

Dear Sir/Madam,

## **REMINDER ON UNAUTHORISED WITHDRAWALS OF MONEYS FROM CHILD DEVELOPMENT ACCOUNT**

This is a reminder on the unauthorised withdrawals of moneys from the Child Development Account (“CDA”) under the Child Development Co-Savings Act, the Child Development Co-Savings Regulations and the Approved Person (“AP”)/Approved Institution (“AI”) Terms and Conditions (collectively, the “Relevant Legislation and Conditions”).

2 APs are **not** permitted to accept any payment out of or collude with a trustee of a CDA to make withdrawals from the CDA for any purpose other than to pay for the approved items, as detailed in the Annex.

### **Recent Examples of Unauthorised Withdrawals by APs/AIs**

3 We have encountered instances of APs of some AIs making unauthorised withdrawals of CDA moneys in breach of the Relevant Legislation and Conditions.

#### **i. Repayment of Loan**

4 An AP of a particular AI offered loans to parents/trustees of CDAs by way of depositing a sum of money into the children’s CDAs, which then received the Government’s co-payment of a sum equivalent to the sum of money being deposited. The AP, on behalf of the AI, subsequently withdrew a sum of money from each CDA as repayment of the loans. The withdrawal of moneys from the CDA for the purpose of repaying a loan as between the AP/the AI and the parent/trustee of CDAs is **not allowed**.

#### **ii. Payment of Administrative Fees**

5 APs of some AIs withdrew moneys from the CDA for the purpose of receiving payment for administrative fees. CDA moneys **cannot** be used to pay for any administrative fees which may be incurred from the collection of basic fees and indirect expenses. These include, but are not limited to:

- a. Charges for processing CDA payments;
- b. Penalty charges and Bank charges for failed direct debits in the CDA.

### **Action to be Taken for Unauthorised Withdrawals**

6 We emphasise that the CDA moneys are strictly to be withdrawn **only** for the purposes listed in paragraph 2. If you and/or the AI have been engaging in any of the practices stated in paragraphs 4 and 5, **you must stop such practices immediately and keep the Ministry informed**. You may contact us at [MSF\\_Babybonus@msf.gov.sg](mailto:MSF_Babybonus@msf.gov.sg), if you would like to ascertain whether an intended CDA withdrawal is allowed under the Relevant Legislation and Conditions.

7 **MSF takes a serious view** of any breach of the Relevant Legislation and Conditions and we wish to remind all APs and the AIs to abide by the Relevant Legislation and Conditions. MSF will continue to perform routine audits on CDA transactions. We may conduct checks and/or take actions against you and/or the AI should we discover any potential breach of the Relevant Legislation and Conditions.

8 Please review the Relevant Legislation and Conditions thoroughly, so as to carry out your responsibilities. You may access the **updated** AP/AI Terms and Conditions via the following link: [<http://www.babybonus.msf.gov.sg/AI>], under the News & Events section. Please email us at [MSF\\_Babybonus@msf.gov.sg](mailto:MSF_Babybonus@msf.gov.sg) should you require any clarification.

Yours faithfully

(Ms) Angelina Yeo  
Deputy Director, Baby Bonus and Leave Branch  
Ministry of Social and Family Development

***Relevant Provisions from Paragraph 6 of the AP/AI Terms and Conditions, on Usage of Moneys in CDA***

6.1 Moneys deposited into the CDA by the parents of the member and the Government is restricted to payment of one or more of the following items, either for the member's own benefit, or for the benefit of any of the member's siblings: –

- (a) basic fees and approved indirect expenses, charged by any Approved Institution which is an ECDA/CPE registered kindergarten or MOE kindergarten or MOE kindergarten care or special education school or ECDA-licensed childcare centre or MSF SMRD-registered early intervention programme;
- (b) medical services and treatment endorsed by a medical practitioner employed by any approved healthcare-related institution;
- (c) pharmaceutical items under the following categories, provided by any Approved Institution which is a HSA-registered pharmacy–
  - (i) Medications prescribed by a medical practitioner or a pharmacist;
  - (ii) Surgical products;
  - (iii) Over-the counter medications;
  - (iv) Dermatological products; and
  - (v) Vitamins and health supplements.
- (d) Optical appliances, optical-related eye care products and services provided by an optometrist or optician registered with the Optometrist and Opticians Board who is employed by an Approved Institution which is an ACRA-registered optical shops;
- (e) Purchase, rental, maintenance or repair of ATDs and accessories from an Approved Institution which is an ATD provider, provided that where a particular type of ATD or accessory is purchased or rented by the member or his sibling for the first time in his life, the use of that ATD or accessory must have been recommended by a medical practitioner, allied health professional or social worker; and professional assessment services in relation to the purchase, rental or loan of ATDs, charged by Approved Institutions which are ATD providers, or by a medical practitioner employed by any approved healthcare-related institution.

6.2 An approved Person shall only make withdrawals from the CDA for payment of one or more of the approved items set out in paragraph 6.1 above, either for the member's own benefit, or for the benefit of any of the member's siblings.