

	Dec-23	Dec-22	Dec-21	Dec-20	Dec-19	Dec-18	Dec-17	Dec-16	Dec-15	Dec-14
No. Account Holders	427,184	387,377	346,719	311,849	285,489	256,820	240,695	227,753	216,466	195,483
Total SRS Contributions (billions)	\$18.45	\$16.53	\$14.36	\$12.23	\$10.68	\$9.18	\$8.15	\$7.02	\$6.97	\$4.89
<b>Composition of SRS Investment Portfolio</b>										
Cash Balance	13%	21%	24%	26%	28%	30%	31%	34%	32%	34%
Unit Trusts	11%	11%	11%	11%	10%	10%	9%	8%	9%	9%
Insurance	25%	25%	25%	25%	27%	26%	24%	22%	22%	22%
Singapore Dollar Fixed Deposits	0%	0%	0%	1%	1%	1%	1%	1%	1%	1%
Shares, REITs, ETFs	25%	26%	28%	29%	26%	28%	26%	28%	28%	28%
Others <sup>(1)</sup>	21%	16%	10%	8%	8%	5%	7%	7%	8%	8%
<b>Age Profile of SRS Account Holders</b>										
18-35	30%	31%	25%	19%	15%	12%	11%	11%	11%	11%
36-45	17%	27%	28%	28%	27%	28%	29%	29%	30%	31%
46-55	24%	24%	26%	29%	31%	33%	33%	33%	33%	34%
56-61	10%	10%	11%	13%	14%	15%	16%	16%	16%	16%
>=62	9%	9%	10%	12%	12%	12%	11%	11%	10%	9%
<b>Nationality Profile of SRS Account Holders</b>										
Foreigners	6%	6%	6%	6%	6%	5%	5%	4%	4%	4%
Singapore PRs	13%	13%	13%	12%	12%	12%	12%	12%	12%	12%
Singaporeans	81%	82%	81%	81%	82%	83%	83%	84%	84%	83%

## Why you need to invest your SRS funds

### Description

*In this era of high-yield savings accounts offered by banks, did you know that our SRS funds yield only 0.05% p.a.? If you want to protect your SRS funds from losing purchasing power due to inflation, consider investing in ETFs, which can potentially offer higher returns.*

*Disclosure: This post is brought to you in collaboration with Nikko Asset Mana*

With the year coming to an end, some folks are topping up their Supplementary Retirement Scheme (SRS) accounts to reduce their tax bill when it is time to file tax returns in the new year.

If you're trying to do the same, remember to complete your funds transfer within this month by 31 December of each year in order to qualify for the tax relief on your tax bill served to you in April.



Yearly maximum  
SRS contribution is  
\$15,300

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Image credits: Sourced from [IRAS website](#) on SRS, November 2024. The maximum yearly SRS contributions that one can make is \$15,300 for Singaporeans and PRs, while the cap is higher at \$35,700 for foreigners.

But what happens after you top up your SRS?

If you're guilty of leaving the funds idle in your account, that's a big missed opportunity because over time, inflation alone would negate any tax benefits you get from contributing to your SRS account. Your money not only loses its purchasing power each year, but you're also missing out on the chance to have grown the money for higher returns that may earn you more than just 0.05% per annum. However, you will need to be aware of and manage the investment risks of being exposed to the financial markets when you put your SRS monies to work, vs leaving it in your bank account to earn 0.05% pa interest.

Even though most banks have raised their interest rates over the last few years, this does not apply to your SRS account. Go ahead and check - you're still only earning 50 cents for every \$1,000 saved. If you had maximized your SRS contributions to reduce your income tax, that's only \$7.65 on every \$15,300!

If you asked me, I think it is silly to just contribute to your SRS account; you will need to invest your funds as well.

## What do people invest their SRS funds in?

To get an idea of what most people invest their SRS money in, you can refer to these statistics released by the Ministry of Finance here, which shows that the most popular tools used are:

- insurance (25%)
- stocks, real estate investment trusts (REITs) or exchange traded funds (ETFs) (25%)
- Singapore Government Bonds, Corporate Bonds, Foreign Currency Fixed Deposits and Fund Management (Others) (21%)
- unit trusts (11%)

	Dec-23	Dec-22	Dec-21	Dec-20	Dec-19	Dec-
No. Account Holders	427,188	387,377	288,793	221,849	185,489	156,8
Total SRS Contributions (billion\$)	\$18.43	\$16.33	\$14.36	\$12.23	\$10.68	\$9.1
<b>Composition of SRS Investment Portfolio</b>						
Cash Balance	19%	21%	24%	26%	28%	30%
Unit Trusts	11%	11%	11%	11%	10%	10%
Insurance	25%	25%	26%	26%	27%	26%
Singapore Dollar Fixed Deposits	0%	0%	0%	1%	1%	1%
Shares, REITs, ETFs	25%	26%	28%	29%	26%	28%
Others <sup>[1]</sup>	21%	16%	10%	8%	8%	5%
<b>Age Profile of SRS Account Holders</b>						
18-35	30%	31%	25%	19%	15%	12%
36-45	27%	27%	28%	28%	27%	28%
46-55	24%	24%	26%	29%	31%	33%
56-61	10%	10%	11%	13%	14%	15%
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Foreigners	6%	6%	6%	6%	6%	5%
Singapore PRs	13%	13%	13%	12%	12%	12%
Singaporeans	81%	82%	81%	81%	82%	83%

Source: [The Ministry of Finance](#), November 2024

[1] Others comprise of Singapore Government Bonds, Corporate Bonds, Foreign Currency Fixed Deposits and Fund Management

## Single Premium Insurance Policies

Buying a single premium insurance plan has typically been a very popular option among SRS account holders. These are usually your endowment or annuity plans, which are sold by insurance agents and are designed to provide a lump sum payout at maturity or a steady stream of income in the future, starting from a date\* of your choice. Its attractiveness lies in the fact that a portion of investment returns is usually guaranteed, which explains why such insurance plans have traditionally been well-received among those who are more conservative.

*\*Sidenote: you might want to set a date after you turn 62 years old, or later. This is so you won't incur the 5% early withdrawal penalty and be subjected to only 50% of the withdrawn amount being taxable.*

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## Stocks, REITs or ETFs?

If you're looking for investments with lower fees, then buying individual stocks, REITs or ETFs directly from an exchange might be more of your cup of tea as compared to non-listed products.

And if you prefer not to manage individual counters, then investing through ETFs can provide a cost-effective approach that also takes less time to analyse and monitor. A single ETF can help you achieve diversification as you are exposed to different companies and industries, and diversification can often help to dilute volatilities coming from the individual stock counters. .

For example, the [Nikko AM Singapore STI ETF](#) tracks the top 30 companies listed on the SGX-ST Mainboard ranked by full market capitalisation. and has a low total expense ratio (TER) of 0.26% p.a (audited as of financial period ended 30 June 2024) and the ETF has a TER cap of 0.25% p.a.2.

Over the long-run, especially if you intend to invest long-term for your SRS monies before withdrawing them in your retirement years, putting this sum to work will help avoid having its value being eroded by inflation.

## Bonds

1 in 5 SRS account holders have currently invested their monies in bonds, which generally come issued with fixed maturity dates, allowing you as an investor to know when you can expect to receive your principal back. What's more, bonds are popular for their fixed income payouts (known as coupons) which goes back into your SRS account.

Some examples of bonds that you could invest in with your SRS funds are the Singapore Government Securities (SGS) bonds and Treasury Bills (T-Bills), which have [a minimum application amount of S\\$1,000 and is subject to a \\$2 transaction fee.](#)

If you prefer to invest in a basket of bonds rather than manage individual bond positions yourself, then other alternatives you could look at include the [ABF Singapore Bond Index Fund](#) which invests mainly in Singapore government/government-linked bonds, or the [Nikko AM SGD Investment Grade Corporate Bond ETF](#) which tracks the iBoxx SGD Non-Sovereigns Large Cap Investment Grade Index, which is made up of investment grade bonds issued mainly by established and credible Singaporean companies (such as DBS and Singtel)\* and Singaporean statutory boards.

*\*as of 31 October 2024*

Check out this article: [Are Bond ETFs worth investing in?](#)

## Unit Trusts

As you can see from the table, unit trusts are another option that SRS investors go for. A quick search on [FSMOne's Funds & ETF Selector](#) with SRS selected as the payment method will show up its entire universe of approximately 1,230 funds for investors to choose from.

The screenshot shows the FSMOne Funds & ETF Selector interface. At the top, there are tabs for 'FUNDS' and 'ETFs'. Below the tabs are navigation options: 'WATCHLIST', 'CURRENCY', and 'PAYMENT METHOD'. A search bar and several filter buttons are present, including 'Asset Class', 'Investment Group', 'Geographical Sector', 'Specialist Sector', and 'Recommendation'. A dropdown menu is open over the 'Asset Class' filter, showing options: 'Cash', 'CPFIS-OA', 'CPFIS-SA', and 'SRS' (which is checked). Below the filters, a table lists 21 funds. The table has columns for 'PRODUCT NAME', 'TYPE', 'CURRENCY', 'RISK RATING', 'ASSET CLASS', 'SPECIALIST SECTOR', 'GEOGRAPHIC SECTOR', and 'AUM'. Each row includes a checkbox, the fund name, a 'RESET' button, and 'RSP' and 'BUY' buttons. A large 'Default watermark' is overlaid on the table.

PRODUCT NAME	TYPE	CURRENCY	RISK RATING	ASSET CLASS	SPECIALIST SECTOR	GEOGRAPHIC SECTOR	AUM
Nikko AM ASEAN Equity Fund A SGD Nikko Asset Management Asia Limited	Funds	SGD	9	Equity	General	South East Asia	USD 14.54M
Nikko AM Dynamic Bond SGD-H Nikko Asset Management Asia Limited	Funds	SGD	4	Fixed Income	General	Global	EUR 5.86M
Nikko AM Global Dividend Equity Acc SGD-H Nikko Asset Management Asia Limited	Funds	SGD	7	Equity	General	Global	USD 52.28M
Nikko AM Global Dividend Equity Dis SGD-H Nikko Asset Management Asia Limited	Funds	SGD	7	Equity	General	Global	USD 52.28M
Nikko AM Global Green Bond Fd Nikko Asset Management Asia Limited	Funds	SGD	2	Fixed Income	Government-Centric	Global	SGD 6.41M
Nikko AM Horizon Singapore Fixed Income Enhanced SGD Nikko Asset Management Asia Limited	Funds	SGD	1	Fixed Income	General	Singapore	SGD 19.61M
Nikko AM Japan Dividend Equity SGD Nikko Asset Management Asia Limited	Funds	SGD	8	Equity	General	Japan	JPY 54.25B
Nikko AM Japan Dividend Equity SGD-H Nikko Asset Management Asia Limited	Funds	SGD	8	Equity	General	Japan	JPY 54.25B
Nikko AM Multi Sector Credit Acc SGD Nikko Asset Management Asia Limited	Funds	SGD	4	Fixed Income	General	Global	SGD 21.98M
Nikko AM Shenton Asia Bond CI A SGD Nikko Asset Management Asia Limited	Funds	SGD	4	Fixed Income	General	Asia excluding Japan	SGD 32.30M
Nikko AM Shenton Asia Dividend Equity Fund SGD Nikko Asset Management Asia Limited	Funds	SGD	9	Equity	General	Asia excluding Japan	SGD 6.84M

Source: Screenshot from FSMOne Funds & ETF Selector

These unit trusts are actively managed by a fund manager. As such, active management fees will apply.

## What ETFs can I use my SRS funds for?

Your SRS monies can be used to purchase *any* ETFs listed on SGX, where there are currently over 70 types of ETFs that you can choose from. You can use a stock screener such as [FSMOne's Funds & ETF Selector](#) to filter through and see what makes sense to you (see below screenshot).

FUNDS

ETFS



WATCHLIST ▾



CURRENCY ▾



EXCHANGES ▾

+ ADD FILTERS

Asset Class ▾

Asset

Type ▾

ETF Focus List ▾

CLEAR FILTERS

Search

INFORMATION

PERFORMANCE

default watermark

Total of 4 ETFs

EXCH/SYM	PRODUCT NAME	MORE
<input type="checkbox"/> SGX G3B	Nikko AM Singapore STI ETF	RSP
<input type="checkbox"/> SGX MBH	Nikko AM SGD Investment Grd Corp Bd ETF	RSP
<input type="checkbox"/> SGX A35	ABF Singapore Bond Index Fd	RSP
<input type="checkbox"/> SGX CFA	NikkoAM-StraitsTrading Asia ex Japan REIT ETF	RSP

Total of 4 ETFs

25 / Page ▾

Some of the more prominent names include the [Nikko AM Singapore STI ETF](#), which has a 1-year return of 21.92% as of 31 Oct 2024,\* or the [NikkoAM-Straits Trading Asia ex Japan REIT ETF](#) that has consistently been paying distributions 4 times a year, for the past 7 years^.

\*Returns are calculated on a NAV-NAV basis and assuming all dividends and distributions are reinvested, if any. Pa

^Distributions are not guaranteed and are at the absolute discretion of the Manager. Any distribution is expected

The fees you pay for such passively-managed funds are generally low. Hereâ??s the total fund fees investors can expect to pay on the above 4 funds:

	Total Expense Ratio (p.a.)
<a href="#">ABF Singapore Bond Index Fund</a>	0.25% <sup>1</sup>
<a href="#">Nikko AM Singapore STI ETF</a>	0.26% <sup>2</sup>
<a href="#">Nikko AM SGD Investment Grade Corporate Bond ETF</a>	0.26% <sup>3</sup>
<a href="#">NikkoAM-StraitsTrading Asia ex Japan REIT ETF (SGD Class)</a>	0.55% <sup>4</sup>

Source: Nikko AM website, November 2024

Footnotes:

1

Audited as of financial period ended 30 Jun 2024. Management Fee and Trustee Fee are included in the calculation

2

Audited as of financial period ended 30 Jun 2024. The Manager has reduced the cap on the total expense ratio of

3

Audited as of financial period ended 30 Jun 2024. Management Fee and Trustee Fee are included in the calculation

4

Audited as of financial period ended 30 Jun 2024. The Manager intends to cap the total expense ratio at 0.55% per

However, note that aside from the total expense ratio, you will also incur brokerage fees each time you make a buy or sell transaction. To minimize this, some SRS investors may choose to invest only once or twice a year, but if you prefer not to try timing the markets and do **dollar-cost averaging** instead, then you can set up a Regular Savings Plan (RSP) to invest consistently every month, regardless of the trading price.

## Sponsored Message

**Did you know? Investors can now use their SRS monies to buy ETFs using the ETF RSP feature on FSMOne for you to invest regularly with zero processing fees on each purchase!**

**\$RSly Retire Smartly**

Invest Your SRS Monies With **FSMOne**

Receive up to **\$200\*** in cash simply by investing into Unit Trusts and up to **\$105\*** for ETFs

Invest for Retirement & Save on Income Tax!

Promo period:  
1 Nov 2024 - 31 Jan 2025

\*T&C

## [Promotion] SRSly Retire Smartly: Invest in Retirement Funds with FSMOne

Chart your smart path to retirement! From 1 November 2024 to 31 January 2025, receive up to \*S\$200 in your cash account when you invest your SRS monies into Unit Trusts and up to \*\$105 in ETFs on FSMOne. Already an existing SRS investor? Welcome back!

\*Terms and Conditions apply.

1. FSMOne is running an SRS promo from 1<sup>st</sup> November 2024 till 31<sup>st</sup> Jan 2025.
2. This SRS promo is available for all SRS-enabled ETFs.
3. The SRS promo mechanism is as follows:

ETF Net Investment Amount *(Normal Buy + ETF RSP Buy & Sell) **Qualifying Period from 1 <sup>st</sup> November 2024 till 31 <sup>st</sup> Jan 2025	Existing SRS Investors	New SRS Investors (i.e. have not performed any SRS transaction on FSMOne platform before)
S\$10,000 & S\$19,999	S\$10 + S\$5*	S\$20 + S\$5*
S\$20,000 & S\$49,999	S\$20 + S\$5*	S\$40 + S\$5*
S\$50,000 and above	S\$50 + S\$5*	S\$100 + S\$5*

\*You can earn an additional S\$5 bonus when you invest at least S\$10,000 in aggregate into any Nikko AM ETF through your SRS account and meeting the required Net Investment Amount.

Visit [Nikko AM ETF site](#) to find all their [ETFs](#). There are 4 Nikko AM ETFs which you can invest using your SRS :

- [ABF Singapore Bond Index Fund](#)
- [Nikko AM Singapore STI ETF](#)
- [Nikko AM SGD Investment Grade Corporate Bond ETF](#)
- [NikkoAM-StraitsTrading Asia ex Japan REIT ETF \(SGD Class\)](#)

To read more about how to invest using SRS, visit [How to invest in ETFs using SRS](#).

## TL;DR Conclusion

Regardless of your preferred frequency, it is important to note that allowing your SRS funds to remain idle in your bank account may result in missed opportunities for potential growth. If you've been procrastinating, Budget Babe is telling you now: make today the last day you do so.

*Note: While ETFs provide a fuss-free way to invest, you should note that all i*

### Important Information by Nikko Asset Management Asia Limited:

This document is purely for informational purposes only with no consideration given to the specific investment. You should seek advice from a financial adviser before making any investment. In the event that you choose to invest in funds are not deposits in, obligations of, or guaranteed or insured by Nikko Asset Management Asia Limited.

**Past performance or any prediction, projection or forecast is not indicative of future performance. The value of units and income from them may fall or rise.**

**Investments in the Fund are subject to investment risks, including the possible loss of principal amount.** You should read the relevant prospectus (including the risk warnings) and product highlights sheet of the fund.

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The performance of the ETF's price on the Singapore Exchange Securities Trading Limited (SGX-ST) may be different from the net asset value per unit of the ETF. The ETF may also be suspended or delisted.

The Central Provident Fund (CPF) Ordinary Account (OA) interest rate is the legislated minimum 2.5% per annum, or the 3-month average of major local banks' interest rate, whichever is higher. The current interest rate is currently 4% per annum or the 12-month average yield of 10-year Singapore Government Securities plus 0.5%. Please refer to the website of the CPF Board for further information. Investors should note that the units of Nikko AM Singapore STI ETF are not in any way sponsored, endorsed, sold or promoted by FTSE.

The units of NikkoAM-StraitsTrading Asia ex Japan REIT ETF are not in any way sponsored, endorsed, sold  
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## **Category**

1. Investing

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