I SUMMARY

Social Security

Eligibility
Central Provident Fund (CPF) for employees who are Singapore citizens and Singapore permanent residents only.
Work Injury Compensation for all employees in general.
Public Assistance System (PAS) for those not covered under CPF.
Community Health Assist Scheme (CHAS) for Singapore citizens of lower and medium income households to receive subsidies for medical and dental care at participating General Practitioners (GP) and dental clinics near home.
Pioneer Generation Package for living Singaporeans who meet the defined criteria to enjoy subsidies for outpatient care, annual Medisave top-ups, Medishield Life subsidies and Disability Assistance scheme.

Retirement Age
Statutory minimum retirement age is 62 (rising gradually to 65M/F depending on year of birth). Employers are encouraged to offer re-employment to eligible employees who turn 62, up to age 65

Contributions
Scale based on employee age. Total contributions to CPF range from 12.5% to 37% of wage.

Retirement Benefits
Retirement Capital: Sum total of all contributions to CPF with interest, less the amount to be invested in the minimum sum scheme. The CPF board has introduced CPF LIFE, a national scheme to provide lifelong income for CPF members in their retirement. This is an improvement over the current minimum sum scheme.

Disability Benefits
Possibility of withdrawing the balance of the CPF account in the event of total and permanent disability.

Death Benefits
Balance of the CPF account with interest.
Privatised Dependant’s Protection Scheme (DPS): Benefit from a minimum of SGD 5,000 up to a maximum of SGD 46,000.

Medical Benefits
Medisave scheme (basic hospitalisation and surgical charges at restructured hospitals or at approved hospitals/medical institutions).
MediShield scheme (hospital and surgical claims and specific outpatient treatments).
Medisave-Approved Private Integrated Plans (extensions of MediShield offered by private insurers that enable members to opt for better care by paying correspondingly higher premiums).
Medishield Life will replace the current Medishield by end 2015, it covers all Singapore citizens and permanent residents for life including members with pre-existing conditions.
Medifund (an endowment fund set up by the government as a safety net to help needy Singapore citizens who are not able to afford the subsidised charges at restructured hospitals, even with Medisave and MediShield).
## Private Benefit Plans

<table>
<thead>
<tr>
<th>Eligibility</th>
<th>A typical group benefit programme in Singapore covers all regular, full-time, permanent employees up to age 70.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retirement Age</td>
<td>Normally all regular full-time employees above age 62.</td>
</tr>
<tr>
<td>Contributions</td>
<td>Death, accident, disability and medical insurance costs are usually borne by the employer. If dependants' benefits are offered, the employees may be required to pay a portion of the premium.</td>
</tr>
<tr>
<td>Retirement Benefits</td>
<td>No such plans in view of the mandatory funds.</td>
</tr>
<tr>
<td>Disability Benefits</td>
<td>Usually 2 - 3 times annual salary. Critical Illness: Separate policy with a lump sum death benefit if employee is diagnosed with one of 37 illnesses.</td>
</tr>
<tr>
<td>Death Benefits</td>
<td>Lump sum death benefit of 2 - 3 times annual salary.</td>
</tr>
<tr>
<td>Medical Benefits</td>
<td>Hospitalisation, outpatient general practitioner &amp; specialist and dental.</td>
</tr>
<tr>
<td>Vesting</td>
<td>Vesting based on a scale according to the length of service.</td>
</tr>
</tbody>
</table>

## Taxation

| Employee Contributions | All statutory CPF contributions are tax deductible. |
| Employer Contributions | Generally tax deductible. |
| Benefits | CPF: Max. level of tax-free retirement benefits limited to the accumulated value of total statutory employer and employee contributions to CPF. Lump sum death and disability benefits and incomes from annuities are tax-free. Others: Taxable if received by the employer. If, in the event of disability or death, the employer pays a “gratuity” out of the company’s fund, such a payment is tax deductible. |
## II INTRODUCTION

### Country Statistics

<table>
<thead>
<tr>
<th>Country Statistics</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population/growth rate</td>
<td>5,567,301 (July 2014 est.) / 1.92% (2014 est.)</td>
</tr>
<tr>
<td>Age structure</td>
<td></td>
</tr>
<tr>
<td>0-14 years:</td>
<td>13.4%</td>
</tr>
<tr>
<td>15-24 years:</td>
<td>17.8%</td>
</tr>
<tr>
<td>25-54 years:</td>
<td>50.3%</td>
</tr>
<tr>
<td>55-64 years:</td>
<td>10%</td>
</tr>
<tr>
<td>65 years and over:</td>
<td>8.1% (2014 est.)</td>
</tr>
<tr>
<td>GDP</td>
<td>USD 339 billion (2013 est.)</td>
</tr>
<tr>
<td>Real growth rate</td>
<td>2.8% (2015 est.)</td>
</tr>
<tr>
<td>Agriculture</td>
<td>0%</td>
</tr>
<tr>
<td>Industries</td>
<td>29.4%</td>
</tr>
<tr>
<td>Services</td>
<td>70.6% (2013 est.)</td>
</tr>
<tr>
<td>Unemployment rate</td>
<td>2.0% (2015 est.)</td>
</tr>
<tr>
<td>Inflation rate</td>
<td>2.0 – 2.5% (2015 est.)</td>
</tr>
<tr>
<td>Annual gross salary*</td>
<td>in SGD</td>
</tr>
<tr>
<td>Para-professionals*</td>
<td>General: 29,147  Skilled: 42,035</td>
</tr>
<tr>
<td>Professionals*</td>
<td>Junior: 60,621  Senior: 87,424</td>
</tr>
<tr>
<td>Management*</td>
<td>Lower: 126,078  Upper: 204,777</td>
</tr>
<tr>
<td>Legal minimum wage</td>
<td>None. Two exceptions: Cleaner jobs to have a minimum wage of SGD 1,000/month effective January 2014. Security guards to have a minimum wage of SGD 1,100/month effective September 2016.</td>
</tr>
<tr>
<td>Exchange rate on February 27, 2015</td>
<td>1 SGD = 0.7365 USD  1 SGD = 0.6573 EUR</td>
</tr>
</tbody>
</table>

*Source: Mercer's International Geographic Salary Differentials, Edition 2015

### Legislation and Insurance Market Update in Brief

No major changes in 2014.
III SOCIAL SECURITY

Background Information

Public benefit schemes in Singapore can be classified into the following groups:

Central Provident Fund (CPF)

The Central Provident Fund (CPF) is a comprehensive social security savings plan which has provided many working Singaporeans with a sense of security and confidence in their old age. The overall scope and benefits of the CPF encompass the following: retirement, healthcare, home ownership, family protection, asset enhancement.

Since its establishment, the range of permitted uses of CPF funds has been widened.

The use of CPF savings should ensure the following:

- Sufficient savings to provide a retirement income to meet pensioners’ basic needs in old age. Members are encouraged to supplement their retirement income with their personal savings
- A property that is fully paid-up when the member retires
- Sufficient savings to meet medical needs of pensioners: saving for future medical expenses is important since the need for medical care increases significantly as the pensioners grow older. Members can use their Medisave account when hospitalised; or they can buy additional medical insurance such as MediShield to help them meet the treatment expenses for prolonged or serious illnesses.

The Dependants’ Protection Scheme (DPS) within the CPF was privatised on September 17, 2005. The Dependants’ Protection Scheme (DPS) is an optional term insurance scheme that provides CPF insured members and their families with a minimum of SGD 5,000 and a maximum sum assured of SGD 46,000 up to age 60 should the insured members become permanently incapacitated or pass away. The coverage is worldwide.

Currently, DPS is administered by two insurers, Great Eastern Life and NTUC Income. The scheme is extended to CPF members who are Singapore citizens or permanent residents, between age 16 and 60, when they make their first CPF contribution.

Work Injury Compensation Act

Under the Work Injury Compensation Act (WICA), employers are required to insure all manual workers and other workers with a monthly salary of SGD 1,600 and below. For other employees, employers can choose not to insure them. However, employers have to provide compensation to all injured employees and dependants of deceased employees, regardless of whether they are manual workers or their level of earning. It is enforced by the Work Injury Compensation Department, Ministry of Manpower (MOM).

Public Assistance Scheme (PAS)

The Public Assistance Scheme (PAS) provides a monthly grant to financially distressed Singaporeans who, by reason of age, illness, disability or unfavourable family circumstances, are unable to work and have neither means of subsistence nor anyone to depend upon. CPF members receiving a small stream of monthly CPF payouts (i.e. lower than the PAS allowance for a single-person household), can also be considered for the PA Scheme, subject to terms and conditions.
Eligibility

All Singapore citizens and permanent residents who are employees are covered.

Contributions

From 1 January 2015, the CPF contribution rates are increased to help employees save more for retirement and healthcare needs. The following apply to wages earned from 1 January 2015:

(i) Increase in Employer’s CPF Contribution Rates

For employees aged 50 years and below or above 65 years, the employer contribution rates are increased by 1 percentage point. The increase in CPF contribution is allocated to the Medisave Account.

For employees aged above 50 to 55 years or above 55 to 65 years, the employer contribution rates are increased by 2 and 1.5 percentage points respectively. The increase in CPF contribution is allocated to the Medisave and Special Accounts.

(ii) Increase in Employee’s CPF Contribution Rates

For employees aged above 50 to 55 years, the employee contribution rates are increased by 0.5 percentage point. For those earning wages of > SGD 500 to < SGD 750, the contribution rates continue to be phased-in. The increase in CPF contribution is allocated to the Ordinary Account.

The increase in the CPF contribution rates does not apply to graduated employer and employee rates for first or second year Singapore Permanent Residents (SPR) and their employers.

From 2015, the CPF Annual Limit is increased to SGD 31,450. The Ordinary Wage Ceiling remains unchanged.

Working Singaporeans and their employers make monthly contributions to the CPF and these contributions go into three accounts: Ordinary, Special and Medisave:

• Ordinary Account (OA): The contributions may be used to buy a home, pay for CPF-approved insurance covers and for investments (with certain restrictions) and education.
• Medisave Account: The contributions can be used for hospitalisation and day surgery expenses, approved medical insurance, certain outpatient expenses under the Chronic Disease Management Programme (CDMP) such as osteoarthritis, benign prostatic hyperplasia, anxiety, Parkinson’s disease and nephrosis/nephritis and health screening.
• Special Account: The contributions may be used for old age, contingency purposes and investment in retirement-related financial products.

Since January 1, 2008, savings in the Special Account, Medisave Account and Retirement Account (SMRA) are pegged to the 12-month average yield of the 10-year Singapore Government Securities (10YSGS) plus 1%. To help members adjust to the floating SMRA interest rate, a 2.5% floor for the SMRA rate.

In addition, an extra 1% interest is paid on the first SGD 60,000 of a member’s combined balances, with up to SGD 20,000 from the OA. The extra interest from the OA will go into the member’s Special or Retirement Account to
improve their retirement savings. If members are above 55 years old and participate in the LIFE scheme, the additional 1% interest will also be payable on their annuity premium, less annuity payouts already made. The additional interest earned on LIFE annuity monies will be paid into the member’s retirement account.

Under the CPF act, the board pays a minimum interest of 2.50% per annum. CPF interest is computed monthly as compound interest and credited annually.

CPF contribution rates and account allocation (for monthly wages exceeding SGD 750) - for private sector companies and employees:

<table>
<thead>
<tr>
<th>Age of employee</th>
<th>Credited to Ordinary Acct. (% of wage)</th>
<th>Credited to Special Acct. (% of wage)</th>
<th>Credited to Medisave Acct. (% of wage)</th>
<th>Total Contribution (% of wage)</th>
<th>Employer Contribution (% of wage)</th>
<th>Employee Contribution (% of wage)</th>
</tr>
</thead>
<tbody>
<tr>
<td>35 and below</td>
<td>23</td>
<td>6</td>
<td>8</td>
<td>36%</td>
<td>17%</td>
<td>20%</td>
</tr>
<tr>
<td>Above 35-45</td>
<td>21</td>
<td>7</td>
<td>9</td>
<td>36%</td>
<td>17%</td>
<td>20%</td>
</tr>
<tr>
<td>Above 45-50</td>
<td>19</td>
<td>8</td>
<td>10</td>
<td>36%</td>
<td>17%</td>
<td>20%</td>
</tr>
<tr>
<td>Above 50-55</td>
<td>14</td>
<td>10.5</td>
<td>10.5</td>
<td>32.5%</td>
<td>16%</td>
<td>19%</td>
</tr>
<tr>
<td>Above 55-60</td>
<td>12</td>
<td>2.5</td>
<td>10.5</td>
<td>23.5%</td>
<td>12%</td>
<td>13%</td>
</tr>
<tr>
<td>Above 60-65</td>
<td>3.5</td>
<td>2</td>
<td>10.5</td>
<td>14.5%</td>
<td>8.5%</td>
<td>7.5%</td>
</tr>
<tr>
<td>Above 65</td>
<td>1</td>
<td>1</td>
<td>10.5</td>
<td>11.5%</td>
<td>7.55%</td>
<td>5%</td>
</tr>
</tbody>
</table>

*Source: Central Provident Fund Board (www.cpf.gov.sg)

**Retirement Benefits**

**Retirement Age**

The statutory minimum retirement age, the applicable Draw Down Age (DDA) is gradually being raised from 62 to 65, as follows:

<table>
<thead>
<tr>
<th>Year of birth</th>
<th>Applicable Draw Down Age (DDA)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1950 and 1951</td>
<td>63</td>
</tr>
<tr>
<td>1952 and 1953</td>
<td>64</td>
</tr>
<tr>
<td>1954 and after</td>
<td>65</td>
</tr>
</tbody>
</table>

**Qualifying Conditions**

CPF contributions with interest may be withdrawn in the following cases:

- At age 55, after having set aside a minimum sum in the retirement accounts for old age (see Minimum Sum Scheme below)
- Upon death or total and permanent disability
- Upon permanently leaving Singapore and West Malaysia

**Benefits**

**Minimum Sum Scheme:**

CPF members who have reached 55 will be required to set aside a portion of their CPF savings into the Minimum Sum Scheme. From July 1, 2015, the Minimum Sum Scheme amount is SGD 161,000. These amounts are annually adjusted for inflation. Depending on their year of birth, members can use the Minimum Sum Scheme for the following:
- Apply or auto included under CPF LIFE should the retirement sum meets the criteria,
- Leave it in the retirement account with the CPF Board and receive a monthly income, starting from age 62

Minimum Sum Plus Scheme: CPF members can use their CPF savings beyond the minimum sum to buy approved life annuities.

Disability Benefits

Qualifying Conditions
Disability benefits are paid to persons who are permanently unable to work.

Benefits

Home Protection Scheme:
This scheme protects members and their dependants against losing their homes should members become permanently disabled or die before their housing loans are paid up. It is compulsory for all members who are using their CPF savings to pay the housing loan instalments on their housing properties. Exceptions are those in poor health or those over age 55.

Dependants’ Protection Scheme (DPS):
This scheme is aimed at providing members and their dependants with income support should members become permanently disabled or die. A member may opt out if desired. The coverage provided amounts up to SGD 46,000. Yearly premium payments (using CPF savings) are as follows:

<table>
<thead>
<tr>
<th>Age (last birthday)</th>
<th>Yearly Premium (SGD)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Below 35 years</td>
<td>36</td>
</tr>
<tr>
<td>35 - 39 years</td>
<td>48</td>
</tr>
<tr>
<td>40 - 44 years</td>
<td>84</td>
</tr>
<tr>
<td>45 - 49 years</td>
<td>144</td>
</tr>
<tr>
<td>50 - 54 years</td>
<td>228</td>
</tr>
<tr>
<td>55 - 59 years</td>
<td>260</td>
</tr>
</tbody>
</table>

Source: Central Provident Fund Board, Singapore government

Death Benefits

Qualifying Conditions
Death benefits are paid to the nominated beneficiary of an insured person.

Benefits
Upon death of an insured person, the nominated beneficiaries will be entitled to a lump sum equal to total employer and employee contributions to the CPF, plus compound interest.

Additional cover may also be provided by the Dependant’s Protection Scheme (DPS). Details see above.
Sickness Benefits

Sickness benefits are not provided under CPF insurance. However, employees who have been with a company for at least six months are entitled to up to 14 days of paid sick leave per year, or up to 60 days if hospitalised.

Medical/Health Benefits

Qualifying Conditions

Medical benefits are granted to all employed and self-employed persons covered by the CPF. The insured persons can revert to 3 different schemes to pay for their medical expenses:

- Medisave, a compulsory savings plan
- MediShield, an opt-out basic medical insurance scheme
- Medisave-Approved Private Integrated Plans

Benefits

Medisave:

Medisave accounts can be used to pay hospital bills incurred by the member, spouse, children, parents or grandparents while hospitalised in restructured hospitals or other approved hospitals/medical institutions in Singapore. Medisave can also be used to cover certain out-patient charges such as Hepatitis B vaccination, assisted conception procedures, renal dialysis treatment, radiotherapy, chemotherapy, AZT treatment, and maternity expenses (subject to certain conditions and limits).

From October 1, 2006, the Ministry of Health allowed the use of Medisave to help pay part of the outpatient costs of disease management programmes. The Medisave for Chronic Disease Management Programme has been launched with Diabetes Mellitus as the first chronic disease covered under the scheme. The programme has since been further extended to other chronic diseases – hypertension, lipid disorders, stroke, asthma, schizophrenia, major depression and chronic obstructive pulmonary disease (COPD).

Any member insured under a private hospital and surgical insurance scheme may initially pay hospitalisation costs using Medisave savings, but subsequently the reimbursement from the insurer must refund the amount utilised from the Medisave savings account.

The Medisave Required Amount is set at SGD 40,500 from July 1, 2013, and is adjusted each year, in July. Upon death of the member, the Medisave balance will be paid in cash to the beneficiary/beneficiaries.

MediShield:

The MediShield scheme was introduced to help CPF members to meet the cost of major illnesses. The yearly premium (deducted from the Medisave balance) ranges from SGD 33 to SGD 1,123, depending on the member’s age. Singaporeans and permanent residents are automatically covered under the MediShield scheme. However, they may opt out of the scheme by application. The insured may choose to include dependants (spouse, children, parents and grandparents) under the scheme. The premiums are deducted from the member’s Medisave account. The scheme covers expenses including intensive care, surgical operations, implants, kidney dialysis as well as chemotherapy and radiotherapy for cancer treatment. CPF members and their dependants who are Singapore citizens or permanent residents can be covered under MediShield up to 85 years of age. Since 2007 all new born babies are covered by MediShield on an opt-out basis. In addition to this automatic cover, school children are also offered MediShield...
coverage on an opt-out basis effective as of May 2008. Early coverage will benefit youths and their parents, helping
them to meet medical expenses in the event of major or prolonged illness.

There is a self-retention amount (deductible) before expenses are claimable under MediShield. In addition, for
expenses in excess of the deductible amount, members pay a percentage of the admissible claims (co-insurance).

<table>
<thead>
<tr>
<th>(in SGD)</th>
<th>Class C Ward</th>
<th>Class B2 Ward and above; and Day Surgery</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deductible per Policy Year</td>
<td>1,000</td>
<td>1,500</td>
</tr>
<tr>
<td>(Members aged 80 years old and below)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deductible per Policy Year</td>
<td>2,000</td>
<td>3,000</td>
</tr>
<tr>
<td>(Members aged 81 – 85 years old)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Co-insurance</td>
<td>Claimable Amount</td>
<td>Claimable Amount</td>
</tr>
<tr>
<td>1,001 – 3,000</td>
<td>20%</td>
<td>1,501 – 3,000</td>
</tr>
<tr>
<td>3,001 – 5,000</td>
<td>15%</td>
<td>3,001 – 5,000</td>
</tr>
<tr>
<td>Above 5,000</td>
<td>10%</td>
<td>Above 5,000</td>
</tr>
</tbody>
</table>

The deductible and co-insurance amount may be paid in cash by the member or deducted from the Medisave savings
account. No deductible is applicable for chemotherapy, radiotherapy and out-patient kidney dialysis, however co-
insurance is applicable. Under MediShield the maximum limit is SGD 50,000 per policy year and SGD 200,000 per
lifetime.

MediShield Plus:
The MediShield Plus insurance scheme was introduced by the CPF. The transfer to NTUC Income started in October
2005, and was renamed IncomeShield M Plans. It is similar to MediShield but costs more and pays higher limits for
hospitalisation and surgical expenses. It also has higher deductible and maximum limits apart from the 10% co-
insurance.

The 2 plans under IncomeShield M Plans are:

<table>
<thead>
<tr>
<th>Plan MA</th>
<th>Plan MB</th>
</tr>
</thead>
<tbody>
<tr>
<td>Premiums</td>
<td>SGD 63 – 1,628</td>
</tr>
<tr>
<td>Deductibles</td>
<td>SGD 1,000 – 4,000</td>
</tr>
<tr>
<td>Co-insurance</td>
<td>10%</td>
</tr>
<tr>
<td>Policy year limit</td>
<td>SGD 110,000</td>
</tr>
<tr>
<td>Lifetime limit</td>
<td>SGD 550,000</td>
</tr>
</tbody>
</table>

Medisave-Approved Private Integrated Plans:
These are extensions of the MediShield scheme. CPF members can use the Medisave savings to purchase these plans
for themselves and their dependants. The use of Medisave is subject to a limit of SGD 800 per insured person per
policy year. On December 1, 2008, the annual withdrawal limit was raised to SGD 1,150 for insured persons who are
above 80 years old. Also, each insured person can use Medisave to purchase only one of the plans.

Portable Medical Benefits:
From January 1, 2004, employers can choose to adopt either of the following options:

- Transferable Medical Insurance Scheme (TMIS): This offers an extension of in-patient coverage up to 12 months
  after an employee leaves employment for whatever reason, provided premiums are paid. It also allows the new
  employer to insure the employee without additional exclusions for pre-existing medical conditions.
• Portable Medical Benefits Scheme (PMBS): The employer makes an additional contribution to the employee’s Medisave account under PMBS for the employee to purchase a personal medical insurance to cover in-patient needs selected from a list of CPF-approved insurance plans. Under this scheme, employers may contribute up to SGD 1,500 per employee each year.

Previously, medical expenses were tax deductible for employers up to a limit of 2% of total payroll. From January 1, 2004, the 2% tax deduction would continue to apply if employers implement TMIS and/or PMBS. Employers who choose not to offer either TMIS or PMBS will have their tax deductible for medical expenses reduced to 1% of the total payroll.

Work Injury Benefits

Qualifying Conditions

Under the Work Injury Compensation Act, it is mandatory for employers to buy insurance for employees who were already covered under the Workmen’s Compensation Act prior to April 1, 2008, (i.e. manual workers regardless of their level of earnings and non-manual workers with monthly earnings of SGD 1,600 or less). For employees who are involved in non-manual work and have monthly earnings of above SGD 1,600, it is not compulsory for employers to purchase insurance for them. Nonetheless, employers will be required to pay compensation in the event of a valid claim, even if they do not buy insurance.

Benefits

An employee injured in a work-related accident is entitled to claim the following:
• Medical expenses
• Paid medical leave
• Paid hospitalisation leave
• Compensation for death and permanent incapacity

The maximum and minimum benefits for death and permanent incapacity are:

<table>
<thead>
<tr>
<th>(In SGD)</th>
<th>Death</th>
<th>Permanent Incapacity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maximum Benefits</td>
<td>170,000</td>
<td>218,000 x [% loss of earning capacity]</td>
</tr>
<tr>
<td>Minimum Benefits</td>
<td>57,000</td>
<td>73,000 x [% loss of earning capacity]</td>
</tr>
</tbody>
</table>

An additional 25% of the compensation amount is awarded if an injured employee suffered permanent total incapacity (i.e. 100% loss of earning capacity).

Temporary Incapacity Compensation (or Medical Leave Wages) - these include:
• Full pay for up to 14 days of out-patient medical leave; and
• Full pay for up to 60 days of hospitalisation leave
• Beyond the above-mentioned periods, 2/3 of salary is payable up to a maximum period of one year following the accident date (e.g. if the accident occurred on May 1, 2008, the one year period would end on April 30, 2009).
• Public holidays, rest days and non-working days should be excluded from the number of days of medical leave granted to the employee. For public holidays, while these are not granted as paid medical leave under the Work Injury Compensation Act, the employee may be paid for the public holidays as his entitlement under the Employment Act.

Medical Expenses/Fees
• Medical expenses incurred within one year of the date of the accident, or up to a cap of SGD 30,000, whichever is reached earlier.
Within these limits, employers will be responsible for all the medical expenses incurred for treatment by any Singapore-registered medical practitioner or in any approved hospital. Employers are liable to pay such medical expenses directly to the hospital.

Medical expenses include the cost of medical consultation fees, treatment and expenses, medical report fees (for the initial assessment of the extent of injury suffered by the employee), and the costs of medicines, artificial limbs and surgical appliances as certified by the medical practitioner.

**Unemployment Benefits**

Unemployment benefits are not provided in Singapore.

The employment act stipulates that an employer may terminate a contract of service by written notice or a payment instead of notice. Where it is not specified in the contract, the act lays down the notice period, ranging from one day for service under 26 weeks and up to four weeks’ notice for over five years’ service.

Under the act, an employee with more than three years’ service is entitled to a tax-free retrenchment benefit. The act does not stipulate the amount of benefit as this is negotiable, unless provided for in the contract of service.

**Other Benefits**

**Maternity Leave**

Since October 31, 2008, all female employees who have worked for a minimum of 90 days with the employer are entitled to 16 weeks paid maternity leave. For the first 2 confinements, the first 8 weeks of maternity leave will be employer-paid. The last 8 weeks will be funded by the Government (capped at SGD 10,000 per 4 weeks i.e. SGD 20,000 per confinement including CPF contributions). For the third and subsequent confinements, the full 16 weeks will be funded by the Government (capped at SGD 10,000 per 4 weeks i.e. SGD 40,000 per confinement including CPF contributions). The last 8 weeks may be taken flexibly within a 12-month period from the birth of the child. The maternity leave benefits will be payable even if the pregnant employee is:

- Retrenched within the last 3 months of pregnancy; or
- Dismissed without sufficient cause within the last 6 months of pregnancy (includes termination of employment with or without notice)

Since May 1, 2013 eligible fathers are entitled Under the Child Development Co-Savings (Amendment) Act 2013 to one week of paternity leave (within 16 weeks of the birth) and can take one of the 16 weeks of paid maternity leave as shared parental leave. When children are adopted mothers can claim four weeks of adoption leave.

**Public Housing and Residential Properties Schemes**

The Public Housing and Residential Properties Schemes allow individuals to use their CPF savings to buy an apartment or house, but only in Singapore.

**Education Scheme**

The Education Scheme is a loan scheme to pay for tertiary education in Singapore. It is available both for members and their children.

**Public Assistance Scheme (PAS)**

The Public Assistance Scheme (PAS) provides financial assistance to citizens who are unable to earn an income due to old age, illness, disability or unfavourable family circumstances.
ElderShield was first launched by the Ministry of Health in September 2002 as an affordable insurance scheme for severe disability to provide basic financial protection to those who need long-term care. It provides a monthly cash payout for a limited period to help pay out-of-pocket expenses for the care of severely disabled persons. The degree of disability is measured by the 6 activities of daily living (ADLs) (the 6 ADLS are mobility, feeding, transferring, dressing, bathing and toileting), a standard which is widely used by private insurers offering severe disability insurance products. Under ElderShield, members who are not able to perform 3 or more ADLs will be eligible for insurance payouts.

All Singaporeans and permanent residents (PRs) who are CPF members and who have reached the age of 40 are automatically covered under ElderShield unless they opt out of the scheme. Premiums for ElderShield can be made from CPF members’ Medisave accounts. CPF members can also use their Medisave monies to pay the ElderShield premiums for their parents, spouse, grandparents and children. Under ElderShield benefits are claimable for life at any age once all premiums are fully paid.

In 2007, the Ministry of Health made the following changes to the ElderShield scheme:
- The monthly payout is increased from SGD 300 to SGD 400 and the maximum payout period has been extended from 60 to 72 months.
- Introduction of ElderShield supplements, allowing ElderShield policyholders who wish to obtain higher severe disability insurance coverage to purchase ElderShield supplements.

The Ministry of Health has appointed 3 insurers to offer ElderShield and ElderShield supplements. The insurers are: Aviva Ltd, Great Eastern Life Assurance Co Ltd and NTUC Income Insurance Cooperative Ltd.

The premiums for the ElderShield supplements can also be made from Medisave, subject to a cap of SGD 600 per insured person per calendar year. ElderShield policyholders must first have a basic ElderShield before they can use their Medisave to purchase any ElderShield supplements. Applications for ElderShield supplements can be made directly with any of the appointed ElderShield insurers.

Interim Disability Assistance Programme for the Elderly (IDAPE)

The Ministry of Health has introduced IDAPE to provide Singaporeans, who are not eligible to join ElderShield due to pre-existing disabilities or age limit, with basic financial coverage against severe disabilities.

The Ministry of Health has awarded NTUC Income the contract to administer IDAPE.

Unlike ElderShield, IDAPE is not an actuarial scheme. Persons who are eligible for IDAPE need not pay any premiums.

Similar to ElderShield, the extent of disability is measured by the 6 ADLs. Members who are not able to perform 3 or more ADLs are eligible for disability payouts. The IDAPE disability payouts have been set at
- SGD 250 per month up to 72 months for those whose per capita household income is below SGD 1,800 per month and
- SGD 150 per month up to 72 months for those whose per capita household income is between SGD 1,801 and SGD 2,600 per month.

Taxation

Contributions

All statutory CPF contributions are tax deductible. Voluntary contributions made by the employer to the worker’s CPF account are taxed as income to the employee and are not tax deductible to the employer.
The limit for tax relief on life insurance premiums and CPF contributions combined is SGD 7,000 per tax year.

Contributions to supplementary retirement schemes are fully tax-deductible, and investment gains, apart from accumulated Singapore dividends, are tax-free. On retirement 50% of the amount withdrawn from a supplementary retirement scheme is taxable, and withdrawals may be spread over 10 years.

**Benefits**

Lump sum death and disability benefits and incomes from annuities are tax-free.

The maximum level of tax-free retirement benefits is limited to the accumulated value of the total statutory employer and employee contributions to the CPF. All supplementary retirement benefits received from employers, both lump sums and pensions, will be taxed as income, except for the portion of retirement benefits corresponding to contributions made to an approved pension or provident fund (other than CPF) prior to January 1, 1993.

**Other Information**

*Reciprocal Social Security Agreements*

Australia, the United Kingdom and the United States.
IV PRIVATE BENEFIT PLANS

Background Information

There are no mandatory employee benefits in Singapore except for work injury compensation and inpatient medical insurance for S-Pass and Work Permit employees. However, most employers provide hospital and surgical, term life and personal accident benefit for employees.

The government has introduced a Supplementary Retirement Scheme (SRS), a tax privileged retirement savings scheme in the private sector, as a complement to the CPF. Participation in SRS is voluntary and done by employees only. Participants must open an SRS account at one of the 3 SRS Operators (Development Bank of Singapore (DBS) Ltd, Overseas-Chinese Banking Corporation (OCBC) Ltd or United Overseas Bank (UOB) Ltd). They can decide their amount of contribution (subject to a cap). The contributions can be used to purchase various investment instruments including certain insurance products. 50% of the withdrawal from an SRS fund at retirement age is subject to tax.

Eligibility

A typical group benefit programme in Singapore covers all regular, full-time, permanent employees up to age 65.

Under SRS

All Singaporeans, Singapore permanent residents (SPRs) and foreigners who are:
- at least 21 years old
- not undischarged bankrupts; and
- are not suffering from a mental disorder and are capable of managing themselves and their affairs.

Contributions

Death, disability, hospital and surgical premiums are usually paid by the employer. For managed health care benefits, co-payment of SGD 5 for clinical, SGD 15 for specialist, and 10% of hospital bills is paid by the employee.

Under SRS

- Employees may contribute any amount to their SRS account up to their SRS contribution ceiling.
- The SRS contribution ceiling is determined by multiplying the appropriate SRS contribution rate by an absolute income base.
- The SRS contribution rate for Singaporeans and Singapore permanent residents (SPRs) is 15% while the SRS contribution rate for foreigners is 35% in view of the fact that they do not enjoy tax relief on their CPF contributions.
- The absolute income base is SGD 85,000 per annum.

Retirement Benefits

Retirement Age

Normal retirement: 62 M/F; 62M/F for SRS
Benefits

Under SRS: Accumulated savings plus interest

Vesting

The few occupational retirement plans that exist usually provide for a leaving service benefit based on a vesting scale according to the length of service and applied to the accrued benefits.

Withdrawals from SRS can be done at any time. However if employees make withdrawals before the statutory retirement age prevailing at the time of their first contribution, 100% of the sum withdrawn will be subject to tax. A 5% penalty for premature withdrawal will also be imposed.

Disability Benefits

Disability

Total and permanent disability is equal to lump sum death benefit (see below).

Personal Accident (Accidental Death & Dismemberment)

From 2 to 3 times annual salary.

Death Benefits

Group term life plans, usually non-contributory, with an average lump sum benefit of 2 to 3 times annual salary are popular. The maximum level of death benefit would normally be four times the annual salary. There is no minimum or maximum salary.

Medical/Health Benefits

Despite the good coverage available through Medisave and MediShield, private medical schemes are common. They might also include dependants, and are usually applied on a scale to reimburse both hospital and surgical benefits. It is common to differentiate levels of benefits by rank.

For dental benefits, a fixed amount of SGD 190 - 300 is provided to employees on a reimbursement basis.

Critical illness insurance policy pays a lump sum to an employee diagnosed with one of 30 specified dread diseases.

Taxation

General

If the policy is taken out by the employer to cover loss of profits due to death or total and permanent disability of the employee, the premiums are tax-deductible, but the amount of claim received by the employer becomes taxable. However, if the employer decides to pay a gratuity out of the company's own funds to the family of a deceased employee, this gratuity amount becomes tax-deductible.

Group life premiums are exempt from the government's goods and service tax (GST), but premiums for accidental death and disability and hospital and surgical riders are subject to GST, which in some cases discourages employers from providing a full range of benefits for their employees.
Benefits under group life arrangements are part of the deceased employee’s estate and are subject to estate duty in the normal way.

Contributions to SRS accounts are tax-deductible. Withdrawals from SRS accounts: 50% of the sum withdrawn will be taxed for the following types of withdrawal:

- Withdrawal on or after the statutory retirement age prevailing at the time of the first contribution (prescribed retirement age);
- Withdrawal on medical grounds;
- Withdrawal on death; and
- Withdrawal by foreigners who have maintained their SRS account for at least 10 years from the date of their first contribution.

100% of the sum withdrawn will be taxed in all other situations.

Double Taxation Agreements

Albania, Australia, Austria, Bahrain, Bangladesh, Barbados, Belarus, Belgium, Brunei, Bulgaria, Canada, China, Chinese Taipei, Cyprus, the Czech Republic, Denmark, Egypt, Estonia, Fiji, Finland, France, Georgia, Germany, Guernsey, Hungary, India, Indonesia, Ireland, Isle of Man, Israel, Italy, Japan, Jersey, Kazakhstan, Korea (Republic), Kuwait, Latvia, Libya, Liechtenstein, Lithuania, Luxembourg, Malaysia, Malta, Mauritius, Mexico, Mongolia, Morocco, Myanmar, the Netherlands, New Zealand, Norway, Oman, Pakistan, Panama, Papua New Guinea, the Philippines, Poland, Portugal, Qatar, Romania, Russia, San Marino, Saudi Arabia, Slovakia, Slovenia, South Africa, Spain, Sri Lanka, Sweden, Switzerland, Thailand, Turkey, Ukraine, the United Arab Emirates, the United Kingdom, Uzbekistan and Vietnam.

Source: United Nations Conference on Trade and Development (UNCTAD)