

Circular 5/2025

1 October 2025

To: All Baby Bonus Approved Persons/Approved Institutions

Dear Sir/Madam,

DISCONTINUATION OF OPTICAL SHOPS AND RETAIL PHARMACIES AS BABY BONUS APPROVED INSTITUTIONS

Aim

This circular informs all Approved Persons (“AP”) of Baby Bonus Approved Institutions (“AI”) on the changes to the list of Baby Bonus AI categories.

Discontinuation of CDA Use at Optical Shops and Retail Pharmacies from Jan 2026

2 The Ministry of Social and Family Development (MSF) announced on 1 October 2025 that the use of Child Development Account (CDA)¹ moneys at optical shops and retail pharmacies will be discontinued from 1 January 2026. This follows recent audits, which found a higher risk of misuse of CDA moneys at these establishments. Such merchants have also provided feedback that it is challenging and onerous to implement the necessary point-of-sales checks on CDA transactions, given the retail nature of the business. Furthermore, CDA usage at optical shops (0.8%) and retail pharmacies (0.4%) was very low. CDA transactions have showed that most of the usage have been at preschools (including kindergartens) and healthcare institutions, which accounted for 97.1% of total CDA spending in 2024. (See [Annex A](#) for details and the media release.)

3 Retail pharmacies refer to licensed pharmacy stores that supply prescribed medication and health-related products, such as those located in commercial spaces, such as shopping centres. This change does not affect pharmacy departments within healthcare institutions, such as hospitals and polyclinics. CDA moneys can continue to be used for prescribed medication and consultation fees at hospitals, polyclinics and GP clinics that are Baby Bonus AIs.

¹ The CDA was established in 2001 as a special co-savings account to be used for the child's development and education. The funds in the CDA can be used for approved expenses at Baby Bonus Approved Institutions for the benefit of the child or his/her sibling(s). For more information on approved CDA uses, parents may visit the Baby Bonus Parents Portal [here](#).

Effective Date of Key Changes

4 **From 1 January 2026, MSF will discontinue optical shops and retail pharmacies as Baby Bonus AI categories.** Parents will no longer be able to tap on CDA for expenses at optical shops and retail pharmacies.

5 **From 1 October 2025, MSF will also no longer accept new AI applications for optical shops and retail pharmacies.** Any applications submitted before 1 Oct 2025 will still be processed.

Reminder on Correct CDA Uses

6 MSF would like to remind all APs/AIs that CDA moneys are to be used strictly for the benefit of the CDA member or his/her siblings, for the following uses:

- a) Basic fees and approved incidental/indirect charges listed in Appendix 1 and Appendix 2 of the [AP/AI Terms and Conditions](#) only.
- b) Refunds for payment made from the CDA must be credited back into the CDA via (a) the AI's corporate bank account registered with MSF, using Interbank GIRO, or (b) the [AI Portal](#), using the "Refund to CDA" service.

7 CDA moneys cannot be used for non-approved expenses, which include, but are not limited to, administrative fees (e.g. bank processing fee), future store credits or vouchers. MSF will continue to perform routine audits on CDA transactions and may take actions against an AP/AI should we discover any potential breach of the Relevant Legislation and Conditions².

Resources and Clarifications

8 Please see an infographic on the list of approved uses of CDA with effect from 1 January 2026 for your display/dissemination to customers [here](#).

9 A list of anticipated Likely Asked Questions (LAQs) is in [Annex B](#). For clarifications on the contents of this circular, please direct your queries to MSF_Babybonus@msf.gov.sg.

Thank you.

Yours sincerely,

Sylvester Koh
Deputy Director
Family Life Group – Services (Baby Bonus)
Ministry of Social and Family Development

² The Relevant Legislation and Conditions refer to the Child Development Co-Savings Act (CDCA), the Child Development Co-Savings Regulations (CDCR) and the [AP/AI Terms and Conditions](#) collectively.



MEDIA RELEASE

CDA use to be discontinued at Optical Shops and Retail Pharmacies from Jan 2026

From 1 January 2026, the Ministry of Social and Family Development (MSF) will discontinue the use of Child Development Account (CDA)³ moneys at optical shops and retail pharmacies. As a special co-savings account with government co-matching, CDA can be used to pay for approved expenses for the child or his/her sibling(s). Recent audits found a higher risk of misuse of CDA moneys at these establishments, which is why we have decided to discontinue such use.

2 Retail pharmacies refer to licensed pharmacy stores that supply prescribed medication and health-related products, such as those located in commercial spaces, such as shopping centres. This change does not affect pharmacy departments within healthcare institutions, such as hospitals and polyclinics. CDA moneys can continue to be used for prescribed medication and consultation fees at hospitals, polyclinics and GP clinics that are Baby Bonus Approved Institutions.

Audit Findings of CDA Uses at Optical Shops and Retail Pharmacies

3 MSF conducts periodic audits and checks to ensure that CDA moneys are used for authorised purposes only. In addition, the Auditor-General's Office (AGO) audited selected parenthood schemes, including withdrawals made by parents/trustees from the CDA under the Baby Bonus Scheme, with findings published in the AGO's FY2023/24 report. Key findings from these audits are as follows:

- The AGO audit found poor record keeping and unusual patterns of CDA withdrawals at optical shops and retail pharmacies. Based on its test checks, this included frequent withdrawals within a short period and purchases that do not appear to be for the child or his/her sibling(s), which were made at one optical shop and different pharmacies.
- MSF's follow-up investigations revealed instances where CDA moneys were spent on purchases for adults instead of benefiting the child or his/her sibling(s). There were also cases of these establishments allowing

³ The CDA was established in 2001 as a special co-savings account to be used for the child's development and education. The funds in the CDA can be used for approved expenses at Baby Bonus Approved Institutions for the benefit of the child or his/her sibling(s). For more information on approved CDA uses, parents may visit the Baby Bonus Parents Portal [here](#).

or facilitating parents/trustees to encash the CDA monies, even though it is not allowed.

- These findings were corroborated by MSF's internal audit of 30 optical shops in 2024, which found that **over 85%** of outlets audited had similar unauthorised purchases.

4 These findings show that there is a significantly higher risk of misuse at optical shops and retail pharmacies. Such merchants have also provided feedback that it is challenging and onerous to implement the necessary point-of-sales checks on CDA transactions, given the retail nature of the business. Furthermore, CDA usage at optical shops and retail pharmacies has been very low, comprising 0.8% and 0.4% of total CDA spending in 2024 respectively. CDA transactions have showed that most of the usage have been at preschools (including kindergartens) and healthcare institutions, which accounted for 97.1% of total CDA spending in 2024.

Support for Families

5 The Government remains committed to supporting families with child-raising costs through measures such as the Baby Bonus Cash Gift, Child LifeSG Credits, and the new Large Families Scheme. Families in need of financial support may also approach Social Service Offices for assistance.

6 Earlier this year (from 1 May 2025), the scope of CDA use was expanded to cover incidental charges at preschools to better meet families' needs and support the child's participation in a broader range of developmental activities. The expanded use now includes enrichment programmes offered by preschools, such as speech and drama, allowing preschoolers, to fully tap on the learning opportunities offered by their preschools. The Government will continue to review the administration of the CDA to ensure that the scheme remains relevant and achieves its intended purpose to benefit the child and his/her sibling(s).

7 More information on the Baby Bonus Scheme and CDA uses can be found on the Baby Bonus website at go.gov.sg/bbo.

ISSUED BY MINISTRY OF SOCIAL AND FAMILY DEVELOPMENT

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Annex - Frequently Asked Questions

S/N	Question	Response
1.	What are the retail pharmacies that will be discontinued as Approved Institutions (AI) from 1 Jan 2026?	<p>Retail pharmacies refer to licensed retail pharmacy stores that supply prescribed medication and health-related products. They are located in commercial spaces, such as shopping centres.</p> <p>From 1 Jan 2026, these retail pharmacies will no longer be Baby Bonus Approved Institutions (AIs). This means that Child Development Account (CDA) moneys cannot be used for purchases at these stores.</p> <p>This change does not affect pharmacy departments within healthcare institutions, such as hospitals and polyclinics. Parents can continue to use their CDA moneys for prescribed medication and consultation fees at hospitals, polyclinics and GP clinics that are Baby Bonus Approved Institutions (AIs).</p>
2.	Can parents still use their child's Child Development Account (CDA) moneys at hospitals and polyclinics?	<p>Yes, parents can still use Child Development Account (CDA) moneys for their child or their siblings' prescribed medication and consultation fees at hospitals, polyclinics and GP clinics that are Baby Bonus Approved Institutions (AIs).</p>
3.	Can the business owner of optical shop or retail pharmacy continue accepting Child Development Account (CDA) payments before 1 Jan 2026?	<p>Yes, optical shop and retail pharmacy that are currently registered as Baby Bonus Approved Institutions (AIs) can continue accepting Child Development Account (CDA) payments until 31 Dec 2025.</p> <p>All CDA transactions must be completed by 31 Dec 2025, as CDA payments will not be accepted from 1 Jan 2026.</p>

4.	What action will be taken if optical shops or retail pharmacies accept CDA payments on or after 1 Jan 2026?	<p>From 1 Jan 2026, payments made through Child Development Account (CDA) withdrawals are strictly prohibited as optical shops and retail pharmacies will no longer be Baby Bonus Approved Institutions (AIs). MSF monitors CDA transactions and will investigate any unauthorised CDA withdrawals.</p> <p>CDA trustees and/or the Approved Persons in respect of the AIs found to have made unauthorised CDA withdrawals will be required to make refunds into the CDA.</p>
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Likely Asked Questions (LAQs) for Baby Bonus Approved Institutions (AIs)

S/N	Question	Response
1.	Can parents use CDA moneys to pay for medication prescribed by the doctor but can only be purchased at the retail pharmacy?	From 1 Jan 2026, retail pharmacies will no longer be Baby Bonus Approved Institutions (AIs). As such, parents will not be able to use their child's Child Development Account (CDA) moneys to pay for purchases made at retail pharmacies. However, CDA moneys can still be used for prescribed medication and consultation fees that are Baby Bonus AIs.
2.	Will the discontinuation of CDA usage at retail pharmacies affect children's access to medical assistance?	<p>The discontinuation of Child Development Account (CDA) usage at retail pharmacies will have minimal impact on children's access to medical assistance. Parents can still use CDA moneys for prescribed medications and consultation fees at hospitals, polyclinics and GP clinics that are Baby Bonus Approved Institutions (AIs).</p> <p>The utilisation of CDA at retail pharmacies is low, given that parents typically use their CDA moneys at healthcare providers for their children's medical expenses.</p> <p>Nonetheless, parents can continue using other forms of Government support schemes (e.g. Baby Bonus Cash Gift) to purchase items at retail pharmacies.</p>