

HOW TO BUILD A FINANCIAL SAFETY NET

Planning a financial backup for life's emergencies is a prerequisite to beginning an investment plan. As a rule of thumb: obtain adequate life insurance – generally eight to ten times your annual family income.

Life Insurance

The primary purpose of life insurance is to make sure that anyone who is financially dependent on you will not lose support if you die. Dependents can include spouse, children, parents and siblings.

When deciding whether or not you need life insurance, ask yourself this question: "Is there anyone dependent on me for financial support?" If you can answer no, then you probably don't need life insurance.

Your CPF and You

Retirement

At the age of 55, the CPF savings may be withdrawn after setting aside the CPF Minimum Sum. The CPF Minimum Sum may be used to purchase life annuity from a participating life insurance company, placed in a participating bank, or left in the Retirement Account with the CPF Board. From 62 years old onwards (current draw-down age) monthly payments may be given to help meet basic needs in retirement.

- If CPF Minimum Sum is left with a participating bank or the CPF Board, you will receive a monthly income until the amount is exhausted.
- If life annuity has been purchased, you will receive a monthly income for life.

Healthcare

Monthly contributions to the Medisave Account help build up savings for healthcare needs. Medisave may be used to cover for self or dependent's hospitalization expenses and for certain out-patient treatments such as chemotherapy and radiotherapy treatments.

Medisave savings may be used to cover the premiums for Medishield medical insurance schemes for you and your dependents. They help to meet the high medical costs of prolonged or serious illnesses.

For older CPF members, there is Eldershield, an affordable severe disability insurance scheme that provides insurance coverage to those who require long-term care.

Family Protection

- The Dependents' Protection Scheme helps families to tide over the first few years in the event of an insured member's permanent incapacity or death.
- The Home Protection scheme prevents families from losing their homes in the same event.