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Retirement is the age of leaving oneâ€™s job and desists to work. It is the end of oneâ€™s working life an the beginning of a life where you finally have the time to pursue your favorite leisure activities. Or we can say first innings of life is ended and second starts.

The best thing to start planning your retirement is while you are still working. The national supplementary Retirement Scheme (SRS) is one of the schemes started by the Singapore Government which complements retirement planning by offering significant tax savings for investments through an SRS account. If you do not have an existing SRS account, you can choose to open an SRS account at any of the participating banks. This is your golden period of age if you choose your SRS account you get to enjoy 100% tax relief on every deposit that you make.

Supplementary Retirement Scheme (SRS) is a voluntary scheme to encourage individuals to save money for retirement, over and above their CPF savings. The SRS offers attractive tax benefits. Contributions to SRS are eligible for tax relief. Investment returns will also be tax-free before withdrawal and only 50% of the withdrawals from SRS are taxable at retirement.

The Supplementary Retirement Scheme (SRS) was started by the Singaporeâ€™s government in 1st April 2001 to address the financial needs of the ageing people. The SRS is a voluntary scheme and participants can contribute any amount subject to the prevailing cap at their own discretion. With this scheme, the Singapore Government hopes to encourage more people to start saving for their retirement. Contribution to the SRS will attract tax relief and investment return are tax free (with exception to Singapore dividends, SGX dividends paid out by companies which is tax deducted or deductible by the payer company).

Who is eligible for SRS?

All Singaporeans, Permanent Residents and Foreigners are eligible for this scheme. The participant must be:-

â€¢ 21 years of age

â€¢ Not an undischarged bankrupt

â€¢ are not of unsound mind

â€¢ Must not have an existing SRS account with any bank

â€¢ Must not have a pending application to open an SRS account with any bank

SRS Contribution Cap (Budget 2011)

In Budget 2011, the Minister for Finance announced that the annual SRS contribution will be increased with the higher CPF Salary. The revised annual SRS contribution will be $12,750 (up from $11,475) for Singaporeans and Permanent Residents, and $29,750 (up from $26,775) for foreigners. This will apply to SRS contributions made from 2011 onwards.

Benefits of SRS

â€¢ The SRS offers attractive tax benefits. You can claim tax relief for contributing to the SRS. It starts from the first dollar contribution. Each dollar of contribution will result in a reduction of income chargeable to tax by a dollar. It is only 50% of the withdrawals from SRS are taxable at retirement (referred to as a â€œ50% tax concessionâ€•).

â€¢ Investment gains are tax free, with exception of Singapore dividend, SGX dividend paid before 1st January 2008, which tax is deducted or deductible by the payer company, which are taxable at your individual tax rate.

â€¢ Tax will be payable only when you withdraw from the SRS account. 50% of the saving withdrawn will be subjected to prevailing tax. You may chose to spread the withdrawal over 10 years to suit your financial needs.

â€¢ The SRS is part of the Singapore governmentâ€™s multi-pronged strategy to address the financial needs of a graying population by helping Singaporeans to save more for their old age. It began in 2001 and is operated by the private sector.

â€¢ The SRS complements the Central Provident Fund (CPF). CPF savings are meant to provide for housing and medical needs and for basic living needs after retirement. Unlike the CPF scheme, participation in SRS is voluntary. SRS members can contribute a varying amount to SRS (subject to a cap) at their own discretion. The contributions may be used to purchase various investment instruments.

â€¢ It provides automatic renewal of fixed deposit upon maturity. Low minimum placement amount of $5,000 for Singapore Dollar Fixed Deposit or 5,000 units in the deposit currency (selected currencies) for Foreign Currency Fixed Deposits.

â€¢ It provided competitive interest rates.

After retirement, you may want to use our retirement planner to investigate a variety of retirement scenarios. You can use a range of assumptions about your future earnings or when you will cease working. Many people in the later years of their lives failing health require assistance, sometimes in extremely expensive treatments that need care, but are not in need of constant assistance, may choose to live with a SRS retirement schemes.

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