

Forum on CPF and Retirement Adequacy

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Shangri-La Hotel

Future Needs and Wants of Seniors: Extrapolating from a 2011 National Survey

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Future needs and wants of seniors: extrapolating from a 2011 survey



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IPS Forum on CPF

Outline

- **Financial Situation**
- **Financial Adequacy**
- **Does CPF matter?**

**Based on Chapters 5 & 6 of NSSC
2011 Report**

Sample size = 5000

**3 age categories: 55-64, 65-74, 75 or
older**

Financial Situation (1)

Monthly Income from all sources

10% had income of <\$500 in 2011, compared to **38%** in 2005.

6% of “young-old”, compared to **21%** of “old-old” had income of <\$500.

7% of “young-old” females had income of <\$500, compared to **22%** of “old-old” females.

It is possible that some may have low overheads, and don't really need much cash.

Financial Situation (2)

Main sources of income

Income transfers from children

Males 58%
females 75%
"young-old" 58%
"old-old" 80%

Personal savings

"young-old" 43%
"old-old" 55%

Paid work

males 48%
females 31%
"young-old" 52%
"old-old" 8%

CPF savings

males 9%
females 5%
"young-old" 7%
"old-old" 4%

Note: % refers to proportion who mentioned the item as a source of income.
CPF doesn't figure prominently, but important as backup for personal savings.

Financial Situation (3)

Occupational Profile

	Category	Proportion who are cleaners among those employed/ previously employed
OVERALL		23
MALE	Young-Old	13
	Old	21
	Old-Old	25
FEMALE	Young-Old	24
	Old	39
	Old-Old	51



Financial Situation (4)

Ownership of assets

- **TOP ASSETS**
- **Owner-occupied house** (“young-old”: 85%; “old-old”: 68%)
- **Personal savings** (“young-old”: 77%; “old-old”: 80%)
- **Insurance** (“young-old”: 14%; “old-old”: 3%)
- **CPF savings** (“young-old”: 70%; “old-old”: 37%)

cf. with previous slide:
Have CPF, but
insufficient CPF
savings to serve as
“source of income”?

Financial Situation (5)


Main expenditure items

- 17% of “young-old” spend \$2k or more monthly, compared to 4% of “old-old”.
- **TOP 5**
- Food
- Transport
- Healthcare (males: 55%; females: 61%; “young-old”: 54%; “old-old”: 66%)
- Recreation
- Utilities
- Clothing

Financial Situation (6)

Most important usage of withdrawn CPF

Bank deposits	49%
Household expenses	29%
Pay up housing loans	8%
Life annuities	3%
Buy properties	2%
Buy car	0.1%
Overseas holidays	2%



Usage suggests prudence?

Financial Adequacy (1)

Monthly income minus expenditure

Lowest category: Zero balance

("young-old": 15%; "old-old": 38%)

Highest category: \$2k or more

("young-old": 10%; "old-old": 3%)

Financial Adequacy (2)

Perceived CURRENT financial adequacy (%)

Enough?	Total	Male	Female	Young-Old	Old	Old-Old
Enough	74	78	71	79	71	64
Not Enough	26	22	29	21	29	36

Reasons: cost of living, healthcare costs, low/no income

Funding shortfall: CPF plays a small part. For “old-old”, even that option is not quite available.

private savings and children /spouse

Financial Adequacy (3)

Perceived FUTURE financial adequacy (%)

Enough?	Total	Male	Female	Young-Old	Old	Old-Old
Enough	69	69	68	69	68	67
Not Enough	31	31	32	31	32	33

Interesting results?
Convergence of perceptions?

Financial Adequacy (4)

Financial adequacy: any impact on quality of relationship with children? (%)

Enough?	V Close	Close	Somewhat Close	Not close at all
Enough	84	79	69	48
Not Enough	16	21	32	53

Implication: Financial support is a by-product of close relationship?

Financial Adequacy (5)

Does CPF matter? (%)

Enough?	No CPF savings	Have CPF savings
Enough	67	80
Not Enough	33	20

Implication: CPF does matter as a supplement to private savings

Does CPF matter?

1. Female and older seniors are likely to be in low-paying jobs and doing less well financially.
2. Having CPF savings can make a difference to retirement financial adequacy.
3. Where CPF does not seem to matter, it could be that the seniors have no CPF or very little to begin with.
4. Children play a big role in retirement funding (as opposed to planning) of current seniors.
5. Having strong bonding with children is a critical aspect of retirement funding.
6. **Future looks better for retirement funding:** higher income, more savings, longer working life, higher propensity for retirement planning, and better quality relationship with children.