

MODULE 9: LIFE INSURANCE AND INVESTMENT-LINKED POLICIES (5TH EDITION, REPRINTED IN OCTOBER 2013)

Version 1.5

Issued On: 3 November 2017

Note: (1) This Version 1.5 of the amendments below, as well as Versions 1.1 to 1.4 of the amendments, shall apply to any candidate who sits for the CMFAS Module 9 examination **from 2 January 2018 onwards**.

(2) Only Versions 1.1 to 1.4 of the amendments shall apply to any candidate who sits for the CMFAS Module 9 examination before 2 January 2018.

(3) The next set of amendments, if any, will be issued on 1 April 2018.

Amendments are made to the CMFAS Module 9 Study Guide (5th Edition reprinted in October 2013) as follows:

1. Table Of Contents, Chapter 1, Section 11.2, Page ix

By deleting Section 11.2 header and substituting it with the following:
“11.2 Provides A Safe Investment”

2. Table Of Contents, Chapter 17, Section 6.3, Page xix

To delete Section 6.3 header.

3. Chapter 1, Section 11.2, Page 12

By deleting entire Section 11.2 and substituting it with the following:

“11.2 Provides A Safe Investment

Life insurance can, with careful selection, be a reasonable, long-term savings instrument. Life insurance policies and annuities can be safe investments, but life insurance policies also make it possible for the policy owner to arrange for the safeguarding of the policy death benefits and values.”

4. Chapter 1, Section 14.2, Page 18

By deleting paragraph 1 of Section 14.2 and substituting the following:

“In most General Insurance policies, insurable interest must be present at both the inception of the insurance contract and at the time of loss. However, as far as Marine Cargo Insurance is concerned, there is no need for insurable interest to be present at the inception of the insurance contract. Rather, insurable interest must exist only at the time of loss.”

5. Chapter 3, Section 3, Figure 3.1, Page 39

By deleting rows 1 to 6 (from top of table) of Figure 3.1 and substituting the following:

“

Product Type	Purpose Served
Term Insurance Policies	Provide death cover for a fixed term.
Whole Life Insurance Policies	Provide death cover for whole of life.
Endowment Insurance Policies	Provide death cover for a fixed term and a lump sum at the end of the term.
Investment-linked Life Insurance Policies (ILPs)	Provide mainly for investing in unit trusts or similar investments with some insurance protection.
Universal Life Insurance	Provides flexible death coverage, premium and premium payment period.
Annuities	Provide retirement income.

”

6. Chapter 3, Section 3, Paragraph 5, Page 40

By deleting entire paragraph 5 (from top of Page 40) and substituting the following:

“**Long-Term Care Insurance** – Long-Term Care Insurance is designed to meet some or all of the costs of daily living of a person who, as a result of accident, sickness or old age, is physically disabled to the extent that he cannot take care of himself. He has to depend on others to help him carry out the most basic activities of daily living, such as feeding, bathing, moving around the home and so on.”

7. Chapter 13, Section 3.1(c)(vi), Page 239 To 240

To delete the entire Section 3.1(c)(vi) “Policy Owners Being Members Of The Insurer.”

8. Chapter 17, Section 6.1, Paragraph 3, Page 294 To 295

By deleting Paragraph 3 of Section 6.1 and substituting the following:

“Policy owners can make revocable nominations in respect of the CPFIS and CPF Life policies. Under CPFIS, if the proceeds are paid out when the policy owner is not eligible to make withdrawals, it will be returned to his CPF Account. However, the death benefits under CPFIS and the bequest amount under CPF Life will be paid to the beneficiaries.”

9. Chapter 17, Section 6.3, Page 295

To delete the entire Section 6.3 “Which Policies Are Not Eligible For Nomination?”

10. Chapter 17, Table 17.1, Page 296

By deleting the entire table and substituting it with the following table:

“Table 17.1: Types Of Nominations Allowed Under Various Types Of Policies

Types of Policies	Is Trust Nomination allowed?	Is Revocable Nomination allowed?
Cash-funded Policies		
Life Policy	Yes	Yes
Accident and Health Policy with Death Benefits	Yes	Yes
Policies under CPF Schemes		
CPF Life	No	Yes
CPFIS Policy	No	Yes
DPS Policy	No	Yes
Others		
SRS Policy	No	Yes
Muslim Policy owner	Yes	Yes (subject to Muslim Law)
ElderShield Supplementary Policy	No	Yes
Integrated Shield Plan	No	Yes*

Key:

A&H: Accident & Health

DPS: Dependants' Protection Scheme

CPF: Central Provident Fund

SRS: Supplementary Retirement Scheme

CPFIS: CPF Investment Scheme

*Even though a Revocable Nomination (RN) is allowed for an Integrated Shield Plan (IP) under the Insurance Act (Cap. 142), a RN may not be relevant, since such a plan is mainly meant to cover any medical claim which will usually be paid directly by the insurer to the healthcare provider, and the death benefit under such IP is a waiver of any deductible and/or co-insurance.”



**MODULE 9: LIFE INSURANCE AND INVESTMENT-LINKED POLICIES (5TH EDITION,
REPRINTED IN OCTOBER 2013)**

Version 1.4

**Amendments already effected for examinations as from 12
June 2017 onwards.**

Amendments are made to the CMFAS Module 9 Study Guide (5th Edition reprinted in October 2013) as follows:

1. Table Of Contents, Chapter 1, Page x

To add the following section number and header:

“16.4 Introducer Of Life Insurance Advisory Services”

2. Table of Contents, Chapter 1, Page x

To add the following new section number and header:

“16.5 Web Aggregators”

3. Table of Contents, Chapter 4, Page xi

To add the following new section number and header:

“6. Guidelines On The Online Distribution Of Life Policies With No Advice
[Guideline No: ID01/17]”

4. Table of Contents, Chapter 4, Page xi

By deleting the word “Appendix” and replacing it with “Appendices”.

5. Chapter 1, Page 1, Key Learning Points

To add new learning point as follows:

“

- know what is Direct Purchase Insurance (DPI)”

6. Chapter 1, Section 16, Page 24

By adding a new Section 16.5 to read as follows:

“16.5 Web Aggregators

A web aggregator is intended as a way to leverage on technology to make it easier for consumers to compare products. Web aggregators compile and provide information about insurance policies of various insurance companies on a website. Web aggregators are different from other distribution channels, as they are designed to be a self-help tool for the customers. Launched on 7 April 2015, the “compareFIRST” portal being a joint effort by the Consumer Association of Singapore (CASE), Life Insurance Association, Singapore (LIA), MAS and MoneySENSE is an example of a web aggregator. The website allows consumers to compare the life insurance products of different companies, thus significantly improving the transparency of the insurance industry.

Direct Purchase Insurance (DPI) can now be purchased directly from customer service counters, or websites of life insurance companies. The rationale behind this is that DPI premiums are lower than comparable life insurance products, because they are sold without any involvement of a broker/agent providing financial advice, and therefore not inclusive of any commission.

DPIs are offered by all life insurance companies which cater to retail customers. Consumers may purchase DPI, which can be identified by the prefix “DIRECT” in their product name, from the customer service centres or websites (if available) of insurance companies.

There are also web aggregators for general insurance products, such as “Gobear”. For example, personal lines, such as Health Insurance, Travel Insurance and Private Motor Car Insurance are usually displayed and promoted by the web aggregators. These web aggregators tend to be personal insurance comparison sites designed to make it easier for customers to shop for and compare selected insurers’ quotes and terms for Motor, Travel, Health Insurance, etc. Certain web aggregators work directly with the major insurers and intermediaries in Singapore, so that products can be easily bought at one place.”

7. Chapter 1, Section 17.4.2, Page 26

By deleting bullet point (b) of Section 17.4.2 and substituting it with the following:

- “(b) For disputes between banks and consumers, capital market disputes and all other disputes (including third-party claims and market conduct claims): up to S\$100,000.”

8. Chapter 4, Page 49, Chapter Outline

To add new section number and header as follows:

“6. Guidelines On The Online Distribution Of Life Policies With No Advice [Guideline No: ID01/17]”

9. Chapter 4, Page 49, Chapter Outline

To add new appendix number and header as follows:

“Appendix 4B: Guidelines On The Online Distribution Of Life Policies With No Advice”

10. Chapter 4, Page 49, Key Learning Points

To add new learning point as follows:

“

- understand the requirements of the Guidelines On The Online Distribution Of Life Policies With No Advice [Guideline No: ID 01/17], as well as who it applies to”

11. Chapter 4, Section 6 (NEW), Page 72

By adding a new Section 6 as follows:

“6. Guidelines On The Online Distribution Of Life Policies With No Advice [Guideline No: ID01/17]

The write-up on Guidelines On The Online Distribution Of Life Policies With No Advice [Guideline No: ID01/17] had been extracted in whole (from MAS website) and reproduced as **Appendix 4B** of this chapter.”

12. Chapter 4, Appendix 4B (NEW), Page 74

By adding a new Appendix 4B (see **Annex 1** of this **Supplementary Notes Version 1.4**).

13. Annex 1 of Supplementary Notes Version 1.2 of this document, Chapter 16, Section 3.3

By deleting the last paragraph of Section 3.3 and substituting it with the following:

“Singapore adopts a progressive income tax regime for resident individuals. From the Year of Assessment 2017 onwards, the personal income tax rate for resident individuals will range from 2 per cent to 22 per cent. No tax is payable for chargeable income less than or equal to S\$20,000. Tax rates for non-resident individuals will differ from resident individuals. Generally, a non-resident individual is taxed at flat rate of 15%.”



Guideline No: ID 01/17

Issued Date: 31 March 2017

GUIDELINES ON THE ONLINE DISTRIBUTION OF LIFE POLICIES WITH NO ADVICE

Purpose of these Guidelines

1 A direct life insurer may offer all types of life policies on the online direct channel with no advice provided. These Guidelines apply to all direct insurers licensed under section 8 of the Insurance Act (Cap. 142) ("the Act") to carry on life business.

2 These Guidelines set out the Authority's expectations on the safeguards that direct life insurers should put in place for the online distribution of life policies without the provision of advice.

3 These Guidelines should be read in conjunction with the provisions of the Act, as well as written directions, notices, codes and other guidelines that the Authority may issue from time to time.

4 The Guidelines shall take effect on 31 March 2017.

Definitions

5 For the purposes of these Guidelines, unless the context otherwise requires:

"advice" means a recommendation made with respect to any investment product, after taking into account a client's investment objectives, financial situation and particular needs;

"conditional acceptance", in relation to a life policy, refers to any additional conditions or exclusions imposed by a direct life insurer in respect of the application for a life policy;

"direct life insurer" means a direct insurer licensed under section 8 of the Act to carry on life business;

"direct purchase insurance products" has the same meaning as in MAS Notice 321 on Direct Purchase Insurance Products;



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“life policy” has the same meaning as in the First Schedule to the Act;

“online direct channel”, in relation to a life policy, means any web portal or application in the internet created, developed and maintained or operated by any direct life insurer, on which a client may purchase a life policy.

6 The terms used in these Guidelines, except where expressly defined in these Guidelines or the context otherwise requires, have the same respective meanings in the Act and the subsidiary legislations made thereunder.

Offer of equivalent Direct Purchase Insurance products (“DPIs”)

7 Before a direct life insurer offers a specific life policy online, it should first determine if it offers an equivalent DPI. If an equivalent DPI is currently available, the direct life insurer should also make available that DPI on its online direct channel. To illustrate, a direct life insurer which intends to offer a whole life product on its online direct channel is expected to also make available its Whole Life DPI on its online direct channel.

8 The Authority has not required all direct life insurers to offer DPIs online, recognising that not all direct life insurers have an online platform for the distribution of life policies. However, where a direct life insurer has an online platform to distribute life policies, it should also offer the equivalent DPI online to its clients.

Provision of key information

9 A direct life insurer should put in place the following safeguards at the point of a client’s application for the purchase of a life policy via the online direct channel:

- (a) Provision of product information: To assist a client in making an informed decision, the direct life insurer should provide the client with an online copy of, or access to, the following before the client completes the purchase of a life policy via the online direct channel:
 - i. the documents set out in paragraph 3 of the MAS Notice 318 on Market Conduct Standards for Direct Life Insurers as a Product Provider (as may be amended from time to time), including the Product Summary, Benefit Illustration, and Product Highlights Sheet in respect of that life policy (where a Product Summary, Benefit Illustration, and Product Highlights Sheet are available in respect of that policy); and
 - ii. full policy wordings of the relevant life policy;



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The direct life insurer should also obtain the client's acknowledgement that he has completed the items set out in Annex A.

- (b) Acknowledgement of conditional acceptance: The direct life insurer should highlight to a client any conditions, including special exclusions or additional premium loadings imposed by the direct life insurer as a result of underwriting the policy application. Where the client intends to purchase a life policy with a conditional acceptance, the direct life insurer should require the client to acknowledge that he has read and understood these conditions before purchasing the life policy. Examples of conditional acceptance include instances where the direct life insurer's acceptance of a client's policy is contingent upon exclusion of the client's pre-existing medical condition or there is additional premium loading imposed by the direct life insurer due to the client's pre-existing medical condition.
- (c) Incorporation of prominent statement(s): Before a client completes the purchase of a life policy via the online direct channel, the financial adviser should alert the client (such as via a pop-up prompt) that:
- i. a life policy is not a savings account or deposit;
 - ii. the client may not get back the premiums paid (partially or in full) if the client terminates or surrenders the policy early;
 - iii. some benefits of a life policy are not guaranteed (only if applicable);
 - iv. there is a 14-day free-look period;
 - v. the client can request the financial adviser to explain the product features;
 - vi. the client may wish to separately seek advice on the suitability of the life policy; and
 - vii. in the event that the client chooses not to seek advice on the suitability of the life policy, the client should consider if the life policy is suitable for his financial circumstances and needs.

These statements should be worded in a simple and concise manner.



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Provision of tools and calculators and considerations of other types of life policies

10 A direct life insurer should encourage its clients to go through the items set out in Annex B before buying a life policy via the online direct channel. This will enable the client to -

- (a) calculate the amount of life insurance coverage the client would need, so that the client may determine if the life policy meets his protection needs;
- (b) check if the premium payable for the life policy is affordable based on his income and expenditure; and
- (c) consider the different types of DPI and other types of life policies available, and whether the life policy is suitable for his financial circumstances and needs.

11 The safeguard in paragraph 10 may not be applicable for all types of life policies sold via the online direct channel. For example, a direct life insurer which offers monthly renewable group term life policies via the online direct channel is not expected to make available such tools and calculators to its clients as there is no long term financial commitment.

Handling of queries, complaints and claims

12 A direct life insurer should set up appropriate avenues to address general queries from its clients relating to the life policies offered on its online direct channel, including but not limited to telephone or email helplines.

13 A direct life insurer should also provide information, such as contact details, information on the claims process and the process for filing complaints, on its online direct channel.

Implementation of internal controls, policies and procedures

14 It is an existing obligation for a direct life insurer to ensure that it has adequate policies, procedures and controls to mitigate money laundering and terrorism financing risks, as set out in the relevant Regulations, Notices and Guidelines issued by the Authority under the Monetary Authority of Singapore Act. A direct life insurer shall take steps to address any specific risks associated with non-face-to-face business relations with a client.

15 It is also an existing obligation for a direct life insurer to implement internal policies and processes to address technological risks. A direct life insurer should

- (a) establish a sound and robust technology risk management framework;
- (b) strengthen system security, reliability, resiliency and recoverability; and



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- (c) deploy strong authentication to protect customer data, transactions and systems.

A direct life insurer should also put in place an appropriate business continuity plan to minimise system downtime or component failures to the online direct channel, and to ensure the functionality and continued operation of the online direct channel.

16 A direct life insurer should, where relevant, consider and implement other safeguards to manage any other risks arising from the distribution of life policies on the online direct channel so as to protect the interest of its clients.

Application of the Guidelines

17 Direct life insurers should be able to demonstrate to the Authority that they are able to observe the Guidelines.

18 Where the Authority is not satisfied with a direct life insurer's observance of the Guidelines, the Authority may require the direct life insurer to take additional measures to address the deficiencies noted.



Guidelines on the Online Distribution of Life Policies with No Advice

Annex A

I acknowledge that I have
Part A
(a) Read and understood the benefit illustration and product summary, including any coverage exclusion
(b) Completed and disclosed fully and truthfully all the information requested in the Proposal Form and any supplementary questionnaire(s)
Part B – Only applicable if medical and moratorium or financial underwriting are conducted
(c) Declared all pre-existing medical conditions in the Proposal Form
(d) Reviewed all existing life policies that I own, or am in the process of applying for in the Proposal Form
(e) Declared my current financial situation such as my income in the Proposal Form



Guidelines on the Online Distribution of Life Policies with No Advice

Annex B

You are encouraged to go through the following items before buying a life policy via the online direct channel:

Have you...
(a) Used the Insurance Estimator at the following link: https://www.cpf.gov.sg/eSvc/Web/Schemes/InsuranceEstimator/InsuranceEstimator to calculate the amount of life insurance coverage you would need?
(b) Used the Budget Calculator at the following link: http://www.moneysense.gov.sg/financial-planning/financial-calculators/budget-calculator.aspx to check if the premium that you will pay is affordable based on your current income and expenditure?
(c) Visited http://www.comparefirst.sg to compare the features and premiums of Direct Purchase Insurance (DPI) and other types of life policies?
(d) Considered the different types of DPI and other types of life policies that are available, and whether the life policy that you intend to purchase is suitable for your financial circumstances and needs?



**MODULE 9: LIFE INSURANCE AND INVESTMENT-LINKED POLICIES (5TH EDITION,
REPRINTED IN OCTOBER 2013)**

Version 1.3

**Amendments already effected for examinations as from 1
June 2016 onwards.**

Amendments are made to the CMFAS Module 9 Study Guide (5th Edition reprinted in October 2013) as follows:

1. Table Of Contents, Chapter 13, Page xvii

By adding the following new Section No. and header:

“5. LIA Register Of Unclaimed Life Insurance Proceeds”

2. Chapter 13, Page 233

By adding the following new Section No. and header under “**CHAPTER OUTLINE**”:

“5. LIA Register Of Unclaimed Life Insurance Proceeds”

3. Chapter 13, Page 233

By adding the following new bullet point under “**KEY LEARNING POINTS**”:

- “know what the LIA Register of Unclaimed Life Insurance Proceeds is all about”

4. Chapter 13, Section 5, Page 243

By adding a new Section 5 to read as follows:

“5. LIA REGISTER OF UNCLAIMED LIFE INSURANCE PROCEEDS

Since 4 January 2016, the Life Insurance Association, Singapore (LIA) has launched the “LIA Register of Unclaimed Life Insurance Proceeds” on its website for members of the public, to search and contact the respective insurers directly, should they have any policies with unclaimed death proceeds of deceased relations or any unclaimed maturity policy proceeds that have been outstanding for more than 12 months.

This is the industry’s effort to reach out to the claimants or beneficiaries of unclaimed policy proceeds, being on top of efforts made by the individual life insurers. Life insurers will continue to do what they have been doing on a company basis. They will attempt to trace the claimants through various means, including sending advisers to contact their clients, placing newspaper advertisements, and listing unclaimed proceeds on their respective websites.

The Register is available on the LIA Website at:

<http://www.lia.org.sg/consumers/unclaimed-proceeds/list>

LIA will update the name list in the Register once every six months. This list shows the following information:

- Policyholder's name;
- Policyholder's identification number (masked); and
- Life insurer's name.

Members of the public can search the Register by:

- Policyholder's name; or
- Life insurer's name.

Source: LIA Website

**MODULE 9: LIFE INSURANCE AND INVESTMENT-LINKED POLICIES (5TH EDITION,
REPRINTED IN OCTOBER 2013)**

Version 1.2

**Amendments already effected for examinations as from 1
December 2015 onwards.**

Amendments have been made to the Module 9 Study Guide (5th edition, Reprinted in October 2013) as follows:

1. Table of Contents, Chapter 12, Section 3, Page xvi

To replace the contents with the following:

- “3. Premium Receipt
 - 3.1 Conditional Premium Deposit Receipt
 - 3.2 Official Receipt”

2. Chapter 12, Section 3, Page 218

By deleting Section 3 and substituting it with the following:

“3. PREMIUM RECEIPT

Generally, most insurers issue two types of receipts to acknowledge the premium payments received. The two types of receipts are:

- (a) conditional premium deposit receipt (depending on the insurer, it may be known as the interim cash receipt, temporary cash receipt, cash acknowledgment receipt or temporary receipt); and
- (b) official receipt.

The conditional premium deposit receipt is usually issued by the adviser on behalf of the insurer to acknowledge the proposer’s first premium payment by cash or cheque with the proposal form. The issuing of such a receipt by the adviser is usually at the close of an insurance sale, and is authorised by his principal (the insurer). Thereafter, the insurer will issue the official receipt. Let us look at each of them in turn.

3.1 Conditional Premium Deposit Receipt

Upon the insurer’s receipt of the premium payment and the proposal form, the issuing of a conditional premium deposit receipt will bind the insurer to grant conditional cover only for accidental death (usually for any new proposal), subject to the specified terms and conditions, before the official acceptance of the proposal by the insurer. Such a receipt provides conditional cover to the life insured immediately **at the time of application** if the premium payment is made by cash. For any premium payment by cheque, the conditional cover will commence once the premium deposit is credited to the insurer’s bank account.



In other words, once the insurer gives the client the conditional premium deposit receipt, the conditional coverage begins, subject but not limited to the following, as stated in the conditional premium deposit receipt or policy:

- (a) the death must have occurred within a specified period of time (usually 90 days) or until he is notified of the underwriter's decision, whichever is earlier;
- (b) the proposed life insured is not required by the insurer to undergo a medical examination;
- (c) the information in the proposal form is true and complete;
- (d) the proposed life insured is insurable and at the insurer's standard rate of acceptance; and
- (e) the coverage is usually limited to accidental death only and for a specified sum assured (usually limit to S\$500,000) or the sum assured applied for, depending on whichever is the lower.

In addition, some insurers specify in such a receipt the conditions under which they will not be liable to pay the accidental death benefit. Most insurers issue this type of receipt. As an adviser, you should explain the terms and conditions of the receipt to your client, when handing it to him.

3.2 Official Receipt

On the other hand, the official receipt is issued by the insurer. It is used to officially acknowledge receipt of the first premium payment made by the client.

The practice of issuing an official receipt varies from one insurer to another. Generally, if payment of the initial premium (or renewal premium) is made by cash or cheque, an official receipt is issued within one month from the date the conditional premium deposit receipt is issued (for cash payment), or the date the client's cheque is credited to the insurer's bank account (for cheque payment).

However, in the case of premium payments via Interbank GIRO, or credit cards as accepted by some insurers, the relevant entries in the bank statements of the bank accounts are recognised as legal evidence of the premium payments. As such, receipts are generally not issued. Also, insurers do not generally issue their own official receipts for premium payments made via NETS, AXS machines or stations, telegraphic transfer or Internet banking as arranged by the insurers."

3. Chapter 16, Pages 277 – 288

By deleting the entire Chapter 16 and substituting it with **ANNEX 1**.

4. Chapter 17, Table 17.1, Page 296

By deleting the entire table and substituting it with the following table:

Table 17.1: Types Of Nominations Allowed Under Various Types Of Policies

Types of Policies	Is Trust Nomination allowed?	Is Revocable Nomination allowed?
Cash-funded Policies		
Life Policy	Yes	Yes
Accident and Health Policy with Death Benefits	Yes	Yes
Policies under CPF Schemes		
MSS Annuity	No	No
MSPS Annuity (cash-funded)	Yes	Yes
CPFIS Policy	No	Yes
DPS Policy	No	Yes
Others		
SRS Policy	No	Yes
Muslim Policy owner	Yes	Yes (subject to Muslim Law)
ElderShield Supplementary Policy	No	Yes
Integrated Shield Plan	No	Yes*

Key:

A&H: Accident & Health

CPFIS: CPF Investment Scheme

CPF: Central Provident Fund

DPS: Dependants' Protection Scheme

MSS: Minimum Sum Scheme

SRS: Supplementary Retirement Scheme

MSPS: Minimum Sum Plus Scheme

*Even though a Revocable Nomination (RN) is allowed for an Integrated Shield Plan (IP) under the Insurance Act (Cap. 142), a RN may not be relevant, since such a plan is mainly meant to cover any medical claim which will usually be paid directly by the insurer to the healthcare provider, and the death benefit under such IP is a waiver of any deductible and/or co-insurance.

5. Chapter 17, Section 8.1, Page 298

By deleting the first paragraph in Section 8.1 and substituting it with the following paragraph:

“Under **Section 49L(1)** of the Insurance Act (Cap. 142), trust nominations cannot be made to any policy which is:

- issued under the Dependants’ Protection Insurance Scheme established and maintained by the CPF Board;
- any CPF-funded scheme under which the CPF member is obliged to repay the benefits or proceeds back into the CPF fund;
- taken up under the ElderShield Supplement Scheme;
- an integrated medical insurance plan; or
- purchased using funds from a person’s SRS account under the Supplementary Retirement Scheme.”



CHAPTER 16 INCOME TAX AND LIFE INSURANCE

CHAPTER OUTLINE

1. Introduction
2. Taxable Income
3. Statutory Income, Assessable Income And Chargeable Income
4. Personal Reliefs
5. Rebates
6. Who Will Benefit From Income Tax Relief By Taking Up An Insurance Policy?
7. Tax Benefit For SRS Participants

KEY LEARNING POINTS

After reading this chapter, you should be able to:

- differentiate between taxable income and income that is exempted from tax
- define statutory income, assessable income and chargeable income
- describe the various types of personal reliefs granted to a resident individual
- understand rebates such as parenthood tax rebate
- know who will benefit from income tax relief by taking up an insurance policy
- understand the tax benefit for SRS participants

1. INTRODUCTION

In this chapter, we will explain how personal income is taxable in Singapore, the various reliefs granted to an individual who is tax resident¹ in Singapore, and how life insurance purchase can qualify for income tax relief.

2. TAXABLE INCOME

In Singapore, income is taxed under the Income Tax Act (Cap. 134). **Section 10(1) of the Income Tax Act (Cap. 134)** provides that income tax may be imposed upon the income of any person, accruing in or derived from Singapore, or received in Singapore (from outside Singapore), in respect of the following:

- gains and profits from any trade, business, profession or vocation;
- gains and profits from any employment;
- dividends, interest or discounts;
- any pension, charge² or annuity;
- rents, royalties, premiums and any other profits arising from property; and
- any gains or profits of an income nature not falling within any of the preceding items.

2.1 Exemption From Income Tax

As a general rule, capital gains are not taxable under the Income Tax Act. Receipts, such as gifts, legacies, lottery wins and capital gains are not regarded as income, and are not chargeable to income tax.

In addition, certain types of income are specifically exempted from income tax. Common examples are CPF withdrawals, war pensions, certain approved pensions, death gratuities, interests on bank deposits and dividends. (Dividends derived from Singapore are taxable, unless they are specifically exempted under the Income Tax Act.)

Dividends are not taxable if they are:

- Foreign dividends received in Singapore on or after 1 January 2004. This excludes foreign-source income received through partnerships in Singapore.
- Income distributions from unit trusts and real estate investment trusts (REIT), that are authorised under **Section 286 of the Securities and Futures Act [Cap. 289]** (excluding distributions out of franked dividends) on or after 1 January 2004.
- One-tier exempt dividends from companies under the one-tier corporate tax system. Under this system, tax paid by a company on its chargeable income is the final tax. All dividends paid by a company are exempt from tax in the hands of the shareholders.

¹ Individuals who are regarded as tax residents include Singaporeans, Singapore Permanent Residents and who have established a permanent home in Singapore and foreigners who have stayed or worked in Singapore for more than 183 days in the tax year.

² The item “charge” refers to income received by a person by virtue of a deed or court order, for example, alimony on monthly maintenance under a court order or deed of separation.

With effect from the Year of Assessment 2012, the income from charge (i.e. alimony / maintenance payments and income from separation deed or court order) is also exempt from tax.

The National Service Recognition Award (NSRA), given out by the Ministry of Defence and the Ministry of Home Affairs, to recognise the contributions of Singapore Citizens who serve National Service, is also exempt from tax.

3. STATUTORY INCOME, ASSESSABLE INCOME AND CHARGEABLE INCOME

3.1 Statutory Income

According to **Section 35** of the Income Tax Act (Cap.134), statutory income refers to the full amount of income for the year preceding the Year of Assessment from each source of income (see **Section 2** of this chapter).

3.2 Assessable Income

Assessable Income = Total Income - Allowable Expenses - Approved Donations

Example Illustration:

Income Items	Amount
Total Income	S\$60,000
Less: Allowable Expenses	(S\$3,000)
Less: Approved Donations	(S\$1,000)
Assessable Income	S\$56,000

Only expenses which are incurred for income-producing purposes are deductible. Notwithstanding this, certain expenses are specifically prohibited from deduction under the Income Tax Act (Cap. 134). A notable example is the running of a motor vehicle.

In addition, capital allowances can only be claimed by a taxpayer if the capital asset concerned (for e.g. computer, furniture, etc.) is used for trading or business purposes. For example, capital allowances cannot be claimed on capital assets used for deriving income from an employment or from a passive rental source.

A loss arising from a trade or business source can be carried forward to reduce profits of a later period. A loss that arises from a non-trade or non-business source cannot be carried forward and is effectively lost.

Donations to approved charities and institutions are currently deductible at **2.5 times** the amount donated. However, the government may from time to time vary the deductions allowed. In addition, unutilised donations can be carried forward for up to five years.

3.3 **Chargeable Income**

Chargeable income of an individual is then derived from the remainder of the assessable income after deducting all personal reliefs, such as earned income relief, spouse relief, child relief, deductions for CPF and SRS contributions, etc. Since a company is not able to claim personal reliefs, the assessable income is the same as the chargeable income.

Example Illustration:

Income Items	Amount
Employment	S\$60,000
Less: Expenses	(S\$3,000)
Total Income	S\$57,000
Less: Approved donations	(S\$1,000)
Assessable Income	S\$56,000
Less: Personal Reliefs	(S\$1,000)
Chargeable Income	S\$55,000

The tax payable is based on the chargeable income at the rates given in the Second Schedule attached to the Income Tax Act (Cap. 134), which is subject to change from time to time.

Singapore adopts a progressive income tax regime for resident individuals. From the Year of Assessment 2012 onwards, the personal income tax rate for resident individuals will range from 2 per cent to 20 per cent. No tax is payable for chargeable income less than or equal to S\$20,000. Tax rates for non-resident individuals will differ from those for resident individuals. Generally, a non-resident individual is taxed at a flat rate of 20%.

4. **PERSONAL RELIEFS**

In this chapter, we will focus only on the various personal reliefs granted to resident individuals. Personal Reliefs are granted only to resident individuals. As the government varies the reliefs periodically after each “Budget” release, it is important that advisers are updated on the latest rates / amounts permitted as they do differ from year to year. The following are the types of reliefs granted to individuals.

4.1 **Earned Income Relief**

“Earned income relief” is a relief to provide recognition for individuals who receive income from employment, trade, business, profession or vocation less allowable expenses.

4.2 **NSman (Self / Wife / Parent) Relief**

“NSman relief” is a relief to recognise the contributions of National Service men (NSmen) and NS Key Appointment Holders. The relief (self) will be given when a taxpayer has completed his full-time National Service.

To recognise the support given by wives to their husbands and parents to their children, NSman (wife) relief and NSman (parent) relief are granted. Parents of deceased NSmen are eligible for the relief. Widows of deceased NSmen are also eligible for the relief, unless they remarry.

4.3 Spouse / Handicapped Spouse Relief

“Spouse relief” is an expansion of the wife relief to support family formation and provide recognition to male and female taxpayers supporting their spouses or ex-spouses.

With effect from the Year of Assessment 2012, the taxpayer (the husband) cannot claim the spouse relief for alimony paid to his ex-wife.

The taxpayer cannot claim this relief if he has already claimed handicapped spouse relief, or someone is claiming any relief (other than grandparent caregiver relief) on his wife or ex-wife.

4.4 Qualifying / Handicapped Child Relief

“Qualifying child relief (QCR) / handicapped child relief (HCR)” are reliefs given in recognition of families’ efforts in supporting their children and caring for handicapped children.

Each qualifying child is eligible only for either QCR or HCR, and may be shared with a taxpayer’s spouse, based on the proportion agreed by both parties. The amount of reliefs will depend on the order of children (based on date of birth or date of legal adoption).

The qualifying child must fulfil all the conditions below and must:

- be unmarried;
- be a legitimate child, step-child or legally adopted child;
- be below 16 years old or studying full-time at any university, college, or other educational institution; and
- not have an annual income (e.g. salary, NS pay and tax-exempt income, such as bank interest, dividend and pension; however, scholarship and similar allowances are excluded) exceeding S\$4,000 in the previous year.
Note that the income threshold may vary from year to year.

To claim for HCR, the qualifying child must be mentally or physically handicapped, in addition to the above-mentioned criteria, except for the income threshold requirement and needs to be full-time schooling if the child is above 16 years old.

4.5 Working Mother’s Child Relief

“Working mother’s child relief (WMCR)” is a relief introduced to serve the following objectives:

- to reward families with children holding Singapore citizenship;

- to encourage parents to take up citizenship for their children; and
- to encourage married women to remain in the workforce after having children.

The amount of WMCR claimable for each child is based on a specified percentage of the **working mother's earned income** corresponding to the child order. This relief is claimable on the same child, even if the working mother and / or husband may have already claimed QCR or HCR.

4.6 Handicapped Brother / Sister Relief

“Handicapped brother / sister relief” is a relief given to provide recognition for individuals supporting their handicapped siblings.

A taxpayer can claim this relief if he has supported his or his spouse's physically or mentally handicapped brothers / sisters who lived with the taxpayer in the same household in the previous year. However, he cannot claim if someone has claimed any other reliefs on the same sibling.

4.7 Parent / Handicapped Parent Relief

“Parent / handicapped parent relief” is a relief to promote filial piety and provides recognition to individuals supporting their parents / handicapped parents in Singapore.

A taxpayer may claim this relief if he has supported his or his spouse's parents, grandparents and great-grandparents in the previous year, for up to **two** dependants.

Full amount of this relief can be claimed even if the dependant has passed away in the previous year (provided all conditions as stated above are satisfied).

4.8 Grandparent Caregiver Relief

“Grandparent caregiver relief” (GCR) is a relief given to provide recognition for grandparents who play the role of a caregiver, and to help working mothers take care of their children.

4.9 Life Insurance Relief

“Life insurance relief” is a relief on annual insurance premiums paid on the taxpayer's or his wife's life insurance policies.

The premiums paid for a life insurance policy are allowed to be deducted from the assessable income, but are subject to the following conditions:

- the policy must be on the life of the taxpayer or his wife, and in the case of a female taxpayer, on her life only;
- the policy must be issued by a life insurer which has an office or branch in Singapore (this condition is not applicable to policies effected before 10 August 1973);

- the amount to be deducted shall not exceed 7% of the capital sum secured on death from such policy exclusive of any additional benefit by way of bonus, profits, or otherwise; and
- the taxpayer is not eligible for life insurance relief if his total compulsory employee CPF contribution and/or voluntary CPF contribution in the previous year is S\$5,000 or more. If his CPF contribution is less than S\$5,000, he can claim the lower of the difference between S\$5,000 and the CPF contribution, or up to 7% of the insured value of his own / his wife's life, or the amount of insurance premiums paid, whichever is lower.

4.10 Central Provident Fund (CPF) / Provident Fund Relief For Employees

“CPF / Provident fund relief” is a relief given to encourage individuals to save for their retirement.

Employees who are Singaporeans / Singapore Permanent Residents may claim CPF relief on:

- (a) compulsory employee CPF contributions or contributions to an approved pension or provident fund; and / or
- (b) voluntary contribution to his Medisave account.

However, no relief is available for:

- voluntary contributions that are made in excess of the compulsory contributions under the CPF Act (Cap. 36);
- voluntary contributions made while the taxpayer is seconded or posted overseas for work; and
- CPF contribution on additional wages that exceed the related employer CPF cap.

4.11 Voluntary Contributions To CPF / Medisave Relief For Self-Employed

It is compulsory for an individual who is self-employed, is a Singapore citizen or Singapore permanent resident and earns a yearly net trade income of more than S\$6,000 to make Medisave contributions.

The amount to be contributed depends on the age of the taxpayer and the Net Trade Income (gross trade income minus all allowable business expenses, capital allowances and trade losses).

CPF relief is allowed based on the date of payment.

4.12 CPF Cash Top-Up Relief

The “CPF cash top-up relief” encourages individuals to save for their retirement and that of their dependants into the respective CPF Special/Retirement Account.

This relief is given:

- if the taxpayer is a Singapore NRIC holder and he or his employer has made cash top-ups to his own Minimum Sum under the CPF Minimum Sum Topping-Up Scheme; or
- for cash top-ups by the taxpayer to the following recipient's Minimum Sum:
 - taxpayer's grandparents or parents; and/or
 - taxpayer's spouse or siblings [The spouse or sibling must not have income (e.g. salary or tax-exempt income, such as bank interest, dividend and pension) exceeding S\$4,000 in the year preceding the year of top-up.] There will be no threshold condition for handicapped spouse or handicapped siblings.

The amount claimable will be based on the actual amount of cash topped up (capped at S\$7,000) by the taxpayer or his employer to his own Minimum Sum. The taxpayer will also be allowed a separate relief for family top-ups, up to a maximum of S\$7,000 per year. In total, a taxpayer can only claim up to a maximum of S\$14,000 under this relief.

4.13 Course Fees Relief

"Course fees relief" is given to encourage an individual to continuously upgrade himself, so as to enhance his lifelong employability. The relief is targeted at those who are or have been gainfully employed.

Course fee relief is granted to an individual who has:

- attended courses, seminars and conferences leading to approved academic and professional qualification; or
- attended seminars and conferences relating to existing trade, professional, vocation or employment; or
- completed a course, seminar or conference not relevant to trade, business, profession or employment, but provided:
 - he makes a career switch within two years of completing the course; and
 - the course is relevant to his new trade, business, profession or employment.

The allowable course fees include registration fees or enrolment fees, examination fees, tuition fees and aptitude test fees (for computer courses).

No deductions are allowed for textbooks, living and travelling expenses, ordinary seminars and conferences (other than those mentioned above).

With effect from the Year of Assessment 2009, a taxpayer is allowed to defer this claim if he is unable to claim relief in the preceding year, because his assessable income did not exceed S\$22,000. This will benefit taxpayers who may not be able to benefit in the Year of Assessment for which the expense is actually incurred. The taxpayer should claim the tax relief within two Years of Assessment, as soon as he has assessable income above S\$22,000.

4.14 **Foreign Maid Levy Relief**

“Foreign maid levy relief” is a relief given to encourage married women to remain in the workforce and to also encourage procreation.

To qualify for this relief, the taxpayer must be:

- a married woman living with her husband; or
- a married woman, and her husband not being a resident of Singapore; or
- a woman who is separated, divorced or widowed, and living with her unmarried child for whom she can claim child relief.

This relief is **twice** the amount of maid levy paid for **one** foreign domestic maid. The wife can claim the relief to be offset against her earned income, even if the levy is paid by the husband.

4.15 **Supplementary Retirement Scheme (SRS) Relief**

SRS is a voluntary scheme introduced by the Government to encourage individuals to save more for retirement on top of the contributions made to the CPF. SRS contributions may be used to purchase various investment instruments. SRS participants enjoy tax reliefs for contributions made into their SRS accounts, in the Year of Assessment following the year of contribution. The contribution is based on the Absolute Income Base (AIB) which is calculated on 17 months of the taxpayer’s CPF monthly salary ceiling, subject to 15% of AIB for a Singapore Citizen or Singapore Permanent Resident, or 35% of AIB for a foreigner. This will help the taxpayer to reduce his chargeable income and in return reduce the tax payable.

5. REBATES

In addition to the reliefs, the Government may also grant rebates. A rebate is a reduction of tax otherwise payable by a taxpayer.

5.1 **Parenthood Tax Rebate**

Parenthood tax rebate is a rebate given to married Singapore resident individuals, to encourage them to have more children. Rebates are given only if the child is a Singaporean. The rebate can be used to offset the income tax payable of the parents, in any proportion as agreed by the spouses. Any rebate unutilised can be carried forward to offset against future tax payable of the parents.

The rebates available are:

1 st child	S\$5,000
2 nd child	S\$10,000
3 rd child onwards	S\$20,000

6. WHO WILL BENEFIT FROM INCOME TAX RELIEF BY TAKING UP AN INSURANCE POLICY?

The individuals who may benefit most from income tax relief by taking up insurance policies on their own lives or on their wives' lives include:

- individuals who are self-employed and who do not make voluntary CPF contributions, such as businessmen, doctors, lawyers, accountants, etc. practising as sole proprietors or in partnerships; and
- foreigners working in Singapore being exempted from the CPF contribution scheme.

However, it should be noted that the amount of benefit for tax relief for life insurance premiums is relatively small, being limited to only S\$5,000, and due to the fact that this relief is aggregated with the relief for CPF contributions.

7. TAX BENEFIT FOR SRS PARTICIPANTS

7.1 Tax Concession On Withdrawal

Besides enjoying SRS reliefs for contributions made, SRS participants will also receive tax concessions for withdrawals from their SRS accounts. Only **50%** of the amount withdrawn is subject to tax, if the withdrawal is made:

- on or after the statutory retirement age prevailing at the time of the first contribution;
- upon the death of the SRS participant;
- on medical grounds; or
- by a foreigner (who is not a Singapore permanent resident) who has maintained his SRS account for at least ten years from the date of his first contribution, subject to a withholding tax at the prevailing non-resident tax rate of 20% at the point of withdrawal. If he is not a Singapore tax resident, the actual tax payable on his SRS withdrawal will be 15% or the progressive resident rates, whichever is higher.

The SRS withdrawal may be made in a lump sum or spread over a maximum period of ten years.

For premature withdrawal (before the statutory retirement age), there is a 5% penalty imposed. This is non-refundable, and is separate from any withholding tax as mentioned above.

7.2 Tax Benefits For Annuities Purchased Through SRS

For Annuities purchased through SRS, 50% of the Annuity payouts (Annuity income) are subject to tax. Any SRS participant who receives a constant income stream (i.e. Annuity income) over a period of ten years, for example, may be subject to lower personal income tax liability because of the progressive income tax structure.

**MODULE 9: LIFE INSURANCE AND INVESTMENT-LINKED POLICIES (5TH EDITION,
REPRINTED IN OCTOBER 2013)**

Version 1.1

**Amendments already effected for examinations as from 1
September 2014 onwards.**

Amendments have been made to the Module 9 Study Guide (5th edition, Reprinted in October 2013) as follows:

1. Chapter 1, Section 13.2, Page 16

By deleting the word “registered” in the second bullet point of paragraph 1 of Section 13.2 and substituting it with “licensed”.

2. Chapter 1, Section 16.2.1, Page 22

By deleting the word “registered” in line 4 of paragraph 1 of Section 16.2.1 and substituting it with “licensed”.

3. Chapter 1, Section 16.2.1, Page 22

By deleting the last sentence of paragraph 2 of Section 16.2.1 and substituting the following:

“Co-operative societies are licensed insurers registered under the Co-operative Societies Act (Cap. 62).”

4. Chapter 1, Section 16.2.2, Page 22

By deleting the word “registered” in the last sentence of paragraph 1 of Section 16.2.2 and substituting it with “authorised”.

5. Chapter 1, Section 16.3, Page 22

By deleting the first sentence of paragraph 2 of Section 16.3 and substituting the following:

“An insurance intermediary means a person who, as an agent for one or more insurers or as an agent for insureds or intending insureds, arranges contracts of insurance **in** Singapore, and includes an insurance agent or an insurance broker.”

6. Chapter 3, Section 2, Page 38

By deleting the word “registered” in the first sentence of paragraph 1 of Section 2 and substituting it with “licensed”.

7. Chapter 4, Section 5, Page 72

By deleting the phrase “[Notice No: FAA-N01]” in the first sentence of paragraph 1 of Section 5 and substituting it with “[Notice No: FAA-N16]”.

8. Chapter 6, Section 4, Page 110

By deleting the phrase “[Notice No: FAA-N01]” in the first sentence of the paragraph 4 of Section 6 and substituting it with “[Notice No: FAA-N16]” .

9. Chapter 7, Section 17.3, Page 143

By deleting the source information on the chart titled “An Example Of A Dollar cost Averaging Plan” and substituting the following:

“Source:<https://secure.fundsupermart.com/main/research/viewHTML.tpl?articleNo=2963>”

10. Chapter 7, Section 19, Page 146

By deleting Rows 5, 6 and 7 (from the top of the chart) on the “Comparison Chart Between ILPs And Unit Trusts” of Section 19 and substituting them with the following:

Item	ILPs	UTs
Free-look / Cancellation Period	<ul style="list-style-type: none"> ▪ 14 days from the date of receipt of policy ▪ Insurer entitled to make adjustments to reflect changes in market values of underlying assets 	<ul style="list-style-type: none"> ▪ Seven calendar days from the date of signing of the Purchase Agreement ▪ Relevant person entitled to an adjustment to reflect the change in market values of the units held by the investor
Treatment of rounding differences and compensation for computational errors	Refer to Notice No: MAS 307 (last revised on 11 December 2012) Clauses 77 - 82	Refer to Code on Collective Investment Schemes (last revised on 30 September 2011)
Business conduct requirements for sub-fund managers	Specific requirements spelled out in Notice No: MAS 307	Specific requirements spelled out in the Securities and Futures Act



11. Chapter 9, Section 6.1, Page 163

By deleting the table on page 163 and substituting the following:

Using Method DB3 (where DB3 = u + v)	Using Method DB4 [where DB4 = Higher of (u or v)]
Value of units (u) = 380 units x S\$1.53 = S\$581.40	Value of units (u) = 380 units x S\$1.53 = S\$581.40
A portion of the death benefit is covered by the value of units (u). Mortality charge is applied to the balance of the death benefit not covered, which for: Method DB3: is equal to (u + v) - u = v Method DB4: is equal to higher of (u or v) - u = v - u, as v > u in this example	
Death Benefit = u + v = S\$581.40 + S\$100,000 = S\$100,581.40	Death Benefit = Higher of (u or v) = Higher of S\$581.40 or S\$100,000 = S\$100,000
Monthly mortality charge = $\frac{q}{12} \times v$ = $\frac{1}{12} \times \frac{\text{S\$1.50}}{\text{S\$1,000}} \times \text{S\$100,000 (v)}$ = S\$12.50	Monthly mortality charge = $\frac{q}{12} \times (v-u)$ = $\frac{1}{12} \times \frac{\text{S\$1.50}}{\text{S\$1,000}} \times [\text{S\$}(100,000 - \text{S\$}581.40)]$ = S\$12.43
Total charges (monthly mortality charge and monthly policy fee) = S\$12.50 + S\$5.00 = S\$17.50	Total charges (monthly mortality charge and monthly policy fee) = S\$12.43 + S\$5.00 = S\$17.43
Number of units to be cancelled = $\frac{\text{S\$17.50}}{\text{S\$1.53}}$ = 11.44 units	Number of units to be cancelled = $\frac{\text{S\$17.43}}{\text{S\$1.53}}$ = 11.39 units
Total number of units remaining = (380 + 931.68 - 11.44) units = 1,300.24 units	Total number of units remaining = (380 + 931.68 - 11.39) units = 1,300.29 units

12. Chapter 12, Section 14, Page 230

By deleting paragraph 1 of Section 14 and substituting the following:

“According to Section 60(1) of the Insurance Act (Cap. 142), insurers must pay surrender values (if any) for life policies which have accumulated cash values and have been in force for a minimum of three years.”

13. Chapter 16, Section 3.3, Page 280

By deleting the word “defer” in line 5 of paragraph 3 of Section 3.3 and substituting it with “differ”.

14. Chapter 17, Section 1.2, Page 291

By deleting the footnote 5 on page 291 and substituting the following:

“5 A “proper claimant”, as defined in Section 61(12) of the Insurance Act, is a person who claims to be entitled to the sums in question as executor of the deceased, or who claims to be entitled to that sum (whether for his own benefit or not) and is the widower, widow, parent, child, brother, sister, nephew or niece of the deceased; and in deducing any relationship for the purposes of this subsection, an illegitimate person shall be treated as the legitimate child of his actual parents.”

15. Chapter 17, Section 3.1, Page 293

By deleting the word “registered” in the first bullet point of paragraph 4 of Section 3.1 and substituting it with “licensed”.

16. Chapter 17, Section 6.2(b), Page 295

Add the following new paragraph after paragraph 2 of Section 6.2(b):

“The Islamic Religious Council of Singapore (MUIS) issued a FATWA on 22 March 2012 to clarify that under Section 111 of the Administration of Muslim Law Act, Muslims can make revocable nominations on their insurance policies.”

17. Chapter 17, Table 17.1, Page 296

By deleting the entire Table 17.1 on page 296 and substituting the following:

Table 17.1: Types Of Nominations Allowed Under Various Types Of Policies

Types of Policies	Is Trust Nomination allowed?	Is Revocable Nomination allowed?
Cash-funded Policies		
Life Policy	Yes	Yes
Accident and Health Policy with Death Benefits	Yes	Yes
Policies under CPF Schemes		
MSS Annuity	No	No
MSPS Annuity (cash-funded)	Yes	Yes
CPFIS Policy	No	Yes
DPS Policy	No	Yes
Others		
SRS Policy	No	Yes
Muslim Policy Owner	Yes	Yes

18. Chapter 17, Section 8.1, Page 298

By deleting paragraph 1 of Section 8.1 and substituting the following:

“Under Section 49L(1) of the Insurance Act (Cap. 142), trust nominations cannot be made to any policy which is:

- issued under the Dependants’ Protection Insurance Scheme established and maintained by the CPF Board;
- any CPF-funded scheme under which the CPF member is obliged to repay the benefits or proceeds back into the CPF fund; or
- prescribed by the Authority, or a type of description prescribed by the Authority”