

# Plan your legacy: How CPF nomination helps loved ones after you're gone

## **CPF Board** 00:07

Hey and welcome to Let's Talk CPF, a podcast where we bring conversations on CPF to your ears, brought to you by the CPF Board. This podcast will answer common questions, offer tips, and feature interviews with industry experts on CPF and financial planning. Thanks for listening and let's get straight into today's episode.

## **Zafirah** 00:36

Hi everyone, and welcome back to another episode of Let's Talk CPF. I'm Zafirah, your host for today, and we're about to dive into a topic that's on the minds of many Singaporeans now, legacy planning, or more specifically, CPF nominations. What happens to your CPF savings when you pass away without a nomination? Why can't you just rely on a will to distribute your CPF savings? How does CPF nomination even work? And how can you make one? Well, all these burning questions will be discussed in today's episode. And joining me today is Nadiah from CPF Board's Nominations and Accounts Closure Department. She's been with the board for 14 years, where she processes nominations applications for CPF members day in and day out. So that's why she is the best person to shed some light on this often overlooked, but essential part of financial planning. Welcome, Nadiah.

## **Nadiah** 01:21

Hi, thanks for having me.

## **Zafirah** 01:23

Hi. But before we dive deeper into these right, so let's just start with the basics. What exactly is a CPF nomination?

## **Nadiah** 01:30

Okay, so basically right, CPF nomination allows you to specify who will receive your CPF savings and how much you want to give them when you pass on. This will allow your loved ones to receive your CPF savings properly and conveniently, especially if finances are a concern when settling post-demise matters such as funeral and medical expenses.

## **Zafirah** 01:50

Do most CPF members make a CPF nomination? Or is this something that people know is important, but they don't really act on?

## **Nadiah** 01:58

Okay, actually right, about four in five CPF members who passed away in 2022 to had made a CPF nomination. But when we look at younger members who passed away that same year, it's a totally

different story. Nearly two out of five members who passed away before age 65 had no nomination. Since we never really know when our time will come, it's important to think about how we can support our loved ones even after we are gone. This is why you should make a CPF nomination as soon as you start building up your CPF savings.

**Zafirah 02:30**

So I guess the recommendation here is to basically start making a CPF nomination as soon as you start working. Or as soon as you start having CPF savings, right? But I must admit that CPF nominations never crossed my mind until I joined CPF Board like six months ago. Like I know it's important. But it's just something that gets shifted to the backburner. And I keep telling myself that, yes, I will get down to it later, but I just never got around to doing it.

**Nadiah 02:55**

You know what, let's not delay it and do it now. It's a very easy and straightforward process and should take only about five minutes. You have your phone with you right now right? So let's get started. And you can log on to our website at [cpf.gov.sg/CPFNom](http://cpf.gov.sg/CPFNom) and make an online nomination using your Singpass.

**Zafirah 03:14**

Okay, so let me just quickly log on to the website right [cpf.gov.sg/CPFNom](http://cpf.gov.sg/CPFNom).

**Nadiah 03:21**

So if you already know who you want to nominate, just get ready their full names, identification numbers and contact details. Same thing for your two witnesses, who also cannot be you nor your nominees.

**Zafirah 03:31**

Okay, so I basically need two witnesses, right? And it says here that witnesses must be at least 21 years old, must not lack mental capacity and must also have a Singpass.

**Nadiah 03:40**

Yup. So I can be one of your witness.

**Zafirah 03:42**

Okay great. So let me just load this page, and then I just click proceed. And then I fill in all my nominee details, right?

**Nadiah 03:51**

Correct. Yes.

**Zafirah 03:52**

So basically the full name and IC number as well as the relationship.

**Nadiah 03:57**

And the shares as well.

**Zafirah 03:59**

Okay. And the shares, basically I can choose between zero and 100%.

**Nadiah 04:04**

Yup correct. So if let's say you have more than one nominee, multiple nominees right, so you just need to ensure that the total shares allocated for all nominees add up to 100%.

**Zafirah 04:14**

Perfect, so you can be my witness one and since we have Caster in the studio here today, he can be my other witness.

**Nadiah 04:21**

So if you need help in finding witnesses right, you can actually make an appointment at any of our CPF Service Centres to make a nomination and our staff can be your witnesses. So if let's say it's not convenient for you to come down to any of the CPF Service Centres, you can also visit any ServiceSG Centre and the officers there will assist you to complete your online nomination and act as your witnesses as well.

**Zafirah 04:43**

So now that I've submitted my application, it says here that it's pending your witnesses actions.

**Nadiah 04:48**

Yep. So what me and Caster need to do, is we have to log in with our Singpass and then proceed to witness your nomination within seven days.

**Zafirah 04:56**

Okay perfect. Thank you so much for helping me Nadiah.

**Nadiah 04:58**

No problem!

**Zafirah 04:59**

Like it's finally done. I've done my CPF nomination. Okay, and here's the thing, right? So I'm in my mid 30s. And I know for a fact that many of my peers, they also have not started on making a CPF nomination, right? So how would you convince them to start making their CPF nomination? Like maybe you can just paint me a scenario - like what happens if they don't have one?

**Nadiah 05:18**

Many people around our age do feel it's too early to think about legacy planning. But actually, the truth is right, none of us can predict when our time will come. It will be reassuring to know that your loved ones have a sense of security and peace of mind regarding your CPF savings after you've passed on. So with a nomination right, CPF Board takes around 10 working days after being informed of your

passing, to get in touch with your nominees on receiving your CPF savings. But without a nomination, your CPF savings will be transferred to the Public Trustee (PT) for distribution according to the relevant intestacy laws. So which means that even if you have left a will, it will not determine which of your family members get your CPF savings or how much they will each receive.

**Zafirah 06:03**

Is this actually very common?

**Nadiah 06:04**

For those without a nomination actually, yes. I remember one time when a CPF member wanted to nominate her stepson, who had been caring for her for many years. She recognised that if she did not nominate him, her stepson will not be eligible to claim any of her CPF savings under the intestacy laws. So with that being said, your loved ones will also have to go through a very lengthy process, during their moment of grief to claim the money, which could take up to six months. If you think about it right, it won't just cost them extra time, but also extra money as PT will deduct an administrative fee from your CPF savings, before distributing them to your family members. The more CPF savings you have, the higher the admin fee and this fee cannot be waived.

**Zafirah 06:48**

And that just sounds like you know a lot of hassle and a lot of costs that we can avoid as well. And earlier on you mentioned intestacy laws, right? So according to this law, who are the default beneficiaries if no CPF nomination is made?

**Nadiah 07:01**

Okay, it's actually different for both Muslims and non Muslims. For non Muslims, the eligible family members begin with looking at whether the member has a spouse and/or children. If let's say they don't have any or are no longer alive, then the next eligible family members will be the deceased member's parents. Depending on various factors, there can be situations where for example, your siblings, grandparents, or even uncles and aunts could be eligible family members too.

**Zafirah 07:27**

And then for Muslims, it's basically a different rulebook?

**Nadiah 07:30**

Yes, it is. For Muslims, the distribution of CPF savings follows the Muslim inheritance certificate. In Islam, we call this Faraid, which literally means fixed portions. Faraid has its own set of rules to determine the primary beneficiaries with allocated shares that are fixed by the Quran. That is why we encourage members to make a CPF nomination, so we can decide on our own how much to give to each of our nominee.

**Zafirah 07:56**

So maybe just to clarify a little bit further, right. So if a valid CPF nomination has been made, can a Faraid heir who has not been nominated claim a portion of the deceased member's CPF savings?

**Nadiah 08:05**

No, they can't. In Islamic law, CPF nomination is considered a valid form of Hibah, or a gift made during your lifetime to your nominees. When a nomination has been made, only the nominees are entitled to the CPF savings. So CPF savings that has been nominated do not need to be redistributed according to the Faraid law.

**Zafirah 08:26**

And before one starts making a CPF nomination right, is there any other considerations that one should take note of?

**Nadiah 08:33**

Firstly, it's essential to understand the limitations of bills in covering CPF savings.

**Zafirah 08:38**

Right, I think most people, they are very much familiar with the concept of a will, but they don't really understand the distinction between a CPF nomination and a will. So maybe you can explain a little further on this, like what does the CPF nomination cover and not cover in terms of savings and assets distribution.

**Nadiah 08:56**

Okay, so basically a will decides the distribution of your estate. So your CPF savings do not form your estate, so that it cannot be included in your will. So this arrangement is to protect your CPF savings from potential creditor claims on outstanding loans you may have, and ensures your loved ones receive your CPF savings in full. When considering a CPF nomination. It's also important to understand what CPF assets can be nominated to a specific individual. So by default, your CPF savings will be disbursed in cash. CPF nomination covers all your CPF savings, any unused CPF LIFE premiums, and any discounted Singtel shares. However, it does not extend to properties purchased using CPF savings, any payouts from the Dependents' Protection Scheme also known as DPS and any investments under the CPF Investment Scheme.

**Zafirah 09:46**

Thanks so much for pointing out the differences and I think this is very important because many people think that you know once they've made a will then they don't need to make a CPF nomination which isn't true at all.

**Nadiah 09:55**

Yes. And the second thing to consider is identifying your nominees. You can nominate anyone regardless of age, or nationality, to be the beneficiary of your CPF savings, but there are some things to note about how CPF savings are treated for certain nominees after your passing. For example, if you nominate a minor, the monies will be held in trust by the Public Trustee until your nominee turns 18. Or if your nominee is declared bankrupt, then the monies will need to be transferred to the Official Assignee.

**Zafirah 10:24**

So since we're on the topic of identifying your nominees, right, do you think that it's actually important for members to communicate to their loved ones about the CPF nomination?

**Nadiah 10:34**

Okay, honestly, this is actually a personal choice. By sharing your CPF nomination details with your loved ones while you are alive, you can explain your decisions to them and prevent misunderstandings after you're gone.

**Zafirah 10:46**

I agree. I mean, if you don't make a CPF nomination before you pass away, it might lead to potential disputes, right?

**Nadiah 10:52**

Yeah, that's right. And I like to share an example from one of my cases. Okay let's call them the Koh brothers. So we have Mr. Koh, the youngest of three siblings, stepped up to care for their father after a road accident. So the other brothers had their own families to look after, but they chipped in with monthly allowances to support the caregiving. So when their father passed away, the brothers were counting on his CPF savings to cover the funeral expenses. But here's the twist. The nomination only included the elder brothers leaving the youngest son out.

**Zafirah 11:23**

Oh no, the youngest son must be so upset! I mean he was the one who took care of their father in his final years.

**Nadiah 11:28**

Yeah, understandably so. But the reason he was left out was because their dad never updated the nomination after the youngest son was born.

**Zafirah 11:36**

Right. And that's such a shame, and you know caregiving is not easy either. But did the elder brothers still share with him though?

**Nadiah 11:43**

I'm not sure if they did, and the Board does not have the right to intervene as well, because we must go by the latest nomination. So this whole situation just goes to show how crucial it is to keep your CPF nomination up to date. CPF nomination is not a one-time affair, you should update them after significant life changes like marriage, childbirth, divorce, or even the death of a nominee. For example, if you're single right, and you happen to get married in the future, you must take note that any marriage will revoke a previous nomination. So this rule applies for wills as well. A regular review allows you to reallocate shares to your nominees based on your wishes.

**Zafirah 12:23**

Yes, and I think that's a key takeaway here as well, right. Like making a CPF nomination is free, and you can update it as many times as necessary. So by staying proactive and keeping your nomination

up to date, you can ensure that your wishes are accurately reflected, and they provide clarity for your loved ones in the future. And as we navigate through life, I think it's also important to acknowledge that our lives will one day come to an end. I mean life is uncertain, and it's important to plan ahead. So I highly encourage you to get started on making your CPF nomination, like myself, and if you've already done so then do ensure that it's updated as needed. With that being said, I want to say a very big thank you to Nadiah for sharing valuable insights on CPF nomination. And for our listeners, I hope you found this episode helpful. I'm Zafirah and you've been listening to Let's Talk CPF.

**CPF Board 13:10**

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