

# Withdrawal of CPF savings in full swing

**Figures show Singaporeans withdrew \$103 million from their Special Accounts last month for investments, mainly in insurance products**

By LEONG CHAN TEIK

SINGAPOREANS are stepping up the pace of withdrawing their newly freed-up Central Provident Fund savings, mostly to invest the money in insurance products, CPF figures show.

Last month, they withdrew \$103 million from their Special Accounts. Midway through the month, the figure had stood at only about \$17 million.

The outflow began on Jan 1 when the Special Account savings totalling some \$12 billion were freed up for the first time for investing in approved low-risk products.

Investors have overwhelmingly voted for insurance products, parking \$85 million — or 83 per cent of the withdrawn money — in them, in the hope that returns would exceed the 4 per cent per annum currently offered by the CPF.

Industry sources said insurance products with an investment theme were the most popular.

Two other categories of investments using Special Account money — unit trusts and fixed deposit —

failed to excite as much, attracting \$14.8 million and \$3.2 million, respectively.

Echoing the views of some insurers, American International Assurance said approved insurance products offered potentially better returns than the CPF rate. On top of that, they gave insurance protection.

With attractive products to sell, agents worked hard to reach out to clients.

"Towards the end of last year, insurance agents have been educating their clients about investing their Special Account savings," explained Mr Matthew Kang, president of the Life Underwriters Association of Singapore, which represents the agents.

"They did not just sit down and wait for the customer to come to them."

Agent Jonny Singh of OUB Manulife said: "Before Jan 1, I've been calling clients and creating awareness about investing their Special Account savings. Because of that, business has been extremely good and easy."

He added: "It's a lot easier these days to talk to potential clients about

insurance."

The 15,000 or so agents outnumber — by a vast margin — the financial planners and bank representatives who can advise on the purchase of unit trusts.

As a result, insurance agents are enjoying roaring business.

Said a delighted Ms Viviana Chin of Keppel Insurance: "This year has been so much better. I've closed about 40 cases. Last year, on average, I did 10 to 15 cases a month."

She added: "We've been advising clients to maximise their returns on their Special Account savings by investing, instead of keeping the money with the CPF."

The insurance products have investment merit, insurers said.

NTUC Income's most popular product is its "growth" policy, which is a single-premium endowment plan, says chief executive officer Tan Kin Lian.

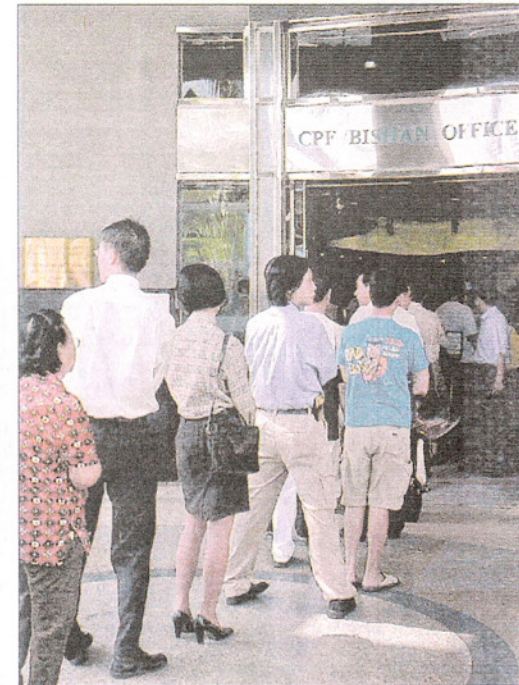
Its projected yield is 4.5 per cent to 5.8 per cent per annum. It also provides insurance coverage of up to four times the single premium, he said.

"Although the yield is not guaranteed, most customers are confident that the insurers are able to maintain their bonus rates over the longer term. These products are more stable than unit trusts whose returns can be volatile," he said.



STEPHANIE YEOW

**Business has been good**, according to agents Ms Chin and Mr Singh; 83 per cent of the withdrawn money was invested in insurance products.



Since Jan 1, Singaporeans were able to withdraw their Special Account savings for investments.

## MORE RECEPTIVE

*'It's a lot easier these days to talk to potential clients about insurance.'*

— Agent Jonny Singh of OUB Manulife

## MAXIMISING RETURNS

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— Ms Viviana Chin of Keppel Insurance