

Singapore Savings Bonds Product Factsheet

Key features

Principal guaranteed

You will always get your investment amount back in full - no capital losses.

Invest for the long-term

You can invest for up to 10 years and earn interest that “step-up” or increases over time. The longer you hold your bond, the higher your return.

Flexible redemption

You don’t have to decide upfront how long you want to be invested. Get your funds back within a month, with no penalty.

How can you benefit?

Saving for retirement

Savings Bonds are a safe and flexible option to maintain the value of your nest egg.

Setting money aside for “rainy days”

You can earn step-up interest on your savings until you need the money.

Diversifying your investments

Savings Bonds can help you diversify risks and achieve an efficient portfolio.

Why is the Government introducing Savings Bonds?

- To provide individuals with a long-term savings option that offers safe returns.

What are its features?

Feature	Details
Eligibility	• Individuals only
Term	• 10 years
Interest	<ul style="list-style-type: none"> • Paid every 6 months • At issuance, rates are fixed based on the prevailing SGS yields and locked in for each issue
Issuance	• Monthly
Redemption	<ul style="list-style-type: none"> • Monthly, with no penalty • Principal and any accrued interest will be paid
Investment amount	• Minimum of \$500, and subsequent multiples of \$500 up to a cap to be announced
Non-tradable	• Savings Bonds are non-marketable securities and cannot be bought or sold in the secondary market

How much return can I get?

- If you hold your Savings Bond for the full 10-year term, the average interest per year on your investment will match the return if you had invested in a 10-year SGS at the point of your investment. In the last 10 years, the 10-year SGS yield has been between 2% to 3% most of the time.
- If you decide to redeem your Savings Bond early, the average interest per year will be lower than the 10-year SGS yield. For example, if you redeem it after 2 years, the average interest per year on your investment will match the return if you had invested in a 2-year SGS.
- The interest rate schedule for each Savings Bond issue will be announced before applications open.

How long can I invest in Savings Bonds?

- Savings Bonds have a term of 10 years, but you can redeem them before that with no penalty.

How are Savings Bonds different from conventional SGS?

- **No price risk:** Conventional SGS are tradable and their prices can change, depending on global and domestic interest rates movements and financial market conditions. Hence for SGS, you may receive more or less than your invested capital if you sell your SGS before maturity. But you will always get your principal back in full when investing in Savings Bonds.
- **Step-up interest:** Conventional SGS pay the same interest rate each year. Savings Bonds will pay interest that increases over time to give you an average interest rate that is linked to SGS yields.

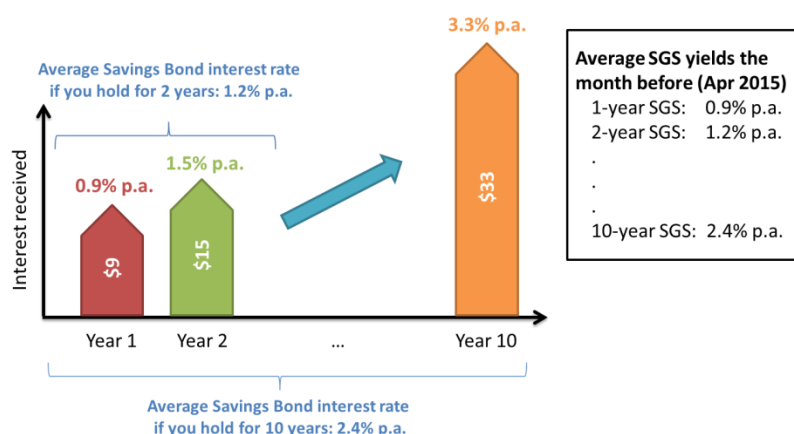
How does the step-up interest work?

(Figures are for illustrative purposes only)

- Let's say you applied for a Savings Bond in May 2015 which has the following interest payment schedule.

Illustration of step-up interest payments

If you invest \$1,000 in Savings Bonds today (May 2015)....



- In the first year, you will earn interest based on the average 1-year SGS yields in Apr 2015 (0.9% p.a.).
- In the second year, you will earn a higher interest (1.5% p.a.) compared to the first year (0.9% p.a.), so that on average over the two years you would have received the average 2-year SGS yields in Apr 2015 (1.2% p.a.).
- In the tenth year, the Savings Bond will pay an interest of 3.3% p.a.. The average interest on your investment over ten years would match the average 10-year SGS yields in Apr 2015 (2.4% p.a.).
- At any time during this 10-year period, you can choose to redeem the bond with no penalty and receive your principal (\$1,000) with accrued interest. If you hold the bond for the full 10 years, you will get your principal back together with the final 6-monthly interest payment.

When can I start buying Savings Bonds?

- Savings Bonds will be launched in the second half of 2015. We will provide information on how to apply for Savings Bonds closer to the launch date.