

## Report on the IPS Forum on Older Workers

By Damien Huang

On 9 January 2019, the Institute of Policy Studies (IPS) organised the [IPS Forum on Older Workers](#) in partnership with the Tripartite Workgroup on Older Workers at the Devan Nair Institute for Employment and Employability.

Established in 2018, the Workgroup studies issues facing older workers, including reviewing the retirement and re-employment ages and their contribution rates to the Central Provident Fund (CPF).

Around 200 people attended the event, including members of tripartite organisations, grassroots leaders, academics and civil society organisations. It was open to media coverage.

Aubeck Kam, Permanent Secretary for the Ministry of Manpower and Chairman of the Workgroup, gave the welcome remarks. The forum featured three sessions. The first set the scene by discussing the current policy frameworks that shape the employment landscape for older workers, and the views from the public consultation conducted by the Workgroup as part of its policy review. The second session explored the comparative experiences of public policy on older workers in developed economies and also discussed how technology can bring positive effects to the employment of seniors. The third session featured a dialogue with Workgroup members on their views of the current policies and their ideas on the future direction of those policies. The forum closed with remarks by the Institute's Director, Janadas Devan.

### **Opening Remarks — Aubeck Kam, Permanent Secretary for the Ministry of Manpower and Chairman of the Tripartite Workgroup on Older Workers**

Mr Kam recounted earlier deliberations on how Singapore should prepare for a population and workforce that was older and had richer work experience than previous generations of workers. He observed that each time, tripartite partners had been able to achieve win-win outcomes.

He encouraged participants to have a sense of optimism — the prospect of an older workforce should not be feared; there are opportunities to be tapped. Mr Kam said the Workgroup wished to share some of the insights from stakeholder discussions and public engagement on the various issues, and there were many valid interests that should feature in the final recommendation. While it may not be possible for all interests to be upheld to their fullest extent at all times, the forum could help participants understand the issues from different angles.

### **Session 1 — Setting the Scene**

The first speaker was Lee Pak Sing, Divisional Director, Workplace Policy and Strategy Division at the Ministry of Manpower, who gave an overview of the older worker landscape. The size of the working age population was likely to peak in 2020, and the population aged 65 and above to double by 2030. Various policy measures had raised the participation of older workers in the labour force. Unemployment for older workers also remained low. For this reason, Singapore ranked ninth among the OECD countries in 2017 for the number of full-time employed workers. However, Mr Lee also noted that Singapore ranked 23rd for the number of people employed on a part-time basis as a proportion of the population.

Given that the proportion of people in part-time employment was low, there was scope to raise the participation of older people in the workforce if they could be given such options, rather than have them drop out of the workforce entirely. Among other policy measures, Singapore's statutory minimum retirement age and re-employment model have supported older workers' desire to continue working. The minimum retirement age, which was introduced in 1993 and raised to 62 in 1999, made it an offence for companies to retire employees below the minimum retirement age. In 2012, the re-employment concept was introduced, which obligated employers to offer re-employment to eligible older workers until the age of 65. While older workers are provided the assurance of a job up till the re-employment age, businesses are also afforded the flexibility to make reasonable adjustments to wages and benefits during the re-employment period. The re-employment age was raised to 67 in 2017. Mr Lee noted that since 2012, over 98 per cent of eligible private sector local employees who wished to continue working were offered re-employment at age 62. Additionally, the vast majority of those who were re-employed enjoyed at least the same wages as before.

The second speaker, Vikas Sharma, Research Director at Blackbox Research, presented some key insights from the focus group discussions that the Workgroup conducted as part of its policy review process. He shared that many Singaporeans saw themselves working longer in the future. At the same time, there were those who wanted to stop working as early as possible. All workers, however, wanted flexibility to determine how and when they stopped working. They also wanted less insecurity regarding re-employment contracts, which were now typically renewed for only a year at a time.

There was also reluctance among some workers to re-skill for reasons such as a perceived lack of support from employers, the uncertainty about the return on investment from training because of the shorter working lives of senior compared to younger workers, and the lack of communication on the issue with employers. On the employers' part, there also seemed to be concern about how the expenditure on re-training would raise costs for employers.

## **Session 2 — Picturing the Future**

Chairperson of Session 2 titled "Picturing the Future" and Country Chief Executive Officer of Maybank Singapore, Dr John Lee said in his opening remarks that Singapore's population pyramid was becoming top-heavy, with the World Health Organization ranking Singapore third in life expectancy behind Japan and Switzerland. He described how technological developments like artificial intelligence (AI) and robotics were expected to shape the future of work and therefore

the employability of different types of workers in the future. These issues would be examined for how they might affect older workers.

The first speaker, Christopher Gee, Senior Research Fellow at IPS, showed how the effective retirement age, at 66 years old in 2017 in Singapore, was higher than the average effective retirement ages of all OECD countries. He suggested that this was the result of people living longer, jobs shifting away from manual work, and older workers who needed the wages as they may not have sufficiently saved for retirement. Although there were different legislative models to support older worker employment internationally, Singapore's Retirement and Re-employment Act (RRA) served a similar function to age discrimination legislation found in other countries by stating the age up to which workers were protected from unfair dismissal on the basis of age.

Mr Gee identified three areas for improvement in policies relating to older workers, to enable them to work longer if they wished to. The first group of suggestions had to do with crafting more dynamic retirement, re-employment and retirement savings policies. For instance, the re-employment age could be pegged to improvements in the health-adjusted life expectancy (HALE) of Singaporeans, which was at 72 years old for males and 74 years old for females in Singapore. He also suggested raising the contribution rates to the CPF for older workers which drops considerably after age 55, and improving conditions for part-time workers, citing research overseas that have pointed to problems like unpaid overtime.

His second group of suggestions was in the area of improving the employability for older workers. He called for an increase in the availability of flexible work arrangements (FWA), training, and more effective matching of older workers to suitable jobs, similar to "Ervaringscertificaat" in Netherlands and Senior Work Programme in Japan. He commended the Work Ability Index (WAI) used by Australia and Finland, which helped identify social and environmental factors that shape an employee's ability to work. Adopting it could lead to constructive conversations about workers' aspirations and concerns with employers.

Mr Gee's third group of suggestions was targeted at improving the benefits to work, such as making portable medical benefits available which could also limit employers' exposure to higher medical costs that they feared would result from having a greater proportion of older workers on their payroll.

The second speaker was Diaan-Yi Lin, Senior Partner & Managing Partner at McKinsey & Company in Singapore. She cited the McKinsey Global Institute study on the future of jobs, which suggested that technological developments like AI were likely to have an uneven impact across job functions and industry sectors. Most jobs would only have up to a third of their activities replaced by technology with the shift from an emphasis on hard and technical skills to meta-level and soft skills. In discussing the impact of developments, it was important, she said, to take advantage of what older workers are good at: They are highly focused, deeply loyal and have a strong work ethic. Older workers also have good networks, and last but not least, they can be good mentors to younger workers.

Ms Lin also shared successful case studies of companies that tapped the older workforce, especially when employers everywhere were fighting a war for talent. The first was Goldman

Sachs' "Returnship" programme that was tailored to attract and ease mature workers into re-starting their careers in the firm. The second was CVS Caremark where half its full-time workforce was over 50 years old. The company had no mandatory retirement age and its specific business strategy is for staff to "mirror" clients. The third is the automobile firm, BMW that gathered its older workers on a production line and gave them the opportunity to re-design their jobs and workplace to achieve the similar productivity levels as other production teams in the company. These cases illustrate how older workers performed at levels equal to their younger colleagues and achieved a business imperative because management was open to co-designing work conditions and environments.

In the discussion following the presentations, participants noted the importance of tying work to productivity instead of fixating on age thresholds, with some praising Ms Lin's case studies as good examples for adoption in Singapore. Mr Gee reiterated that a tool like the Work Ability Index could be useful in helping companies make adjustments to retain talent well ahead of workers reaching retirement age.

In response to a suggestion on making specific human resource management assistance available to companies to help them manage and support older worker employment, participants were informed that such support initiatives were readily available through organisations such as the Tripartite Alliance for Fair and Progressive Employment Practices (TAFEP).

Mr Gee concluded the session by reminding the audience that the previous norm of thinking about life in a linear, three-stage sequence — study, work and retire — was no longer applicable. Instead, people should think of these as recurring cycles and consider taking up second and third careers in different fields through their lives. Dr Lee and Ms Lin concurred, sharing that their own organisations supported such career transitions which, after all, should be driven by workers' passion and interests with as little constraint placed upon them by their chronological age.

### **Session 3 — Shaping the Future**

The Chairperson for Session 3, titled "Shaping the Future", was Associate Professor Walter Theseira, from the School of Business at the Singapore University of Social Sciences. Assoc. Prof. Theseira, who is a Nominated Member of Parliament, opened the dialogue session by describing several salient issues such as whether the majority of jobs created in the future would appeal to older workers; and the need for dialogue on the trade-offs involved in making work more accessible to seniors, and to reform policies that incentivised employers to shed rather than keep them.

The panellists comprised Low Yen Ling, Senior Parliamentary Secretary for Manpower and Education; Heng Chee How, Deputy Secretary-General of the National Trades Union Congress and Alexander Melchers, Vice-President for the Singapore National Employers Federation.

Ms Low shared her personal experiences on the topic of retirement. She called on all stakeholders to empathise with the different needs and concerns of older workers, and work together to find sustainable arrangements to help them stay in the workforce longer if they wished to.

Mr Heng likened the different perspectives he had heard on older workers to people who were blindfolded and feeling different parts of an elephant, with each claiming that they knew what the elephant was like. He urged participants to take off their blindfolds to achieve a holistic picture of problems facing both workers and companies.

Mr Melchers added that the discussion should focus not only on helping workers stay in the workforce for longer but also on ensuring that workers had the right skills to do so. He noted that rising medical costs was a concern for employers, and asked for more government support for the use of portable medical benefits to help them defray some of the costs of hiring older workers.

In response to questions about whether to maintain the age thresholds in the retirement and re-employment policies or remove them entirely, the panel said that given the rising rate of participation in the workforce of older people, the Retirement and Re-employment Act will continue to be relevant in protecting workers from being let go too early by employers. The panel commended the efforts of Singapore firms as up to 98 per cent of workers eligible for re-employment were retained and usually at the same salary as before they hit the retirement age. Yet, there had been some flexibility to the policies also — in industries where there were safety concerns relating to having seniors working in specific functions, exemptions from re-employment were considered on a case-by-case basis.

The panel also asked for balance when participants representing older workers requested for greater job security and those representing employers warned of higher costs affecting competitiveness. Ms Low emphasised that it was important to consider how reforms to policies relating to older workers might factor into international firms' decisions to set up and maintain their operations in Singapore.

Mr Melchers said solutions to improving the employment of older workers did not necessarily require further legislation, and suggested the government make use of more promotional approaches initially. He added that the approaches recommended should take advantage of force of tripartism, which was one of Singapore's unique strengths.

Ms Low responded to a query on whether the public service should lead the charge in hiring older workers. She said the Government had taken the lead in implementing the Retirement and Re-employment Act and that the Public Service Division was part of the Workgroup process. Finally, she urged more employers to consider offering flexible work arrangements (FWAs) to keep seniors in the workforce than have them drop out given that already more than 50 per cent of firms in Singapore offered at least one formal FWA, and more than 75 per cent of firms offered at least one ad-hoc FWA. There was more room for improvement and she urged companies to be "age-smart".

### **Closing Remarks — Janadas Devan**

Concluding, Director at IPS Janadas Devan said people were living longer, enjoying longer years in good health, and would work longer, all of which changed not only the economic and social landscape but had significant cultural and political implications.

All sorts of trade-offs were needed to accommodate these trends but he shared the optimism that an older workforce would be a boon to Singapore. The policy solutions would be found as seniors would constitute a growing part of the voting population. Of course ultimately, the changes should be made for their own sake so that seniors can lead fulfilling lives in Singapore.

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