The limits of using household data as a proxy for family

Christopher Gee and Yap Mui Teng
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The Silver Support Scheme (SSS) announced in the Deputy Prime Minister and Finance Minister's Budget Speech on Monday is a significant addition to the country's social safety net, targeting senior citizens whose income generated over their lifetimes was too low to allow them to save sufficiently for their retirement needs and who lack family support.

The scheme is estimated to cost $350 million in its first full year of implementation, possibly covering 150,000 of today's elderly (about a third of the resident population aged 65 years or over).

Eligible senior citizens will receive $600 each quarter on average, with larger payouts going to those with greater needs.

More details of how the scheme will be implemented should be announced by the Ministry of Manpower (MOM) before the scheme takes effect in the first quarter of 2016, but some broad eligibility criteria were set out in the Budget Speech.

Three main tests are to be applied in combination: one's lifetime earnings as reflected in CPF contributions, especially those made before the age of 55; the housing type in which the senior citizen is living, with those living in five-room HDB flats and smaller qualifying; and household income.

Scheme eligibility will be automatically determined, with the MOM likely to use existing administrative data (CPF and Housing Board records) to make the assessment.

This will ensure the SSS payouts are made to the neediest seniors in an efficient manner, without the inertia or stigma that might arise in a more complicated system that depends on seniors having to apply for the scheme.

What level of household income will be used to determine if an elderly person is eligible for this SSS?

Getting the level right can help prevent the transmission of financial stress within families over the generations by ensuring that less well-off retirees do not become a financial burden on their working adult children.

But the use of household data gives rise to some issues.

The simplest test might be a simple computation of household income per capita, similar to that used already in the official statistics and in support schemes such as Public Assistance. It will be administratively easier to implement.

But it would be even better if the level of household income used is sensitive to whether the household has elderly or young dependents or special needs members.

Another issue to contend with is whether the household income criteria should take into account transfers from and to family members who do not live in the same residential address.

If the test does not take into account family transfers, seniors who get substantial family support from their other children or relatives living elsewhere would still be eligible for the SSS.

But then there may be other elderly households where a retired couple may be supporting other family members (their siblings, for example) not living with them.

A family-agnostic household income per capita test would mean that this couple would be excluded from the SSS.

While the household is a useful proxy for the nuclear family, familial structures are changing rapidly in Singapore's demographic landscape, creating new needs for social support which may not be apparent if the standard unit of measurement is that of the household.

We may therefore have to develop a better understanding of familial relationships and connections by collecting and analysing family-oriented data.

Such data can complement existing household-based administrative data sets to permit more nuanced delivery of social and community support.

Christopher Gee and Yap Mui Teng, Research Fellow and Senior Research Fellow, respectively, at The Institute of Policy Studies, National University of Singapore.