

## **Forum on CPF and Retirement Adequacy**

Tuesday, 22 July 2014

Island Ballroom, Shangri-La Hotel

### **Programme**

(As at 18 July 2014)

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|--------------------|--|
| 9.00 am – 9.30 am  | <b>Registration</b>  |
| 9.30 am – 9.35 am  | <b>Welcome Remarks</b><br><br>Mr Janadas Devan<br>Director<br>Institute of Policy Studies  |
| 9.35 am – 9.50 am  | <b>Presentation on Old Age Social Security in Singapore</b><br><i>This presentation provides an overview of the old age social security system in Singapore and the part that CPF plays. It describes the global challenges faced by retirement savings schemes and highlights key strengths of the CPF.</i><br><br>Mr Yee Ping Yi<br>Chief Executive Officer<br>Central Provident Fund Board  |
| 9.50 am – 11.30 am | <b>PANEL DISCUSSION I</b><br><b>Meeting Current and Future Needs and Aspirations of Singaporeans – Desired Outcomes of the CPF System</b><br><br><b>Chairperson</b><br><br>Mr Lee Tzu Yang<br>Member<br>Academic Panel<br>Institute of Policy Studies<br><br><b>The Future Retirement Landscape: Key Influencing Health and Social Trends</b><br><i>This presentation addresses the scenario of longevity accompanied by economic, social and family structural changes. The baby-boomer generation has come of age and the pioneer generation is slowly taking a bow from centre stage. Will the new cohort have better health, less disability and more economic security? With fewer marriages, higher divorce rates and smaller old age support ratio, will we see loneliness and depression rising? The demographic bulge of baby boomers are likely to create ripples as</i> |

*they are better educated and travelled; however, they could be highly productive in their later years. These are all factors that should be considered in a discussion of retirement adequacy for Singaporeans in the years to come.*

Associate Professor Kalyani Mehta  
Head  
Gerontology Programme  
School of Human Development & Social Services  
SIM University

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

*This presentation provides a snapshot of the financial situation of three categories of seniors: aged 55–64, 65–74, and 75 or older. Specifically, it looks at their income and expenditure patterns as well as their ownership of assets and usage of withdrawn CPF savings. It also examines their employment patterns and reasons for continuing to work or for leaving paid work. The presentation asks how seniors rated themselves in terms of financial adequacy, while the comparative data presented can be used to extrapolate the financial situation of future seniors. It will also attempt to demonstrate whether CPF savings could have contributed to reducing the proportion of seniors who rated themselves low on financial adequacy. To conclude, the presentation reinforces the view that seniors would need to remain in paid work for as long as they are able; save for retirement, both CPF and non-CPF; and have a close relationship with their spouse and children.*

Associate Professor Tan Ern Ser  
Department of Sociology  
Faculty of Arts & Social Sciences  
National University of Singapore

**Housing and the CPF System**

*This presentation discusses the sectoral bias towards home-ownership and housing finance through the CPF system and its effect on retirement adequacy. Extant channels for monetising housing equity for retirement funding have been unpopular, partly due to their failure to satisfy longevity and bequeath needs. Recently, policymakers are thinking of resurrecting the idea of reverse mortgages but this has attendant risks. Ultimately, the sustainability of housing as a nest-egg relies not only on the future path of house prices, rents and interest rates (among other variables) but is also contingent on addressing leasehold value decay given that the HDB lease is really a depreciating financial asset. This is a “wicked” problem and would require navigating many tensions such as improving affordability whilst preserving housing values/rents. Managing house price*

*expectations is key. Otherwise, as we hit various demographic bumps, there may be clustering or cohort effects where the simultaneous re-balancing of household portfolios induces new shocks to the system, for instance in asset sales.*

Associate Professor Lum Sau Kim  
 Director of Graduate Programmes  
 Department of Real Estate  
 School of Design & Environment  
 National University of Singapore

### **Behavioural Perspectives on the CPF System**

*This presentation draws on behavioural insights to explain some of the strengths and weaknesses of the CPF system, as well as popular perceptions and misconceptions about it. The CPF system is often lauded for its fiscal sustainability (it is designed such that an ageing population does not create unfunded liabilities for the state) as well as for its incentive effects in encouraging work, individual responsibility and home ownership. But what cognitive limitations do individuals face that might prevent them from achieving retirement adequacy on their own? How should CPF policies be designed to help people deal with these cognitive complications and limitations?*

Mr Donald Low  
 Associate Dean (Research and Executive Education)  
 and  
 Senior Fellow  
 Lee Kuan Yew School of Public Policy

### **Open Discussion**

11.30 am – 12.00 pm

**Coffee Break**

12.00 pm – 12.45 pm

**Dialogue Session with Minister for Manpower  
 Mr Tan Chuan-Jin**

### **Chairperson**

Mr Hsieh Tsun-Yan  
 Member  
 Academic Panel  
 Institute of Policy Studies  
 &  
 Chairman and Lead Counselor  
 LinHart Group

12.45 pm – 1.45 pm

**Lunch**

1.45 pm – 3.30 pm

**PANEL DISCUSSION II**  
**Achieving the Desired Outcomes of our CPF**  
**System in a Sustainable Way**

**Chairperson**

Mr Manu Bhaskaran  
Adjunct Senior Research Fellow  
Institute of Policy Studies  
&  
Partner and Member of the Board  
Centennial Group Inc

**International Retirement Income Systems –**  
**Challenges for the Future**

*This presentation provides a comparative analysis of the best practices in retirement funding around the world. What are the key issues that any system must address and therefore be assessed on? What emerging trends should we pay attention to over the next decade?*

Ms Wong Su-Yen  
Chairman, Singapore  
Marsh & McLennan Companies

**Balancing Returns, Risks, Facts and Fallacies:**  
**Observations on a Worry-Free and Sustainable**  
**CPF System**

*This presentation attempts to separate the facts, myths and urban legends surrounding the CPF system today and explain why a goal-oriented approach to retirement funding yields the type of saving and payout schemes seen in the current system. It will discuss the system's shortcomings, and suggest ways to improve it. The presentation is set within an appreciation of the three fundamental concerns about retirement funding which are first, that retirees receive a reasonable level payout every month; second, that the payouts should last for as long as one lives; and third, that the payouts are indexed to mitigate the effects of inflation. Suggestions for improving the CPF system must therefore address longevity and inflation risks more directly, and improve the home monetisation program to ensure basic retirement adequacy for all.*

Professor Joseph Cherian  
Practice Professor of Finance  
and  
Director  
Centre for Asset Management Research &  
Investments  
NUS Business School  
National University of Singapore

### **Analysing the CPF Investment Scheme and its Alternatives**

*This is a presentation on the CPF Investment Scheme and the concerns about and demands on it. What are the pros and cons of allowing individuals more agency in shaping how their retirement savings in CPF are invested? What are the risks that will have to be managed including the investment outlook over the next decade? What are the returns that are expected and can they therefore be achieved?*

Mr Alfred Chia  
Chief Executive Officer  
SingCapital Pte Ltd

### **Improving the CPF System**

*The controversy over the CPF system stems from concerns over the sustainability of the system and its ability to provide for retirement living. This presentation addresses some fundamental issues relating to the current CPF system and discusses potential improvements to the system, such as credibility issues and growing CPF savings to secure future retirement adequacy for the people.*

Associate Professor Hui Weng Tat  
Lee Kuan Yew School of Public Policy

### **Open Discussion**

3.30 pm – 4.00 pm

### **Coffee Break**

4.00 pm – 5.00 pm

### **Closing Dialogue Session with Deputy Prime Minister & Minister for Finance Mr Tharman Shanmugaratnam**

### **Chairperson**

Mr Patrick Daniel  
Editor-in-Chief  
English & Malay Newspapers Division  
Singapore Press Holdings Ltd

5.00 pm

### **End**