

## a 3Ms feature

Medisave • MediShield • Medifund



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 – Canteen operator, Ms. Teo

### How To Contribute To Medisave?

Medisave is a compulsory national medical savings scheme that helps individuals save part of their income in a specially designated account in their Central Provident Fund (CPF). Medisave can be used for their own medical expenses or those of immediate family members.

Depending on his age, every employee contributes 6 to 8% of his monthly salary to a personal Medisave account.

Age	Contribution Rate
35 & below	6%
36 to 45	7%
Above 46	8%

You can contribute to your Medisave account, either by GIRO, crossed cheque payment, Internet banking, AXS stations or by NETS/cashcard or cash at any Singapore Post office. Contact the CPF Board at **1800-227-1188** or log on to [www.cpf.gov.sg](http://www.cpf.gov.sg) to find out more on how to contribute to your Medisave account.

# "Yes" to Medisave For Self-employed

**A great safety net when faced with a hospital bill. Two self-employed Singaporeans share their experiences.**

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**A**S someone who suffers from a chronic medical condition, Ms Teo Sok Lian knows how important it is to have adequate savings for sudden hospitalisation episodes.

"I have lupus and although it is now dormant, contributing to Medisave is like building up a cushion for me in case I need to be hospitalized," said the 53-year-old canteen operator.

So even though she is self-employed, Ms Teo has made an effort to contribute \$130 to her Medisave account every month – with few exceptions – for the last 15 years.

"In 2000 and 2001, I defaulted on Medisave contributions because there was a downturn, but that left me very insecure," she said. "So once my finances could bear it, I started contributing again."

Ms Teo's conscientiousness, unfortunately, is not typical of the self-employed. Only 43 per cent have paid their Medisave contributions in full.

The other 57 per cent is of concern because – unlike most Singapore working adults who have been contributing regularly to their Medisave accounts via their monthly salaries – they would not have enough Medisave funds to meet their healthcare needs by the time they reach 55 years of age.

Regular contributions to Medisave is important as most self-employed do not enjoy company medical benefits. That is why all self-employed persons who earn a net trade income of more than \$6,000 a year must make compulsory Medisave contributions, just like Ms Teo.

With \$30,000 in her Medisave, she has more than double the sum of \$12,000 that the average Singaporean has. But Ms Teo is still worried because she knows that the

likelihood of getting serious chronic diseases, such as diabetes, increases with age.

However, she need not fret. Even workers earning \$700 a month would have saved more than \$500 a year in their Medisave accounts

at the rate of 6 per cent a month. This means that they would have \$5,000 in 10 years of contribution. It is expected that a person could be hospitalized once every 10 years, and this accumulated amount would be sufficient for most.

In fact, the bottom 22 per cent of Medisave contributors – who have \$5,000 or less in their accounts – would have enough in their Medisave for the average class C hospital bill at \$786, if they contribute regularly.

Still, Ms Teo exercises caution when using her

Medisave funds.

"I'm keeping Medisave for major illnesses," said Ms Teo whose has three sons all in their 20s. "My husband and I are old, we don't want to depend on our children. With Medisave, if we fall ill, it's a backup."

Like Ms Teo, taxi driver Mr Teo Kok Tiang has been regularly contributing to his Medisave for the last 25 years.

Not that Mr Teo has much to worry, as his two sons aged 21 and 29 years old can look after him in his old age.

Mr Teo is however all for greater security with Medisave.

He realized the importance of this about three years ago when he was hospitalized for a major gallstone removal operation.

"It was fortunate that I had Medisave because that set me back more than \$10,000," he said. "With Medisave, I paid only part of the amount out of pocket."

**"It was fortunate that I had Medisave because two to three years ago, I had a major surgery to remove my gallstones and that set me back more than \$10,000. With Medisave, I only had to pay part of the amount out of pocket."**  
 – Taxi driver, Mr. Teo

For more information, please visit [www.moh.gov.sg](http://www.moh.gov.sg)



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