

Central Provident Fund (Amendment No. 2) Bill

Bill No. 26/2016.

Read the first time on 13 September 2016.

A BILL

intituled

An Act to amend the Central Provident Fund Act (Chapter 36 of the 2013 Revised Edition) and to make consequential amendments to certain other Acts.

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 is the Central Provident Fund (Amendment No. 2) Act 2016 and comes into operation on a date that the Minister appoints by notification in the *Gazette*.

5 Amendment of section 2

2. Section 2 of the Central Provident Fund Act (called in this Act the principal Act) is amended —

(a) by deleting the definition of “minimum sum” in subsection (1);

10 (b) by inserting, immediately after the definition of “retirement account” in subsection (1), the following definition:

“ “retirement sum”, in relation to a member, means any of the following as may be applicable:

15 (a) the retirement sum mentioned in section 15(6)(a) that is applicable to the member;

20 (b) the minimum sum mentioned in section 15(6)(a), as in force immediately before the date of commencement of section 5(g) of the Central Provident Fund (Amendment No. 2) Act 2016, that is applicable to the member;”;

25 (c) by deleting subsection (1A) and substituting the following subsection:

“(1A) For the purposes of this Act, unless the context otherwise requires or any regulations made under section 77(1)(a) provide otherwise —

30 (a) an individual attains a particular age expressed in years on the corresponding anniversary of the date of that individual’s birth; and

(b) despite paragraph (a), where an individual was born on 29 February in any year, then, in any subsequent year that is not a leap year, the anniversary of that individual's birth is deemed to occur on 1 March of that subsequent year.”;

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(d) by inserting, immediately after the words “section 27B” in subsection (6)(c), the words “or to the general moneys of the Fund under section 14(3C)”;

(e) by deleting the words “section 27N(4) or 57C(5) or (6)” in subsection (6)(d) and substituting the words “section 14(3) or (3A), 27N(4) or 57C(5) or (6)”.

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Amendment of section 13

3. Section 13 of the principal Act is amended —

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

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“(6A) For the purposes of subsection (6), the Minister may direct different amounts for different classes of members.”; and

(b) by deleting the words “or 18C(1)” in subsection (7H) and substituting the words “, 18C(1) or 18D”.

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Amendment of section 14

4. Section 14 of the principal Act is amended —

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

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“(3) The Board is entitled to recover on behalf of the Government the whole or part of the amount of any cash grant or payment paid into the Fund under subsection (1) or (1A), as the case may be, for the benefit of any person, together with any interest which the person is liable to pay to the Government under the terms of the cash grant or payment, from any money standing to the credit of that person in the Fund if,

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before, on or after the date of commencement of section 4 of the Central Provident Fund (Amendment No. 2) Act 2016 —

- 5 (a) the person has obtained the cash grant or payment by means of any false or misleading statement or any document that is false or misleading in any particular;
- 10 (b) the person has committed a breach of any of the terms and conditions of the cash grant or payment; or
- (c) the person is eligible to receive another cash grant or payment, or a cash grant or payment of a different amount, in place of the cash grant or payment to be recovered.

15 (3A) The Board is entitled to recover on behalf of the Government the whole or part of the amount of any cash grant or payment paid into the Fund under subsection (1) or (1A), as the case may be, for the benefit of any person, from any money standing to the credit of that person in the Fund before, on or after the expiry of the prescribed period mentioned in paragraph (b) if —

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- 25 (a) the whole or part of the cash grant or payment is paid in error into the person's account in the Fund before, on or after the date of commencement of section 4 of the Central Provident Fund (Amendment No. 2) Act 2016; and
- 30 (b) before the expiry of the prescribed period beginning on the date on which the cash grant or payment was paid into the person's account in the Fund in error —
- (i) the Board issues a notice of intent to recover that amount, whether or not received by the person; or
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- (ii) the Government, in such manner as the Board may require, requests the Board to recover that amount.

(3B) Where the Board has, before the date of commencement of section 4 of the Central Provident Fund (Amendment No. 2) Act 2016, recovered any of the following amounts, the recovered amounts are taken to be and always to have been validly recovered and no legal proceedings lie or may be instituted or maintained in any court of law in respect of any such recovery: 5 10

- (a) the whole or part of the amount of any cash grant or payment paid in error into a person's account in the Fund;
- (b) any interest on any cash grant or payment mentioned in paragraph (a). 15

(3C) Where the Board has recovered any amount from a person's account in the Fund under subsection (3) or (3A), the Board may transfer, from the person's account in the Fund to the general moneys of the Fund, the whole or such part, as the Board may determine, of any interest paid on the recovered amount while the recovered amount was in the person's account in the Fund. 20

(3D) Any interest transferred to the general moneys of the Fund before the date of commencement of section 4 of the Central Provident Fund (Amendment No. 2) Act 2016, which if transferred on or after that date would be permitted under subsection (3C), is taken to be and always to have been validly transferred, and no legal proceedings lie or may be instituted or maintained in any court of law in respect of any such transfer.”; and 25 30

- (b) by inserting, immediately after subsection (4), the following subsections: 35

“(4A) Despite sections 20(1)(b) and (1A) and 25 —

(a) the Board may recover or transfer, as the case may be, any amount from a person’s account in the Fund under this section even after the person’s death; and

(b) where, before the date of commencement of section 4 of the Central Provident Fund (Amendment No. 2) Act 2016, the Board had recovered or transferred, as the case may be, any amount from a person’s account in the Fund after the person’s death, which if recovered or transferred on or after that date would be permitted under this section, the amount is taken to be and always to have been validly recovered or transferred, and no legal proceedings lie or may be instituted or maintained in any court of law on account of or in respect of any such recovery or transfer.

(4B) Subsections (3) to (3D) and (4A) apply despite any other provisions of this Act, but are without prejudice to any other right of action or remedy which the Board or the Government may have under any written law or rule of law.”

Amendment of section 15

5. Section 15 of the principal Act is amended —

(a) by deleting subsections (1A) to (1D) and substituting the following subsection:

“(1A) The Board may give its authority under subsection (1) —

(a) for the withdrawal of money standing to a member’s credit in the Fund, on the application of a person who —

- (i) is entitled or allowed to withdraw the money; or
 - (ii) will be entitled to withdraw the money under subsection (2)(a), (3) or (7) within such period as the Board may determine; or 5
- (b) without any application mentioned in paragraph (a), for the withdrawal of —
- (i) the whole or part of an amount referred to in subsection (6C)(a) that a member is entitled to withdraw under subsection (7); 10
 - (ii) the whole or part of any money that the Board may allow the member to withdraw under subsection (4)(b); 15
 - (iii) the amount standing to the credit of a deceased member in the Fund that a person nominated by the deceased member in accordance with section 25(1) is entitled to withdraw under subsection (5); or 20
 - (iv) such other amounts standing to the credit of a member in the Fund for payment to the member as may be prescribed by regulations made under section 77(1).”; 25
- (b) by deleting the words “sections 19 and 19A” in subsection (2) and substituting the words “sections 16, 19 and 19A”;
- (c) by inserting the word “and” at the end of subsection (2A)(a)(ii); 30
- (d) by deleting paragraph (b) of subsection (2A);
- (e) by inserting, immediately after the words “subsection (6)” in subsections (3) and (4), the words “and section 16”;

- (*f*) by deleting the words “subsection (2)(*a*), (3) or (4)” in subsections (6) and (8A) and substituting in each case the words “subsection (2)(*a*) or (3), or is allowed under subsection (4),”;
- 5 (*g*) by deleting the words “minimum sum” wherever they appear in subsections (6)(*a*), (6A), (6CA), (9), (9A), (10), (10A), (11) and (11A) and substituting in each case the words “retirement sum”;
- 10 (*h*) by inserting the word “and” at the end of subsection (6)(*a*)(ii);
- (*i*) by deleting paragraph (*b*) of subsection (6);
- (*j*) by deleting subsection (6D);
- (*k*) by inserting the word “and” at the end of subsection (7B)(*a*)(ii);
- 15 (*l*) by deleting paragraph (*b*) of subsection (7B);
- (*m*) by inserting the word “and” at the end of subsection (8A)(*a*)(ii); and
- (*n*) by deleting paragraph (*b*) of subsection (8A).

Amendment of section 15B

- 20 6. Section 15B(1) of the principal Act is amended by deleting the words “minimum sum” and substituting the words “retirement sum”.

Repeal and re-enactment of section 16

7. Section 16 of the principal Act is repealed and the following section substituted therefor:

“Restrictions on withdrawal from medisave account

25 16.—(1) A member of the Fund is not entitled to withdraw any sum standing to the credit of the member in the member’s medisave account under section 15(2)(*a*) or (3).

30 (2) A member of the Fund is not entitled to withdraw any sum standing to the credit of the member in the member’s medisave

account under section 15(2)(d), (e), (f) or (g), except with the approval of the Minister.

(3) The Board must not allow a member of the Fund to withdraw any sum standing to the credit of the member in the member's medisave account under section 15(4).”

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Amendment of section 18

8. Section 18 of the principal Act is amended by deleting the words “minimum sum” wherever they appear in subsections (1)(c)(i) and (6) and substituting in each case the words “retirement sum”.

Amendment of section 18C

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9. Section 18C(1) of the principal Act is amended by inserting, immediately after the words “requisite amount”, the words “applicable to the member”.

New section 18D

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

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

18D. The Board may, on the application of a member and subject to such terms and conditions as the Board may impose, permit the member to transfer the whole or part of the amount standing to the credit of the member in either or both of the member’s ordinary account and special account to the medisave account of any person who is related to the member in a manner specified by the Board.”

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Amendment of section 27B

11. Section 27B of the principal Act is amended —

(a) by inserting, immediately after the words “section 14(3)” in subsections (2)(a) and (3)(a), the words “or (3A), or to transfer to the general moneys of the Fund under section 14(3C)”;

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(b) by deleting the words “sections 15 and 16” in subsection (3)(c) and substituting the words “section 15”; and

5 (c) by inserting, immediately after “18C,” in subsections (6)(b)(i) and (7)(b)(i), “18D,”.

Amendment of section 27C

10 **12.** Section 27C of the principal Act is amended by deleting the words “minimum sum” in subsections (1)(b), (i), (ii) and (iv)(A) and (B) and (2)(b) and (i) and substituting in each case the words “retirement sum”.

Amendment of section 27D

15 **13.** Section 27D of the principal Act is amended by deleting the words “minimum sum” wherever they appear in subsections (1)(c), (i), (ii) and (iv) and (2) and substituting in each case the words “retirement sum”.

Amendment of section 27DA

14. Section 27DA(1) of the principal Act is amended by deleting the words “minimum sum” in paragraphs (i) and (ii) and substituting in each case the words “retirement sum”.

Amendment of section 27E

20 **15.** Section 27E(1) of the principal Act is amended by inserting, immediately after the words “section 14(3)” in paragraph (i)(A), the words “or (3A)”.

Amendment of section 27F

25 **16.** Section 27F(1) of the principal Act is amended by inserting, immediately after the words “section 14(3)” in paragraph (i)(A), the words “or (3A)”.

Amendment of section 27I

30 **17.** Section 27I(1) of the principal Act is amended by deleting the words “or 16”.

Amendment of section 67C

18. Section 67C of the principal Act is amended by inserting, immediately after subsection (1), the following subsection:

“(1A) Conduct that contravenes any regulations made under section 77(1)(rb)(i) does not constitute an offence under section 58(d).”.

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Amendment of section 77

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

(a) by deleting paragraph (a) and substituting the following paragraphs:

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“(a) to prescribe the date on which, or month in which, a person born on 29 February is deemed to attain a particular age in any year for the purposes of this Act, including different dates or months for different purposes;

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(aa) to provide for the manner of payment, collection and refund of contributions and any matters incidental thereto, including by electronic or other means;”;

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(b) by inserting, immediately after paragraph (g), the following paragraph:

“(ga) for the purposes of section 14, including, in particular, specifying the prescribed period mentioned in section 14(3A)(b) and different periods for different types of cash grants or payments;”;

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(c) by deleting the words “minimum sum” wherever they appear in paragraph (o)(i) and (ii) and substituting in each case the words “retirement sum”; and

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(d) by deleting the words “minimum sums” in paragraph (o)(i) and substituting the words “retirement sums”.

Consequential amendments to other Acts and references to retirement sum

20.—(1) The Deposit Insurance and Policy Owners’ Protection Schemes Act (Cap. 77B, 2012 Ed.) is amended —

5 (a) by deleting the definition of “CPFMS” in section 2(1) and substituting the following definition:

 “ “CPFRS” means any Retirement Sum Scheme established under any regulations made under section 77(1) of the Central Provident Fund Act (Cap. 36);”; and

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 (b) by deleting “CPFMS” wherever it appears in sections 3(2)(d) and 22(1), (2) and (4) and paragraph (b) of the definition of “insured deposit” in the First Schedule and substituting in each case “CPFRS”.

15 (2) Section 49K of the Insurance Act (Cap. 142, 2002 Ed.) is amended —

 (a) by deleting the definition of “minimum sum”;

 (b) by deleting the words “minimum sum” in paragraph (f) of the definition of “relevant policy” and substituting the words “retirement sum”; and

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 (c) by inserting, immediately after the definition of “relevant policy”, the following definition:

 “ “retirement sum” has the same meaning as in section 2(1) of the Central Provident Fund Act;”.

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(3) Unless the context otherwise requires, a reference in any subsidiary legislation in force, or any contract, deed, instrument or other document made, before the date of commencement of this section (called in this section the relevant date), to anything specified in the first column of the following table is to be read as a reference to the item specified opposite in the second column.

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<i>First column</i>	<i>Second column</i>	
(a) The minimum sum mentioned in section 15(6)(a) of the principal Act as in force immediately before the relevant date.	The retirement sum as defined in section 2(1) of the principal Act as amended by section 2(b).	5
(b) Any Minimum Sum Scheme established by regulations made under section 77(1) of the principal Act as in force immediately before the relevant date.	The corresponding Retirement Sum Scheme established by regulations made under section 77(1) of the principal Act as amended by section 19.	10
(c) The Minimum Sum Topping-Up Scheme established by regulations made under section 77(1) of the principal Act as in force immediately before the relevant date.	The Retirement Sum Topping-Up Scheme established by regulations made under section 77(1) of the principal Act as amended by section 19.	15 20

EXPLANATORY STATEMENT

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

- (a) to allow a member of the Central Provident Fund (member) to apply before the member attains the prescribed age to make a lump sum withdrawal from the member's retirement account after attaining the prescribed age;
- (b) to give the Central Provident Fund Board (the Board) the discretion to start payouts from the retirement account, without requiring members to apply to receive the payouts;
- (c) to replace references to the minimum sum with references to the retirement sum;
- (d) to allow the Minister to direct different amounts for different classes of members for purposes of section 13(6);
- (e) to remove the requirement to set aside or top up the medisave account upon withdrawal;
- (f) to disallow cash withdrawals from the medisave account;
- (g) to allow a member to transfer moneys in either or both of the member's ordinary account and special account to the medisave account of a related person of the member;
- (h) to allow the Board to recover the whole or part of the amount of any cash grant or cash payment paid into the Central Provident Fund (the Fund) for the benefit of any person —
 - (i) where the person is eligible to receive another cash grant or payment or a cash grant or payment of a different amount, in place of the cash grant or payment to be recovered; or
 - (ii) the whole or any part of the cash grant or payment is paid in error into the person's account in the Fund;
- (i) to clarify that conduct that contravenes any regulations made under section 77(1)(rb)(i), for which the Board may impose a financial penalty, does not constitute an offence under the Act;
- (j) to provide that the anniversary of birth of an individual born on 29 February is deemed to occur on 1 March in a year that is not a leap year, and that the Minister may make regulations under section 77(1)(a) to provide otherwise.

The Bill also makes consequential amendments to other Acts.

Clause 1 relates to the short title and commencement.

Clause 2 amends section 2 —

- (a) to delete the definition of “minimum sum” in subsection (1) and introduce a new definition of “retirement sum”;
- (b) to delete and substitute subsection (1A) to clarify that, unless the context otherwise requires or any regulations made under section 77(1)(a) provide otherwise, the anniversary of birth of an individual born on 29 February is deemed to occur on 1 March in a year that is not a leap year; and
- (c) to amend subsection (6)(c) and (d) to provide that the amount to be paid out of the Fund on a member’s death excludes amounts to be recovered under section 14(3) or (3A) or to be transferred to the general moneys of the Fund under section 14(3C).

Clause 3 amends section 13 —

- (a) to insert a new subsection (6A) to allow the Minister to direct different amounts for different classes of members for purposes of subsection (6) (commonly called the basic healthcare sum); and
- (b) to make a consequential amendment to subsection (7H) to insert a reference to the new section 18D.

Clause 4 amends section 14 to delete subsection (3) and substitute new subsections (3) to (3D) and to insert new subsections (4A) and (4B) relating to the recovery of cash grants and payment paid into the Fund under subsection (1) or (1A).

The existing subsection (3) allows the Board to recover, from money standing to the credit of a person in the Fund, the whole or part of the amount of any cash grant or cash payment paid into the Fund for the benefit of the person, together with any interest which the person is liable to pay the Government under the terms of the cash grant or payment, in certain circumstances. The subsection is amended to include the case where the person is eligible to receive a different cash grant or payment or a cash grant or payment of a different amount, in place of the cash grant or payment to be recovered.

The new subsection (3A) allows the Board to recover, from money standing to the credit of a person in the Fund, the whole or any part of the amount of any cash grant or payment that is paid in error into the person’s account in the Fund before, on or after the expiry of a prescribed period. Before the expiry of the prescribed period, the Board must have issued a notice of intent (whether or not received by the person), or the Government must have requested the Board, in such manner as the Board may require, to recover the amount.

The new subsection (3B) is inserted to validate the recovery, before the date of commencement of section 4 of the Central Provident Fund (Amendment No. 2) Act 2016, of —

- (a) the whole or any part of the amount of any cash grant or payment that is paid in error into a person's account in the Fund; and
- (b) any interest on such cash grant or payment.

The new subsection (3C) provides that where the Board has recovered any amount from a person's account in the Fund under subsection (3) or (3A), the Board may transfer the whole or such part of any interest paid on the recovered amount from the person's account in the Fund to the general moneys of the Fund.

The new subsection (3D) validates the transfer, before the date of commencement of section 4 of the Central Provident Fund (Amendment No. 2) Act 2016, of any interest paid on the recovered amount from a person's account in the Fund to the general moneys of the Fund.

The new subsection (4A) allows the Board to recover or transfer any amount from a person's account in the Fund under section 14 even when the person has died, and validates any such recovery or transfer made before the date of commencement of section 4 of the Central Provident Fund (Amendment No. 2) Act 2016.

The new subsection (4B) provides that the new subsections (3) to (3D) and (4A) apply despite any other provisions of the Act but without prejudice to any other right of action or remedy which the Board or Government may have under any written law or rule of law.

Clause 5 amends section 15 to delete subsections (1A) to (1D) and substitute a new subsection (1A) to provide that the Board may give its authority under subsection (1) —

- (a) for the withdrawal of money standing to a member's credit in the Fund, on the application of a person who is entitled or allowed to withdraw the money or who, within such period as the Board may determine, will be entitled to withdraw the money under subsection (2)(a), (3) or (7); or
- (b) without any application mentioned in subsection (1A)(a), for the withdrawal of certain amounts and purposes mentioned in subsection (1A)(b) or as may be prescribed by regulations made under section 77(1).

The clause also amends section 15 —

- (a) to delete subsections (2A)(b), (6)(b), (6D), (7B)(b) and (8A)(b) such that members do not need to top up their medisave accounts upon withdrawals from their accounts in the Fund;

- (b) to replace the words “minimum sum” in subsections (6)(a), (6A), (6CA), (9), (9A), (10), (10A), (11) and (11A) with the words “retirement sum”; and
- (c) to make consequential amendments arising from the repeal and re-enactment of section 16.

Clause 6 replaces the words “minimum sum” in section 15B(1) with the words “retirement sum”.

Clause 7 repeals and re-enacts section 16 to provide that a member is not entitled to withdraw moneys from the member’s medisave account under section 15(2)(a) or (3) and the Board must not allow a member to withdraw moneys from the member’s medisave account under section 15(4). A member is not entitled to withdraw moneys from the member’s medisave account under section 15(2)(d), (e), (f) or (g), except with the approval of the Minister.

Clause 8 replaces the words “minimum sum” in section 18(1)(c)(i) and (6) with the words “retirement sum”.

Clause 9 makes a consequential amendment to section 18C(1) arising from the new section 13(6A).

Clause 10 inserts a new section 18D to allow the Board to permit a member to transfer moneys in either or both of the member’s ordinary account and special account to the medisave account of any person who is related to the member in a manner specified by the Board.

Clause 11 amends section 27B —

- (a) to make consequential amendments arising from the repeal and re-enactment of section 16 and the insertion of the new section 18D; and
- (b) to include a reference to section 14(3A) and (3C), consequential on the insertion of the new section 14(3A) and (3C), to allow the Board to recover any amount, or transfer any amount to the general moneys of the Fund, under the new section in priority to paying any amount awarded under an order of court relating to the division of Fund-related matrimonial assets.

Clause 12 replaces the words “minimum sum” in section 27C(1)(b), (i), (ii) and (iv)(A) and (B) and (2)(b) and (i) with the words “retirement sum”.

Clause 13 replaces the words “minimum sum” in section 27D(1)(c), (i), (ii) and (iv) and (2) with the words “retirement sum”.

Clause 14 replaces the words “minimum sum” in section 27DA(1)(i) and (ii) with the words “retirement sum”.

Clause 15 amends section 27E(1) to refer to section 14(3A), consequential on the insertion of the new section 14(3A).

Clause 16 amends section 27F(1) to refer to section 14(3A), consequential on the insertion of the new section 14(3A).

Clause 17 makes a consequential amendment to section 27I(1) arising from the repeal and re-enactment of section 16.

Clause 18 amends section 67C by inserting a new subsection (1A) to clarify that conduct that contravenes any regulations made under section 77(1)(rb)(i), for which the Board may impose a financial penalty, does not constitute an offence under the Act.

Clause 19 amends section 77(1) —

- (a) to delete paragraph (a) and substitute a new paragraph (a) to allow regulations to prescribe the date on which, or month in which, a person born on 29 February is deemed to attain a particular age in any year, including different dates or months for different purposes and re-enact the existing paragraph (a) as paragraph (aa);
- (b) to insert a new paragraph (ga) to provide for regulations for section 14, which relates to the recovery of any cash grant or cash payment paid into the Fund under section 14(1) or (1A);
- (c) to replace the words “minimum sum” in paragraph (o)(i) and (ii) with the words “retirement sum”; and
- (d) to replace the words “minimum sums” in paragraph (o)(i) with the words “retirement sums”.

Clause 20 relates to the replacement of the minimum sum with the retirement sum. Clause 20(1) and (2) makes amendments to the Deposit Insurance and Policy Owners’ Protection Schemes Act (Cap. 77B) and the Insurance Act (Cap. 142) that are consequential to the replacement. Clause 20(3) provides for references to anything specified in the first column of the table in clause 20(3) in any subsidiary legislation or any contract, deed, instrument or other document, made before the date of commencement of clause 20, to be read as references to the item specified opposite in the second column of the table in clause 20(3), unless the context otherwise requires.

EXPENDITURE OF PUBLIC MONEY

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