall be entitled to retain those moneys.

20 (4) Where the Board receives notice, in accordance with any regulations made under section 77(1), that any moneys transferred by a member to the retirement account of his parent, grandparent, spouse or sibling under section 18(1)(a) or (2)(a) are to be transferred or paid by the Board to any person under section 27B, and the Board has not, at the time it receives the notice, credited those moneys to the account of the member under subsection (2) —

(a) subsection (2) shall not apply to those moneys; and

(b) the person to whom those moneys are to be transferred or paid under section 27B shall be entitled to those moneys.

30 (5) Any moneys paid by a person before 1st November 2008 to his parent's, grandparent's, spouse's or sibling's retirement account under section 18(1)(b) or (2)(b) as in force immediately before that date shall not form part of the moneys payable out of the Fund on the death of the parent, grandparent, spouse or sibling, as the case may be.

(6) Except as otherwise provided by subsections (7) and (8), the moneys paid under section 18(1)(b) or (2)(b) as in force immediately before 1st November 2008, or the balance thereof, shall be credited to the account of the person who made the payment upon the death of the parent, grandparent, spouse or sibling.

(7) Where any moneys paid by a person before 1st November 2008 to the retirement account of his parent, grandparent, spouse or sibling under section 18(1)(b) or (2)(b) as in force immediately before that date are transferred or paid by the Board to any person under section 27B —

- (a) subsection (6) shall not apply to those moneys; and
- (b) the person to whom those moneys have been transferred or paid by the Board under section 27B shall be entitled to retain those moneys.

(8) Where the Board receives notice, in accordance with any regulations made under section 77(1), that any moneys paid by a person before 1st November 2008 to the retirement account of his parent, grandparent, spouse or sibling under section 18(1)(b) or (2)(b) as in force immediately before that date are to be transferred or paid by the Board to any person under section 27B, and the Board has not, at the time it receives the notice, credited those moneys to the account of the member under subsection (6) —

- (a) subsection (6) shall not apply to those moneys; and
- (b) the person to whom those moneys are to be transferred or paid under section 27B shall be entitled to those moneys.

**Provisions relating to moneys transferred or paid to spouse's or sibling's special account on death or withdrawal under section 15(2)(b) or (c)**

**19A.**—(1) Any moneys transferred by a member to his spouse's or sibling's special account under section 18(3)(a) —

- (a) shall not form part of the moneys payable out of the Fund on the death of the spouse or sibling, as the case may be; and
- (b) shall not be withdrawn from the Fund by the spouse or sibling, as the case may be, under section 15(2)(b) or (c).

(2) Except as otherwise provided by subsections (3) and (4), the moneys transferred under section 18(3)(a), or the balance thereof, shall be credited to the account from which it was transferred upon —

(a) the death of the spouse or sibling; or

5 (b) the withdrawal of any sum from the Fund by the spouse or sibling under section 15(2)(b) or (c).

(3) Where any moneys transferred by a member to the special account of his spouse or sibling under section 18(3)(a) are transferred or paid by the Board to any person under section 27B —

10 (a) subsection (2) shall not apply to those moneys; and

(b) the person to whom those moneys have been transferred or paid by the Board under section 27B shall be entitled to retain those moneys.

15 (4) Where the Board receives notice, in accordance with any regulations made under section 77(1), that any moneys transferred by a member to the special account of his spouse or sibling under section 18(3)(a) are to be transferred or paid by the Board to any person under section 27B, and the Board has not, at the time it receives the notice, credited those moneys to the account of the member under  
20 subsection (2) —

(a) subsection (2) shall not apply to those moneys; and

(b) the person to whom those moneys are to be transferred or paid under section 27B shall be entitled to those moneys.

25 (5) Any moneys paid by a person before 1st November 2008 to his spouse's or sibling's special account under section 18(3)(b) as in force immediately before that date shall not form part of the moneys payable out of the Fund on the death of the spouse or sibling, as the case may be.

30 (6) Except as otherwise provided by subsections (7) and (8), the moneys paid under section 18(3)(b) as in force immediately before 1st November 2008, or the balance thereof, shall be credited to the account of the person who made the payment upon the death of the spouse or sibling.

35 (7) Where any moneys paid by a person before 1st November 2008 to the special account of his spouse or sibling under section 18(3)(b)

as in force immediately before that date are transferred or paid by the Board to any person under section 27B —

(a) subsection (6) shall not apply to those moneys; and

5 (b) the person to whom those moneys have been transferred or paid by the Board under section 27B shall be entitled to retain those moneys.

(8) Where the Board receives notice, in accordance with any regulations made under section 77(1), that any moneys paid by a person before 1st November 2008 to the special account of his spouse or sibling under section 18(3)(b) as in force immediately before that date are to be transferred or paid by the Board to any person under section 27B, and the Board has not, at the time it receives the notice, credited those moneys to the account of the member under subsection (6) —

15 (a) subsection (6) shall not apply to those moneys; and

(b) the person to whom those moneys are to be transferred or paid under section 27B shall be entitled to those moneys.”.

### **Amendment of section 22**

**8.** Section 22 of the principal Act is amended —

20 (a) by deleting the words “at an approved tertiary institution” in subsection (1) and substituting the words “conducted, or to be conducted, in whole or in part at an approved educational institution, including any such course of study leading to a qualification conferred by another educational institution”;

25 (b) by deleting the words “shall be deemed to be a debt due to the Board and may be sued for by the Board in any court” in subsection (5) and substituting the words “may be sued for and recovered by the Board under section 65”;

30 (c) by inserting, immediately after subsection (5), the following subsections:

“(5A) The Board may refuse to permit a withdrawal under subsection (1) for a payment to an approved educational institution, if the approved educational institution fails to —



- (a) provide such information, evidence and documents relevant to the payment as the Board may reasonably require from the approved educational institution; or
- (b) comply with such administrative or operational requirements as the Board may reasonably impose under an arrangement between the Board and the approved educational institution.

(5B) Without prejudice to subsections (3), (4) and (5), where any sum standing to the credit of a member in the Fund has been withdrawn and paid to an approved educational institution in error —

- (a) the approved educational institution shall repay to the Board, to the account of the member in the Fund, that sum, together with the whole or such part, as the Board may determine, of the interest that would have been payable thereon;
  - (b) the approved educational institution shall, if it caused or contributed to the error —
    - (i) reimburse the Board for all reasonable expenses incurred by the Board in rectifying the error; and
    - (ii) indemnify the Board against any liability (whether to the member or to any other person) incurred by the Board in connection with the withdrawal or payment;
  - (c) any sum not repaid to the Board under paragraph (a) may be sued for and recovered by the Board under section 65; and
  - (d) any sum not paid to the Board under paragraph (b) may be sued for and recovered by the Board as a debt due to the Board.”;
- (d) by deleting the definition of “approved tertiary institution” in subsection (6) and substituting the following definitions:
- ““approved educational institution” means any educational institution in Singapore approved by the Minister for the purposes of subsection (1);

“course of study” means any course of study which is of a type prescribed by the Minister for the purposes of subsection (1);” and

- 5 (e) by deleting the word “tertiary” in the section heading and substituting the word “educational”.

#### **Amendment of section 24**

**9.** Section 24 of the principal Act is amended by deleting subsections (2) and (3) and substituting the following subsections:

10 “(2) Notwithstanding any written or other law but subject to sections 27G and 27H and any regulations made under section 77(1), every investment made by a member of the Fund under any scheme in accordance with any regulations made under section 77(1)(n) the proceeds or benefits (or any part thereof) of which the member is obliged to repay into the Fund, and any proceeds or benefits of such  
15 an investment which the member is obliged to repay into the Fund, 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.

20 (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) the proceeds or benefits (or any part thereof) of which the member is obliged to repay into the Fund, and any proceeds or benefits of such an investment  
25 which the member is obliged to repay into the Fund —

(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.”.

#### **Amendment of section 77**

30 **10.** Section 77(1) of the principal Act is amended by deleting the words “age of 60 years or such other age as may be prescribed” in paragraph (o)(iii) and substituting the words “prescribed age”.

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## EXPLANATORY STATEMENT

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

- (a) to modify the statutory framework for the making of voluntary contributions to the Central Provident Fund (the Fund), so as to allow more savings to be made for retirement needs;
- (b) to modify the statutory framework for the making of withdrawals from the Fund for the payment of tuition fees for a course of study, so as to extend the range of courses for which such withdrawals may be made and to enhance the ability of the Central Provident Fund Board (the Board) to regulate such withdrawals;
- (c) to modify the scope of protection under section 24(2) and (3) of any investment made by a member of the Fund (member) under any scheme in accordance with any regulations made under section 77(1)(n) (the CPF Investment Scheme) and of any proceeds or benefits of such an investment; and
- (d) to facilitate the making of changes to the age from which a member is entitled to withdraw from his minimum sum, as different ages will apply to different classes of members.

Clause 1 relates to the short title and commencement.

Clause 2 amends section 2(1) to insert a new definition for “prescribed age”, which is used in the amendments to sections 15(7) and (7A) and 77(1)(o)(iii) (by clauses 5(b) and 10, respectively). When the term “prescribed age” is used, the Minister may prescribe, by regulations made under section 77(1), different ages for different purposes and in respect of different classes of members.

Clause 3 makes a technical amendment to section 13(1)(c), so as to specifically identify section 19A as a provision in the Act under which withdrawals may be made from a member’s special account.

Clause 4 amends section 13B to provide that any amount paid by a person’s spouse or sibling into the person’s special account under section 18(3)(b), and any amount paid by a person into the special account of his spouse or sibling under section 18(3)(b), will no longer be relevant for the purposes of computing the maximum amount which the person may contribute voluntarily to the Fund under section 13B(1) or 7(4).

Clause 5 amends section 15 —

- (a) to make a member’s entitlement to withdraw a sum standing to his credit in the fund under section 15(2) subject to the restrictions on such withdrawal under the new sections 19 and 19A (to be inserted by clause 7); and
- (b) to provide that for the purposes of section 15(7) and (7A), the Minister may prescribe, by regulations made under section 77(1) (as opposed to a notification in the *Gazette*), different ages in respect of different classes of members.

Clause 6 amends section 18 —

- (a) to remove the existing requirement for a member into whose retirement account any money is paid under section 18(1)(b) or (2)(b) to be a parent, grandparent, spouse or sibling of the person making the payment;
- (b) to remove the existing requirement for a member into whose special account any money is paid under section 18(3)(b) to be a spouse or sibling of the person making the payment;
- (c) to provide for the order of priority in which any moneys transferred to a member's special account under section 18(3)(a), any moneys paid into the member's special account under section 18(3)(b), and any interest that would have accrued thereto, are to be transferred by the Board into the member's retirement account, in the event that the total amount of such moneys and interest exceeds the minimum sum applicable to the member;
- (d) to make a technical amendment to the Act (by repositioning in section 18 the provisions in the existing sections 19(1) and 19A(1) that deem to be contributions for the purposes of the Act any moneys transferred to a member's retirement account or special account under section 18(1)(a), (2)(a) or (3)(a) and any moneys paid into a member's retirement account or special account under section 18(1)(b), (2)(b) or (3)(b)), and to deem to be contributions for the purposes of the Act any moneys voluntarily maintained in a retirement account by a member under section 18(1)(c); and
- (e) to make a consequential change arising from the deletion of section 13B(4) and (5) by clause 4(d).

Clause 7 repeals and re-enacts section 19 —

- (a) to prevent a withdrawal from the Fund under section 15(2)(b) or (c) of any moneys transferred to a retirement account under section 18(1)(a) or (2)(a); and
- (b) to restate the circumstances in which —
  - (i) any moneys transferred to a person's retirement account under section 18(1)(a) or (2)(a) will not form part of the moneys payable out of the Fund on the death of the person, but will instead be credited to the account from which it was transferred; and
  - (ii) any moneys paid into a person's retirement account under section 18(1)(b) or (2)(b) will not form part of the moneys payable out of the Fund on the death of the person, but will instead be credited to the account of the person who made the payment.

Clause 7 also repeals and re-enacts section 19A —

- (a) to prevent a withdrawal from the Fund under section 15(2)(b) or (c) of any moneys transferred to a special account under section 18(3)(a); and

(b) to restate the circumstances in which —

- (i) any moneys transferred to a person's special account under section 18(3)(a) will not form part of the moneys payable out of the Fund on the death of the person, but will instead be credited to the account from which it was transferred; and
- (ii) any moneys paid into a person's special account under section 18(3)(b) will not form part of the moneys payable out of the Fund on the death of the person, but will instead be credited to the account of the person who made the payment.

Any moneys paid into a person's retirement account under section 18(1)(b) or (2)(b), or into a person's special account under section 18(3)(b), on or after 1st November 2008 will not, on the death of the person, be credited to the account of the person who made the payment.

Clause 8(a) amends section 22(1) to extend the range of courses of study in respect of which a member may apply to the Board to withdraw moneys from the Fund for the payment of tuition fees. Presently, the Board may permit such a withdrawal only if the course of study is conducted at a tertiary institution in Singapore approved by the Minister. Under the amended section 22(1), it is sufficient if the course of study is conducted, or to be conducted, in whole or in part at an educational institution in Singapore approved by the Minister (approved educational institution). The approved educational institution need not be a tertiary institution. The course of study may also lead to a qualification conferred by another educational institution (including a foreign educational institution), so long as it is of a type prescribed by the Minister for the purposes of section 22(1) and is conducted at least in part at an approved educational institution.

Clause 8(b) amends section 22(5) to extend the application of section 65 (which relates to the processes for the recovery of sums due to the Fund) to the recovery of a sum repayable to the Board to the account of a member under section 22(3).

Clause 8(c) inserts new section 22(5A) and (5B) —

- (a) to enable the Board to refuse to permit a withdrawal under section 22(1) for a payment to an approved educational institution, if the approved educational institution fails to —
  - (i) provide the Board with such information, evidence and documents relevant to the payment as the Board may reasonably require; or
  - (ii) comply with such administrative or operational requirements as the Board may reasonably impose under an arrangement between the Board and the approved educational institution;
- (b) to require, in a case where any sum is withdrawn from a member's account and paid to an approved educational institution in error, the approved educational institution to —

- (i) repay to the Board, to the account of that member, that sum, together with the whole or such part, as the Board may determine, of the interest that would have been payable thereon; and
  - (ii) reimburse the Board for all reasonable expenses incurred by the Board in rectifying the error, and indemnify the Board against any liability incurred by the Board in connection with the withdrawal or payment, if the approved educational institution caused or contributed to the error; and
- (c) to provide for the recovery of any sum which an approved educational institution is required to, but does not, repay or pay to the Board.

Clause 8(*d*) amends section 22(6) by deleting the existing definition of “approved tertiary institution” (which will no longer be used), and inserting new definitions for “approved educational institution” and “course of study”. The new definition of “approved educational institution” will allow the Minister to determine the criteria which an educational institution in Singapore must satisfy in order to be an approved educational institution. The new definition of “course of study” will enable the Minister to prescribe, by regulations made under section 23, the types of courses of study in respect of which a member may apply to the Board to withdraw moneys from the Fund for the payment of tuition fees under section 22(1).

Clause 8(*e*) makes an amendment to the section heading of section 22 that is consequential to the changes made by clause 8(*a*), (*c*) and (*d*).

Clause 9 amends section 24(2) and (3) to provide that any investment made by a member under the CPF Investment Scheme, and any proceeds or benefits of such an investment, are protected from the member’s creditors, and will not pass to the Official Assignee on the bankruptcy of the member, only if and so long as —

- (*a*) in the case of the investment, the member continues to be obliged to repay into the Fund the whole or any part of the proceeds or benefits of the investment; or
- (*b*) in the case of the proceeds or benefits, the member continues to be obliged to repay into the Fund those proceeds or benefits.

Clause 10 makes an amendment to section 77(1)(*o*)(iii) that is consequential to the amendments to section 15(7) and (7A) (by clause 5(*b*)).

## EXPENDITURE OF PUBLIC MONEY

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

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