

BASIC FINANCIAL PLANNING GUIDE

Key Needs

Rules of Thumb

What to Do



Emergency Funds

Set aside at least 3 to 6 months' worth of expenses

Consider keeping money in a combination of:

- Savings Accounts
- Singapore Savings Bonds (SSBs)*

* SSBs are guaranteed by the Government. You can exit your investment in any given month without penalty



Protection

Obtain insurance protection for:

- Death & Total Permanent Disability: **9x annual income**
- Critical Illness: **4x annual income**

Familiarise with national schemes that you are already covered under:

- **MediShield Life** for large healthcare bills
- **CareShield Life/ ElderShield** for long-term care in case of severe disabilities

Spend at most 15% of income[^] on insurance protection**

- Consider Term Insurance Plans for affordable protection
- If you are 55 years old or above - review your insurance plans every 2 to 3 years to ensure they remain affordable

Scan to compare insurance products



go.gov.sg/compare

** Purchase of bundled products (e.g. Whole Life Insurance), may exceed 15% of income as they contain both investment and protection elements

[^] After deducting CPF contributions



Investments

Invest at least 10% of income[^] for retirement and other financial goals**

Start your retirement planning now

If you are 55 years old or above, explore options to **monetise your property**

Consider:

- For the short-term: Singapore Savings Bonds, T-bills, Fixed Deposits
- For the long-term: Top up your CPF retirement savings, Exchange Traded Funds, Unit Trusts

Start planning using the CPF Planner



go.gov.sg/retireplan

Monetisation options:

- Silver Housing Bonus, Lease Buyback Scheme, renting out room/flat



Legacy Planning

Make your will and CPF nomination, and appoint trusted persons

Consider making your:

- Will, CPF nomination
- Lasting Power of Attorney, Advance Care Plan

Learn more on My Legacy portal with step-by-step guide



go.gov.sg/legacyplan



FIND OUT MORE

Emergency funds

To work out how much you need in emergency funds, compile your household and personal expenses in a month, including loan repayments, credit card bills, insurance premiums, and taxes.

When budgeting for your expenses, a useful tip is to separate the essentials from the good-to-haves.



Prioritise paying off high interest debts (e.g., credit card bills), to avoid high interest charges.

Aim to set aside enough to cover at least 3 to 6 months' worth of expenses. If your income is irregular, aim to have savings equivalent to 12 months of expenses.

Try MoneySense's free budget calculator



go.gov.sg/mscalculator

Coverage for death, total permanent disability and critical illness

The Life Insurance Association of Singapore recommends coverage of:

- 9x annual income for death and total permanent disability; and
- 4x annual income for standard critical illness.

Dependants' Protection Scheme (DPS) is automatically extended to you upon a valid CPF working contribution.

Term insurance policies are a cost-effective way to ensure protection, especially when lower premiums are "locked-in" at younger age.

For more affordable options, explore:

- Group term insurance policies (e.g. MINDEF & MHA group term insurance policies applicable for Full-time National Servicemen and their dependants); and
- Direct Purchase Insurance. No commission is charged as this option does not come with any financial advice.



go.gov.sg/dps

Learn more about DPS here



go.gov.sg/compare

Compare premiums and features of insurance products at compareFIRST



FIND OUT MORE

CareShield Life

CareShield Life is a national long-term care insurance scheme that provides monthly financial support should you develop a severe disability. CareShield Life covers all Singapore Citizens and Permanent Residents born in 1980 onwards, and premiums can be fully paid by your MediSave.

CareShield Life provides enhanced benefits as compared to ElderShield. ElderShield policyholders who have not developed severe disability may sign up to join CareShield Life.

Severe disability is when you cannot perform at least 3 out of the 6 activities of daily living independently (e.g. feeding, dressing, toileting, washing, transferring and mobility).

If you would like higher payouts or additional coverage (e.g. for less severe disability), private insurers offer CareShield Life Supplements. Carefully consider your needs and the long-term cost of CareShield Life Supplements, which depends on your current age.



If you are born before 1980, check if you have switched to CareShield Life and encourage your loved ones to do so too!

go.gov.sg/checkcsl



Find out more about CareShield Life Supplements

go.gov.sg/cslsup

MediShield Life

MediShield Life is a national health insurance that covers large hospital bills and selected costly outpatient treatments such as cancer treatments and dialysis.

All Singapore Citizens and Permanent Residents are covered by MediShield Life and premiums can be fully paid using your MediSave.

If you prefer to choose your own doctor, or opt for private hospitals or Class B1/A wards in public hospitals, your hospital bill would be larger.

Private insurers offer Integrated Shield Plans (IPs)*, which provide additional coverage on top of MediShield Life to help with your out-of-pocket expenses.

When making a decision to buy an IP, evaluate your needs and be mindful of the long-term costs that increases significantly with age. You can use MediSave to cover IP premiums, but it has withdrawal limits. If your IP premium (excluding MediShield Life) exceeds these limits, you may need to pay a portion using cash.



Half of Singapore residents with IPs do not utilise their IP benefits fully by choosing to stay in Class B2/C wards when hospitalised. In such cases, MediShield Life's coverage would be sufficient and additional IP may not be necessary.

Check out MOH's comparison of IPs



go.gov.sg/compareip

*IP policyholders are also not eligible for Additional Premium Support (APS), which is a form of financial assistance for MediShield Life/CareShield Life premiums. If you are currently receiving APS to pay for your MediShield Life and/or CareShield Life premiums, you will stop receiving APS if you choose to be insured under an IP. This applies even if you are not the person paying for the IP.



FIND OUT MORE

CPF and your retirement

Your CPF savings help to prepare for your retirement from the moment you begin working.

Growing your retirement savings by making cash top-ups and/or CPF transfer to your CPF Special/Retirement Account.

You can enjoy up to \$8,000 in tax relief on your cash top-ups and receive higher monthly payouts due to compounding interest when you retire!



Learn more about
CPF top-ups

go.gov.sg/cpftopups

Explore housing monetisation options such as Silver Housing Bonus and Lease Buyback Scheme to supplement your retirement income.

CPF LIFE provides you with monthly payouts no matter how long you live.



Estimate your CPF LIFE monthly payouts based on your desired retirement lifestyle

go.gov.sg/lifeestimator



Explore options to
monetise your properties

go.gov.sg/monetise

Legacy planning

Legacy planning involves:

- A will: sets out your instructions on how you want your estate to be distributed after your death;
- A CPF nomination: allows you to decide how your CPF savings will be distributed when you pass on;
- A Lasting Power of Attorney: lets you appoint one or more people you trust to act and make decisions on your behalf should you lose mental capacity; and
- An Advance Care Plan: sets out your wishes for future health and personal care.



Learn more on My Legacy portal
with step-by-step guide

go.gov.sg/legacyplan

Supporting your parents in their golden years

Consider:

- Making cash top-ups and/or CPF transfers to your parents' CPF Special/Retirement Account to enable them to get higher payouts. You can enjoy tax relief of up to \$8,000 on your cash top-ups to your parents;
- Paying your parents' MediShield Life and CareShield Life premiums using your MediSave; and
- Upgrading your parents' ElderShield to CareShield Life or encourage them to join CareShield Life for higher and longer payouts.