

Dear Sir/Madam,

REMINDER ON UNAUTHORISED WITHDRAWALS OF MONEYS FROM CHILD DEVELOPMENT ACCOUNT (FOR SPECIAL EDUCATION (“SPED”) SCHOOL AND EARLY INTERVENTION PROGRAMME (“EIP”) PROVIDER APPROVED INSTITUTIONS)

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 basic fees and approved expenses¹:

Approved list of indirect education expenses for payment through the CDA			
		SPED Schools (Registered with MOE/CPE)	EIPIC and EIP providers (Registered with MSF SMRD)
1	Uniforms and attire	Yes	Yes
2	Insurance	Yes	Yes
3	Registration fee	N.A.	Yes
4	Bedding materials	N.A.	Yes
5	Materials / books	Yes	Yes
6	Local excursion / field trips	Yes	Yes
7	Transport	Yes	Yes
8	Deposit (must be refunded back into CDA)	N.A.	Yes
9	Examination / assessment fees	Yes	Yes

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**.

¹ Please see regulations 9(1) and 12(1)(a) of the Child Development Co-savings Regulations. The list of approved expenses can be found in Appendix 1 of the AP/AI Terms and Conditions.

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 fees for the late payment of school fees;
- c. 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, 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 should you require any clarification.

Yours faithfully

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