

## **Anticipating details of Silver Support Scheme: Payout will be over and above other forms of government and community support that seniors already receive**

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IF last year's Budget was defined by the S\$8 billion Pioneer Generation Package, the new Silver Support Scheme is set to be one of the signature features of the 2015 Budget that the Finance Minister will unveil next Monday.

Tharman Shanmugaratnam will announce details of the much-anticipated initiative to give needy seniors an annual bonus for them to better cope with their living expenses.

This payout would be over and above the other forms of government and community support that they already receive, and will be part of the government's ongoing efforts to help those who fall through the cracks of the existing social safety nets in Singapore.

It was Prime Minister Lee Hsien Loong who first spoke of the Silver Support Scheme at his annual National Day Rally speech last August.

This will benefit the roughly 10-20 per cent or so of Singaporeans - regarded as the more vulnerable people in society - who have not saved up enough in their Central Provident Fund (CPF) accounts during their working lives, do not own a HDB flat and have little or no family support.

Mr Lee had said during that speech that both the government and society needed to do more to help these elderly Singaporeans in their retirement.

"So, for this group, we should supplement their payouts from their own CPF savings with bonus payments from the government, just as . . . we have Workfare to supplement the wages of the low-income workers," he said.

While it is possible that help may come in the form of vouchers and offsets to take care of living expenses, most analysts expect the government to go with a cash payout.

DBS economist Irvin Seah reckons that a sum of anywhere between S\$10 billion and S\$12 billion could be set aside for the Silver Support Scheme, with the returns from the investment of this fund to be used to finance it.

This is likely to be similar in structure to the Pioneer Generation Package fund that was set up last year to help some 450,000 seniors - those who were at least 16 years old in 1965 and became citizens before 1987 - with their healthcare costs.

Mr Seah added that the amount to be committed for the Silver Support Scheme will probably make up the bulk of a special transfer, which he estimates to be worth about S\$13.5 billion.

This special transfer will "alleviate the well-being of the less fortunate segments of the society and to share the fruits of economic success with Singaporeans amid the nation's 50th birthday".

Christopher Gee, a research fellow at the Institute of Policy Studies (IPS) at the Lee Kuan Yew School of Public Policy, feels that the Silver Support Scheme would need to be an improvement on existing initiatives to help the low-income elderly in Singapore.

He cited the example of the government's public assistance scheme under Comcare, which already provides payouts to top up the incomes of the elderly, as well as others who are unable to work, who earn less than S\$450 a month.

At a community event earlier this month, Mr Tharman said that providing assurances in retirement for the elderly was a "very important priority" as this would strengthen the country's social security system.

He said that the government was fine-tuning the exact criteria that will be used to define the groups of Singaporeans that qualify for the Silver Support Scheme, adding that the policy had to be for the long term and must be sustainable.

Mr Gee, who works in the demography and family cluster at IPS, said that it was possible that the age of 65 - the threshold used in the Pioneer Generation Package - would also apply to the Silver Support Scheme.

"Someone with only S\$80,000 of CPF savings would receive less than S\$500 a month from their CPF payouts. If he or she is ineligible for CPF Life, even their limited savings may be insufficient to last for the rest of their days," Mr Gee told The Business Times in an interview.

"Maybe the government might define the level of insufficiency of savings at about this level, which is not too different from the level of the Basic Retirement Sum as proposed by the CPF Advisory Panel."

The panel has proposed that CPF members be allowed to withdraw a lump sum of about 20 per cent of their retirement savings at age 65, regardless of whether the minimum sum has been met.