

Budget 2015: Silver Support Scheme wins praise

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The new Silver Support Scheme has been lauded by experts for its automatic inclusion of needy elderly - as opposed to requiring them to opt in - and quarterly payouts.

The permanent scheme, to be rolled out around the first quarter of next year, aims to support the bottom 20 per cent of Singaporeans aged 65 and above, with a smaller degree of support extended to cover up to 30 per cent of seniors.

About 150,000 of Singapore's elderly stand to benefit from the scheme, under which they will receive a payout of \$300 to \$750 every quarter, Deputy Prime Minister Tharman Shanmugaratnam said yesterday. The average recipient will get \$600 per quarter.

Institute of Policy Studies research fellow Christopher Gee, who studies ageing and retirement adequacy issues, said that a complicated application process may deter the elderly.

He also praised the quarterly payouts, as opposed to annual ones as had been widely expected, because it was easier for recipients to "regulate their expenses".

Retiree Chew Meng Kai, 85, who lives with his wife in a three-room Housing Board flat in Choa Chu Kang, said he would not sign up had there been a "cumbersome application process".

He added that the quarterly payouts will encourage prudence, as there may have been a tendency to overspend if it had been a lump sum annual payout.

Dr Kang Soon Hock, head of the social science core at SIM University, said the Silver Support Scheme "will not crowd out, but rather complement, the existing support that these seniors enjoy".

Such existing forms of support may include families still providing informal transfers either in cash or in-kind to elderly family members.

Indeed, Dr Vivienne Wee, director of research and advocacy at the Association of Women for Action and Research, praised the scheme for being "based on the individual needs of the recipient and not reliant on employment".

Most of those living in one- and two-room flats are expected to receive Silver Support, with a smaller proportion of those living in larger flats qualifying.

For example, Mr Tharman said a retired couple in a two-room flat comprising a husband who had contributed about \$50,000 to his CPF account and a homemaker wife might receive up to \$750 per person per quarter.

A lower-income retired couple living in a four-room flat with their children and grandchildren could each get \$450 per quarter.

Mr Gee said the system could still expand after it has been put in place. He added: "If the cost of living increases, the Government might increase the threshold."

But former Nominated MP Kanwaljit Soin called for support to be extended to "all silvers and not just one group" - citing schemes in territories like Hong Kong.

"We must not just target absolute poverty, but also relative poverty. We must elevate the whole of our country," she said, adding that those who are worse-off can then "apply for a further living allowance".

Nonetheless, the Silver Support Scheme, described by Mr Tharman as a "new compact (of) fairness in retirement", would likely be supported by most Singaporeans.

Said Dr Kang of SIM: "Each of us grows old eventually and to know that there are sources of support available to ensure retirement adequacy is comforting."

3D way to measure eligibility for payouts

The new Silver Support Scheme will forgo traditional measures and use a three-dimensional way of determining if a senior Singaporean is eligible for cash payouts.

Wages cannot be used as a measure as the scheme is aimed at retired people, while housing types cannot be looked at as a sole criterion as some elderly people who live in large flats share their homes with children who do not earn much.

So, while their flats may be worth more, their household income per member is low - making them a part of the group of elderly needy.

Hence, the Government will look at three factors in combination to assess the eligibility and payout amount: Their lifetime wages as reflected in CPF contributions, the level of household support they have and the type of housing they live in.

Overall, about 150,000 seniors will make up the first beneficiaries of what will be a permanent addition to the social safety net.

The scheme will give the average recipient in the bottom 20 per cent of senior Singaporeans \$600 every quarter, with a smaller degree of support extended to cover up to 30 per cent of seniors, Deputy Prime Minister and Finance Minister Tharman Shanmugaratnam said yesterday.

Most of those living in one- and two-room flats will receive Silver Support, with a smaller proportion of those living in larger HDB flats qualifying.

People who have been homemakers for a good part of their lives and so have little earnings will also qualify if their families are not well off.

The Budget did not include details on how the three factors will be combined to determine the quantum of quarterly payouts, but Mr Tharman indicated they would balance one another out.

For instance, he said, a retired couple may live in a four-room flat that is worth more than the smaller flats of other needy seniors, but they may be staying with their children and grandchildren, which brings down household income per member. Such a couple may still be able to receive \$450 each every quarter, or together, \$300 every month.

Former Nominated MP Kanwaljit Soin lauded the rejection of traditional means-testing measures such as lifetime wages. Such measures leave out lifelong homemakers, who make up a sizeable portion of the current generation of women aged 65 and older.