



## Transfer \$\$\$ to SRS to qualify for TAX RELIEF\*

\*Contribution limit of \$15.3K/annum for SG & PR

### Tax Planning via Supplementary Retirement Scheme (SRS)

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It is the time of the year to start tax planning. The Supplementary Retirement Scheme (SRS) gives taxpayers a way to put additional savings away for retirement. Like the retirement savings aspect of the Central Provident Fund (CPF), the SRS supplements the compulsory contributions of the CPF. Unlike the CPF which cannot be withdrawn until retirement, the SRS contribution is purely voluntary and can be withdrawn anytime although with a hefty 5% penalty. Exemptions exist for those who need to withdraw for urgent reasons for both Singaporeans and Foreigners alike.

#### Limits on Contribution

There's a contribution limit of **\$15,300** for Singaporeans and Permanent Residents and \$35,700 for foreigners. One can apply for an SRS account with any of the three largest Singaporean banks, DBS, OCBC and UOB. Each person may only have one SRS account at any one time.

Contributions can be made anytime throughout the year **up until 30<sup>th</sup> December** for eligible tax relief the following year. It is best to make the deposits in the early part of December, in case there are last minute changes to banking procedures and the availability of investment opportunities.

#### Withdrawal of SRS Funds

The SRS funds can be withdrawn from the age of 62 without penalty up to a maximum of \$40,000 per year for 10 years. Assuming no other income, a total of \$400,000 can be withdrawn over a 10 year period from the age of 62, tax free. The amounts above \$400,000 can be withdrawn, 50% of which will be subject to tax.

#### Investing of SRS Funds

The SRS funds you accumulate in the SRS account can be invested since the interest rate offered by the banks is only a nominal 0.05%. Investing in funds, annuities or bonds can yield higher returns which can accumulate in your SRS account tax free.

#### Useful Links

The following websites provide more details on SRS contributions, investment and withdrawal upon retirement;

1. <https://www.mof.gov.sg/schemes/individuals/supplementary-retirement-scheme>
2. <https://www.iras.gov.sg/IRASHome/Schemes/Individuals/Supplementary-Retirement-Scheme--SRS-/>

*This article was prepared by David Choo in his personal capacity. The opinions expressed in this article are the author's own and do not reflect the view or position of PromiseLand Independent Pte Ltd.*



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