



Q1/2024

Coffeebreak

The Importance of a Robust Wealth Plan Amid the Latest CPF Changes

Singapore Budget 2024: Highlights on Personal Finance

Meet Havend, Our Sister Company



Providend

Dear Valued Client,

Thank you for reading CoffeeBreak. Since our last issue, quite a lot of things have happened. Firstly, the Budget announcement made regarding the closure of the Special Account for those age 55 and above next year made many CPF-rich Singaporeans unhappy about the change. In the weeks following the announcement, I was interviewed several times for my views and also asked for opinions on what Singaporeans can do. I wrote two articles for The Business Times and did the podcasts on it as well. You can catch one of the episodes in this issue. I hope it will give you some handles on how to cope with the changes. You will also read in this issue the summary for Budget 2024. For Providend clients, our Solutions Team have already started working on incorporating these changes into your wealth plan.

Also in February, after one year of preparation, we finally launched our sister company Havend, which is a separate licensed entity by MAS, specialising in insurance planning. With Havend, we can now meet the needs of the common man in the street. Do read more about Havend in this issue and help us share it with your friends and families. Havend promises to be a safe place to get insurance advice.

Time flies and before we know it, we are now in the second quarter of the year. I hope you are on track to achieve your life goals and if not, April will be a good time to start doing something before it is too late. Have a blessed year ahead!

Warmest Regards,
CEO of Providend

Christopher Tan



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01

The Importance of a Robust Wealth Plan Amid the Latest CPF Changes

SEASON 3
PROVIDEND'S **MONEY** WISDOM

THE BRAIN BEHIND -
THE IMPORTANCE OF A
ROBUST WEALTH PLAN AMID
THE LATEST CPF CHANGES

with Jin Lee & Christopher Tan

WATCH NOW

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The image is a video thumbnail for a podcast episode. It features a dark teal background with white and orange text. On the right, there is a small video player window showing two people, a woman and a man, sitting in chairs and talking. The woman is on the left, wearing a patterned jacket, and the man is on the right, wearing a white shirt. The video player has a play button icon on the left and a 'WATCH NOW' button on the right. The background of the thumbnail has the text 'SEASON 3 PROVIDEND'S MONEY WISDOM' at the top, followed by the episode title 'THE BRAIN BEHIND - THE IMPORTANCE OF A ROBUST WEALTH PLAN AMID THE LATEST CPF CHANGES' and the hosts' names 'with Jin Lee & Christopher Tan'. At the bottom, there is a copyright notice '©Providend Ltd 2024. All Rights Reserved.'.



02

Singapore Budget 2024: Highlights on Personal Finance

Solutions Team, Providend

Enhancing Support Measures for Singaporeans

The government is meting out enhancements to various support measures to help Singaporeans tackle the immediate challenges of the rising cost of living.

a. Enhancement to Community Development Council (CDC) Voucher Scheme [One-Time]

Every Singaporean household will receive an additional \$600 CDC Vouchers on top of the existing vouchers they had received earlier. They will receive the \$600 vouchers in 2 tranches, \$300 in June 2024 and \$300 in January 2025.

When	CDC per Household
Jun 2024	\$300
Jan 2025	\$300
Total	\$600

b. 2024 Cost of Living (COL) Special Payment [One-Time]

All eligible adult Singaporeans will receive one-off cash payment of between \$200 and \$400 in September 2024, depending on their assessable income and property ownership.

When	Singaporeans Aged 21 Years and Above in 2024		
	Assessable Income (AI)	Owens 0 to 1 Property	Owens > 1 Property
Sep 2024	AI ≤ \$22,000	\$400	Not eligible
	\$22,000 < AI ≤ \$34,000	\$300	
	\$34,000 < AI ≤ \$100,000	\$200	
	AI > \$100,000	Not eligible	

c. 2024 COL U-Save Rebate [One-Time]

All eligible Singaporean households living in HDB flats and whose household members do not own more than one property will receive one-off 2024 COL U-Save Rebate to help offset their regular utilities expenses. This rebate will be disbursed in April 2024, July 2024, October 2024, and January 2025.

When	U-Save Scheme	HDB Flat Type and U-Save Rebate				
		1 & 2 RM	3 RM	4 RM	5 RM	Exec / MG
Apr 2024	GSTV – U-Save	\$95	\$85	\$75	\$65	\$55
	B2024 COL U-Save	\$95	\$85	\$75	\$65	\$55
Jul 2024	GSTV – U-Save	\$95	\$85	\$75	\$65	\$55
	AP U-Save	\$95	\$85	\$75	\$65	\$55
	B2024 COL U-Save	\$95	\$85	\$75	\$65	\$55
Oct 2024	GSTV – U-Save	\$95	\$85	\$75	\$65	\$55
	B2024 COL U-Save	\$95	\$85	\$75	\$65	\$55
Jan 2025	GSTV – U-Save	\$95	\$85	\$75	\$65	\$55
	AP U-Save	\$95	\$85	\$75	\$65	\$55
	B2024 COL U-Save	\$95	\$85	\$75	\$65	\$55
Total		\$950	\$850	\$750	\$650	\$550

d. 2024 Service and Conservancy Charges (S&CC) Rebate [One-Time]

All eligible Singaporean households living in HDB flats will receive one-off 2024 COL S&CC Rebate to offset 0.5 months of S&CC in January 2025. In total, eligible HDB households will receive up to 4 months of S&CC rebates in FY2024.

When	HDB Flat Type and Number of Months of S&CC Rebate			
	1 & 2 RM	3 & 4 RM	5 RM	Exec / MG
Apr 2024	1.0	1.0	0.5	0.5
Jul 2024	1.0	0.5	0.5	0.5
Oct 2024	1.0	0.5	0.5	0.5
Jan 2025	0.5 + 0.5	0.5 + 0.5	0.5 + 0.5	+ 0.5
Total	4.0	3.0	2.5	2.0

e. 2024 National Service (NS) LifeSG Credit [One-Time]

All eligible national servicemen enlisted by 31 December 2024 will receive \$200 in LifeSG credits in November 2024.

When	LifeSG Credit
Nov 2024	\$200

Equipping Our Workers for Life

The government is investing heavily in our human capital through education. We need to systematically support our workers in reskilling and upskilling, equipping them with the necessary skills to harness new technologies more effectively and remaining high in the value chain.

a. SkillsFuture Level-Up Programme

i. \$4,000 SkillsFuture Credit (SFC) Mid-Career Top-Up [One-Time]

Every Singaporeans aged 40 and above will receive the \$4,000 SFC top-up in May 2024. The new SFC will be more targeted at selected courses that are industry-oriented and have better employability outcomes.

Age	Programs	Amount	When
< 40 years old	Not Eligible		
≥ 40 years old	Training programmes with better employability outcomes: 1. Part-time and full-time diploma 2. Post-diploma 3. Undergraduate programmes 4. Courses for the Progressive Wage Model sectors	\$4,000	May 2024

ii. Mid-Career Enhanced Subsidy for Full-Time Diploma [One-Time]

Every Singaporean aged 40 and above will have another bite of the education subsidy to pursue a full-time diploma at a subsidised rate from Academic Year 2025 onwards, even after they have graduated from an Institution of Higher Learning.

Age	Programs	Amount	When
< 40 years old	Not Eligible		
≥ 40 years old	Full-time diploma at 1. Polytechnics 2. ITE 3. Arts Institutions	Subsidized fees	Academic Year 2025 onwards

iii. SkillsFuture Mid-Career Training Allowance [Monthly up to 24 Months]

Every Singaporean aged 40 and above will receive a training allowance for undertaking full-time long-form training from early 2025 onwards.

Age	Programs	Amount	When
< 40 years old	Not Eligible		
≥ 40 years old	Full-time long-form training programmes: 1. SkillsFuture Career Transition Programme courses 2. Institutes of Higher Learning and Arts Institutions courses	Monthly training allowance: 1. 50% of average income over last 12 months 2. Capped at \$3,000 3. Up to 24 months throughout lifetime	Early 2025 onwards

b. Temporary Financial Support Scheme for the Involuntarily Unemployed [TBD]

The government will introduce a temporary financial support scheme for the involuntarily unemployed while they undergo training or look for better-fitting jobs. More details to be provided later this year.

Strengthening Retirement Adequacy

The government is strengthening and rationalising the retirement system.

a. Increase in CPF Contribution Rates for Senior Workers [Ongoing]

The government will continue to raise CPF contribution rates for senior workers aged above 55 to 70 from 1 January 2025, with employer contributions to be raised by +0.5% and employee contributions by +1.0%, a +1.5% increase in total.

Age Band	CPF Contribution Rates (as of 1 January of the Year)				
	2016~2021	2022	2023	2024	2025
Age ≤ 55	37.0%	No change			
55 < Age ≤ 60	26.0%	28.0%	29.5%	31.0%	32.5% (+1.5%)
60 < Age ≤ 65	16.5%	18.5%	20.5%	22.0%	23.5% (+1.5%)
65 < Age ≤ 70	12.5%	14.0%	15.5%	16.5%	No change
Age > 70	12.5%	No change			

b. Increase in Enhanced Retirement Sum (ERS) [Ongoing]

The government will raise the ERS from three times to four times the Basic Retirement Sum (BRS) from 1 January 2025. This will allow CPF members to make more voluntary top-ups to their CPF Retirement Account (RA) and receive higher CPF LIFE monthly payouts.

Year	BRS	Current		From 1 Jan 2025	
		ERS	Estimated Monthly Payout	ERS	Estimated Monthly Payout
2025	\$106,500	\$319,500	\$2,530	\$426,000	\$3,330
2026	\$110,200	\$330,600	\$2,610	\$440,800	\$3,440
2027	\$114,100	\$342,300	\$2,690	\$456,400	\$3,550

c. Closure of CPF Special Account (SA) for Members Aged 55 and Above [One-Time]

The government examined the current 2 CPF accounts that hold savings intended for retirement payouts for members aged 55 and above: the CPF SA and RA. Both SA and RA savings earn the same long-term interest rate, but SA savings can be withdrawn on demand from age 55 if RA savings has met the cohort Full Retirement Sum (FRS).

As a principle, only savings that cannot be withdrawn on demand should earn the long-term interest rate, and savings that can be withdrawn on demand should earn the short-term interest rate. To better align CPF interest rates to the nature of CPF savings in each CPF account, the government will close the SA for members aged 55 and above from early 2025.

When the SA is closed, SA savings will be transferred to the RA up to the cohort FRS, which will continue to earn the long-term interest rate. Any remaining SA savings will be transferred to the Ordinary Account (OA), where they remain withdrawable and will earn the short-term interest rate.

After the SA is closed, members can choose to transfer their OA savings to their RA at any time, up to the prevailing ERS. Once transferred to the RA, the RA savings will earn the long-term interest rate and will be committed towards higher CPF LIFE payouts.

Impact on CPF contributions:

The portion of CPF contributions allocated to the SA will go to the RA instead. If the RA has reached FRS, the excess over FRS will go to the OA.

Impact on CPF Investment Scheme for SA (CPFIS-SA):

Members can continue to stay invested in their CPFIS-SA investment. Once the investments are sold, the proceeds will first go towards making the cohort FRS in the RA, and the excess over FRS will go to the OA.

d. Enhancements to Silver Support Scheme (SSS) [Ongoing]

The government will raise the qualifying per capita household income threshold to \$2,300 and increase the quarterly payment by 20% for Singaporeans aged 65 and above who had low incomes during their working years and have less family support.

HDB Flat Type	Current		From 1 Jan 2025	
	Total CPF Contributions < \$140,000 by age 55			
	Qualifying per Capita Household Income Threshold			
	≤ \$1,300	\$1,300 < Income ≤ \$1,800	≤ \$1,500	\$1,500 < Income ≤ \$2,300
1 and 2-Room	\$900	\$450	\$1,080	\$540
3-Room	\$720	\$360	\$860	\$430
4-Room	\$540	\$270	\$650	\$325
5-Room	\$360	\$180	\$430	\$215

e. Enhancements to the Matched Retirement Savings Scheme (MRSS) [Ongoing]

The government will continue the MRSS beyond the current pilot, expand the age eligibility and increase the matching grant cap from 1 January 2025. With the increase in matching grant already a significant benefit extended by the government, the tax relief will be removed from the cash top-ups that attract the MRSS matching grant.

MRSS	Current	From 1 January 2025
Age Eligibility	55 ≤ Age < 70	Age ≥ 55
Yearly Matching Grant Cap	\$600	\$2,000
Lifetime Matching Grant Cap	\$3,000	\$20,000
Tax Relief for cash top-ups that attract MRSS Grant	Yes	No

f. Majulah Package for Young Seniors and above

i. Earn and Save Bonus (ESB) [Yearly]

All eligible working Singaporeans born in 1973 or earlier will receive the ESB yearly in their RA or SA. The first annual ESB payout will be made in March 2025.

Annual Value (AV) of Property ≤ \$25,000	
Owns 0 to 1 Property	
Average Monthly Income in Preceding Year	Annual ESB
\$500 ≤ Income ≤ \$2,500	\$1,000
\$2,500 < Income ≤ \$3,500	\$700
\$3,500 < Income ≤ \$6,000	\$400

ii. Retirement Savings Bonus (RSB) [One-Time]

All eligible Singaporeans born in 1973 or earlier will receive the RBS in their RA or SA in December 2024.

When	Annual Value (AV) of Property ≤ \$25,000 as of 31 December 2023	
	Owns 0 to 1 Property as of 31 December 2023	
	RA Savings as of 31 December 2022	RSB
Dec 2024	CPF RA < \$60,000	\$1,500
	\$60,000 ≤ CPF RA < \$99,400 (2023 BRS)	\$1,000

iii. MediSave Bonus (MSB) [One-Time]

All eligible Singaporeans born in 1973 or earlier will receive the MSB in their CPF MediSave Account (MA) in December 2024.

When	Singaporeans Born Year	Own ≤ 1 Property		Own ≥ 1 Property
		Annual Value (AV) of Property as of 31 December 2023		
		≤ \$25,000	> \$25,000	
Dec 2024	Born ≤ 1959	\$750		
	1960 ≤ Born ≤ 1973	\$1,500		\$750

Keeping Healthcare Affordable and Accessible for All

a. MediSave Bonus for Members Aged 21 to 50 [One-Time]

All eligible Singaporeans born between 1974 and 2003 will receive the MediSave Bonus in their MA in December 2024.

When	Singaporeans Born Year	Own ≤ 1 Property		Own ≥ 1 Property
		Annual Value (AV) of Property as of 31 December 2023		
		≤ \$25,000	> \$25,000	
Dec 2024	1974 ≤ Born ≤ 1983	\$300		\$200
	1984 ≤ Born ≤ 2003	\$200		\$100

Tax Changes

a. Personal Income Tax (PIT) Rebate for Year of Assessment (YA) 2024 [One-Time]

All tax resident individuals will be granted a PIT Rebate of 50% of tax payable for YA 2024, capped at \$200 per taxpayer.

b. Raise Dependant's or Caregiver's Income Threshold for Dependant-Related Reliefs [Recurring]

The government will increase the annual income threshold for dependant-related reliefs from \$4,000 to \$8,000 with effect from YA 2025.

The dependant-related reliefs are:

1. Spouse Relief
2. Parent Relief
3. Qualifying Child Relief
4. Working Mother's Child Relief
5. CPF Cash Top-up Relief for top-up to the CPF account of spouse or siblings
6. Grandparent Caregiver Relief

c. Revision of Annual Value (AV) Bands for Owner-Occupied Residential Property Tax (PT) Rates [Recurring]

In view of the sharp rise in AVs over the last two years, the boundaries of the AV bands of the owner-occupied residential PT will be adjusted upwards from 1 January 2025.

Marginal PT Rate	Portion of AV	
	From 1 Jan 24 to 31 Dec 24	From 1 Jan 25
0%	AV < \$8,000	AV < \$12,000
4%	\$8,000 ≤ AV < \$30,000	\$12,000 ≤ AV < \$40,000
6%	\$30,000 ≤ AV < \$40,000	\$40,000 ≤ AV < \$50,000
10%	\$40,000 ≤ AV < \$55,000	\$50,000 ≤ AV < \$75,000
14%	\$55,000 ≤ AV < \$70,000	\$75,000 ≤ AV < \$85,000
20%	\$70,000 ≤ AV < \$85,000	\$85,000 ≤ AV < \$100,000
26%	\$85,000 ≤ AV < \$100,000	\$100,000 ≤ AV < \$140,000
32%	AV ≥ \$100,000	AV ≥ \$140,000

d. New Additional Buyer's Stamp Duty (ABSD) Concession for Single Singapore Citizen (SC) Seniors [Recurring]

The government will extend an ABSD concession to single SC aged 55 and above who wish to right-size their residential property (RP). These seniors will be able to claim a refund of ABSD paid on their replacement private property if they sell their first property within six months after purchasing a lower-value replacement private property. This extension will take effect from 16 February 2024.

Ending Remarks

The above is a highlight of various measures in the Budget 2024 that have a direct impact on personal finance. This budget should bring cheer to many Singaporeans in terms of providing financial support to cope with the rising cost of living, improving employability, strengthening retirement adequacy, and enjoying higher tax savings.

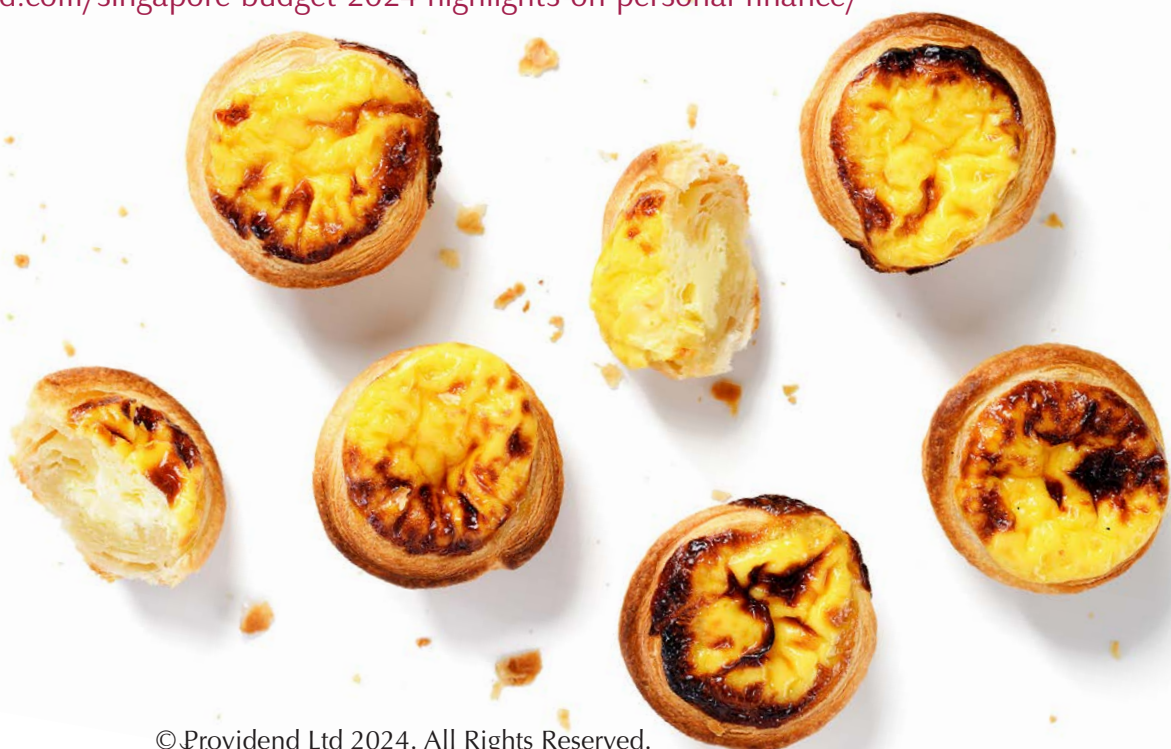
The most surprising change announced in the budget is the closure of CPF SA for members aged 55 and above from early 2025. This change affects those who use SA as a withdrawable high-interest risk-free retirement savings account after setting aside FRS in their RA.

But this move is made in the right spirit as it aligns with the principle of “higher interest rates with a longer lock-in period account”. To compensate for the closure of the high-interest SA, the increase of ERS to 4 times BRS gives affected members an option to move their SA savings into RA, and continue enjoying the high interest rate with a longer lock-in period.

The details of the measures can be found on the Ministry of Finance (MOF) budget website and other relevant government websites. The links to these websites are given at the end of this article for your reference.

You can read the article and refer to the reference links on our website here:

<https://providend.com/singapore-budget-2024-highlights-on-personal-finance/>



03 *Meet Havend, Our Sister Company*

The Provident Group has established a new licensed financial advisory firm, Havend, to better serve clients in their journey in navigating life's risks.

Havend specialises in providing the same time-tested insurance advice that is comprehensive, unbiased and well-researched and aims to revolutionise the way insurance advice is given, in a sales-driven environment where conflict can compromise your best interest. They strive to be the safe haven you can trust by mitigating potential sales conflict, delivering value-first client experience, and institutionalising practices to deliver continuity of advice and service that goes beyond a single human adviser.





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See You Latte!



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