How SRS works

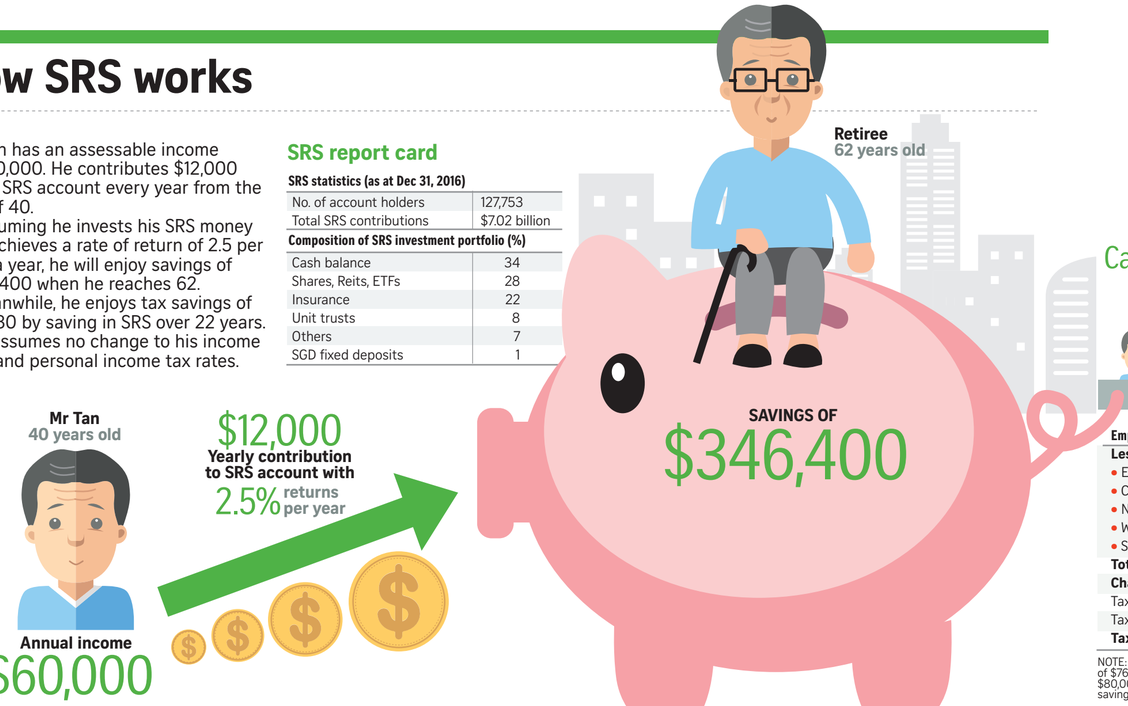
Mr Tan has an assessable income of $60,000. He contributes $12,000 to his SRS account every year from the age of 40.

Assuming he invests his SRS money and achieves a rate of return of 2.5 per cent a year, he will enjoy savings of $346,400 when he reaches 62.

Meanwhile, he enjoys tax savings of $18,480 by saving in SRS over 22 years. This assumes no change to his income level and personal income tax rates.

SRS report card

SRS statistics (as at Dec 31, 2016)	
No. of account holders	127,753
Total SRS contributions	$7.02 billion
Composition of SRS investment portfolio (%)	
Cash balance	34
Shares, Reits, ETFs	28
Insurance	22
Unit trusts	8
Others	7
SGD fixed deposits	1



Case 1

Mrs Ang
38 years old
Two children

Annual income
$140,000

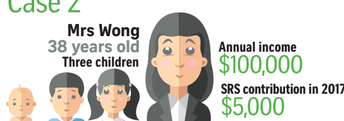
SRS contribution in 2017
$5,000

Chargeable income computation for Year of Assessment 2018

Employment income	($) 140,000
Less: Personal reliefs	
• Earned income relief	1,000
• CPF relief	20,400
• NSman wife relief	750
• Working mother child relief	49,000
• SRS tax relief	5,000
Total personal reliefs	**76,150**
Chargeable income	**63,850**
Tax on first $40,000	550
Tax on next $23,850 @ 7%	1,669.50
Tax payable	**2,219.50**

NOTE: Mrs Ang will enjoy the full personal income tax relief amount of $76,150, as this amount is below the maximum relief amount of $80,000. With SRS contribution of $5,000 in 2017, she has tax savings of $350 ($5,000 @ 7%) for Year of Assessment 2018.

Case 2



Mrs Wong
38 years old
Three children

Annual income
$100,000

SRS contribution in 2017
$5,000

Employment income	($) 100,000
Less: Personal reliefs	
• Earned income relief	1,000
• CPF relief	20,000
• NSman wife relief	750
• Working mother child relief	60,000
• SRS tax relief	5,000
Total personal reliefs	**86,750**
Total personal reliefs after capping	**80,000**
Chargeable income	20,000
Tax payable	**0**

NOTE: Mrs Wong will enjoy the total maximum personal income tax relief amount of $80,000. Hence, there is no further relief on top of this amount. Despite the relief cap, as her chargeable income does not exceed $20,000, the tax payable by Mrs Wong remains at $0. Since Mrs Wong's tax liability (without SRS contribution) is $0, contributing to SRS will not result in any tax savings.

Case 3

Mrs Chua
38 years old
Three children

Annual income
$125,000

SRS contribution in 2017
$5,000

Employment income	($) 125,000
Less: Personal reliefs	
• Earned income relief	1,000
• CPF relief	20,400
• NSman wife relief	750
• Working mother child relief	75,000
• SRS tax relief	5,000
Total personal reliefs	**102,150**
Total personal reliefs after capping	**80,000**
Chargeable income	45,000
Tax on first $40,000	550
Tax on next $5,000 @ 7%	350
Tax payable	**900**

NOTE: Mrs Chua will enjoy the total maximum personal income tax relief amount of $80,000. There is no further relief on top of this amount so contributing to SRS will not result in any additional tax savings.

Case 4

Mrs Lee
38 years old
Two children

Annual income
$111,445

SRS contributionin 2017
$15,300

Employment income	($) 111,445
Less: Personal reliefs	
• Earned income relief	1,000
• CPF relief	17,584
• NSman wife relief	750
• WMCR	39,006
• Foreign maid levy relief	6,360
• SRS tax relief	15,300
Total personal reliefs	**80,000**
Chargeable income	31,445
Tax payable	**250.58**

NOTE: Working mothers earning more than $111,450 per year with two children and contributing the maximum amount to the SRS, will potentially pay more income tax.
Table assumes taxpayer's income includes two months' bonus.

Sources: MINISTRY OF FINANCE, ERNST & YOUNG SOLUTIONS
SUNDAY TIMES GRAPHICS