

SINGAPORE - AN OVERVIEW OF EMPLOYEE BENEFITS

State and Mandatory Benefits	The Central Provident Fund (CPF) is a mandatory defined contribution savings plan for Singapore citizens and permanent residents. The CPF provides retirement benefits and members may also withdraw part of their CPF account for house purchase, medical expenses and investments in approved schemes. At age 55, members may take their CPF benefits as a lump sum, after setting aside a minimum amount of SGD 106,000 to provide an income from age 62 (increasing to SGD 120,000 plus indexation by 2013). The state also provides medical care for residents.
Typical New Pension Plan	Employers who wish to provide supplementary retirement benefits typically make additional voluntary contributions to the CPF (subject to an aggregate contribution limit of SGD 27,158 pa to the CPF) or to an employer sponsored savings plan approved under Section 5 of the Income Tax Act. Employers and employees can also make additional voluntary contributions to the Supplementary Retirement Scheme (SRS), up to an annual limit of SGD 12,750 for Singapore citizens or permanent residents or SGD 29,750 for foreigners. Employers typically provide lump sum death benefits of two to three times annual salary and private medical insurance. Different levels of benefit may be provided for different categories of employees.
Typical Costs	Contributions to the Central Provident Fund are age related, up to a ceiling of SGD 4,500 a month. Employers contribute 15.5% of monthly earnings and employees contribute 20%, up to age 50. After age 50, contributions are progressively reduced to 6% and 5% respectively at age 65.
Tax Implications	Mandatory contribution to the CPF and the SRS are tax deductible and investment returns are mainly tax free. Employees are not taxed on employer contributions. Voluntary contributions to the CPF are not tax deductible. Benefits from the CPF are tax free. The benefits from SRS are taxable, but only 50% is taxable if taken at retirement.
Labour Law Issues	There are no provisions for company pension plans.
Pooling Potential	Insured benefits can be included in multinational pooling arrangements.
International Financial Reporting	Singapore Financial Reporting Standards apply. These will be fully converged with International Financial Reporting Standards by 2012.
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