

SRS CHANGES IN BUDGET 2008

	CURRENT TREATMENT	NEW TREATMENT (FROM 1 OCT 2008)
1	Employers cannot directly contribute to their employees' SRS accounts.	Employers can contribute to their employees' SRS accounts, subject to the current SRS contribution limits, and claim full tax deduction. SRS members will enjoy tax relief on the contributions made by their employers.
2	SRS members can contribute up to the prevailing statutory retirement age. They can withdraw their SRS monies over 10 years from the prevailing statutory retirement age.	SRS members can contribute beyond the prevailing statutory retirement age, up to the point of their first penalty-free withdrawal. They can withdraw their SRS monies over 10 years from the date of their first penalty-free withdrawal. Withdrawals will continue to be penalty-free only if they take place after the statutory retirement age that was prevailing at the time of the first contribution.
3	Individuals without any earned employment income in the previous year cannot contribute to SRS in the current year.	Individuals without any earned employment income in the previous year can contribute to the SRS in the current year

For members who are aged 62 or above on 1 October 2008, MOF will provide a one-off transitional concession so that they can take advantage of the new rules.

- a) Those who have made penalty-free withdrawals and/or closed their accounts before 1 October 2008, but wish to continue to contribute to the SRS, may do so as long as they make a new SRS contribution between 1 October 08 and 31 December 2008. They can withdraw their SRS monies anytime thereafter, and their 10-year withdrawal period will begin when they make their first penalty-free withdrawal. Once they start withdrawing, they will no longer be able to contribute again.
- b) For those who do not wish to start contributing again or have not begun withdrawals, the new rules will automatically apply and their withdrawal period will end ten years from the date of their first penalty-free withdrawal.