

Divided over intergenerational support

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IPS study shows differing attitudes of respondents towards funding social spending

Are you willing to pay more taxes to fund higher social spending for the elderly? Or should the national reserves be tapped instead?

If that seems a difficult conundrum to you, you are not alone - a new survey by the Institute of Policy Studies (IPS) has found that Singaporeans are divided on the issue.

Two in five respondents - or about 40 per cent - said they were not comfortable with higher taxes and would rather tap reserves. A slightly lower proportion - about 34 per cent - indicated the opposite. The remainder were neutral.

In particular, those aged 45 to 64 - sometimes called the "sandwiched generation" as they have to support both young and old - were most likely to frown on higher taxes.

The survey also found that 41 per cent believed each generation should take care of itself, without needing to be supported by other generations.

An almost equal proportion - about 38 per cent - disagreed.

This issue of "intergenerational solidarity" - which the survey delves into - is particularly important today as Singapore grapples with how to fund social spending for an ageing population, said IPS in its report.

"There is a tension between self-reliance and a sense of community. The results actually show that we can't decide whether we should take care of ourselves or if we should care for other generations," said IPS senior research fellow Christopher Gee - one of the study's authors - at a briefing yesterday.

That tension is reflected in responses to other survey questions.

Care for self or others?

About 41 per cent of respondents disagreed that older generations should set aside assets as an inheritance for the young, compared to 30.4 per cent who agreed.

Those aged 50 to 64 were much more likely to disagree that assets should be set aside for inheritance, with about half or more of respondents in those age groups doing so.

The survey of 2,000 citizens and permanent residents aged 21 and above was carried out through phone interviews last November and December.

The study's other authors are research associate Yvonne Arivalagan and post-doctoral fellow Chao Fengqing.

Mr Gee noted that the sandwiched generation are now experiencing the highest tax burden and may be feeling the greatest uncertainty about financing their own post-retirement living expenses.

"They are feeling these twin pressures and may need something to help them have that intra-and intergenerational solidarity," he said.

"If we could alleviate some of their uncertainties about how they would live once they or their spouses are no longer working, they might be more prepared to consider others," he added.

For example, Singapore could do "a lot more" in social risk pooling, he said, citing CPF Life and MediShield Life as examples of Government-led risk pooling schemes.

Communities could come together to create their own programmes, Mr Gee added.

"Some risks can be pooled on a community basis with little intervention from the Government, but they need to trust each other and have a willingness to share risks in return for a shared future together."

Respondents were also asked if net investment returns should be used to fund spending for the current generation, thus decreasing the amount reserved for future generations.

A higher proportion of respondents - 37 per cent - said yes, versus 26 per cent who said no.

Currently, half of these returns from investing national reserves can be spent on current needs.

The survey also asked respondents to rank four sectors - family, community, employers and the Government - in order of importance when it comes to bearing responsibility for taking care of older people.

Family was ranked first by 73 per cent of respondents, with 88 per cent ranking it first or second.

Up next was the Government - 22 per cent put it at number one, with 69 per cent saying it was first or second.

Another finding: Two-thirds of respondents believe older workers aged 55 and above face age discrimination when looking for work.

This belief was consistent across age groups, including among younger respondents.

The report said: "This shows younger people are also aware of age discrimination in the employment market, and suggests some sympathy for older workers. Younger workers might also be voicing fears of confronting age discrimination themselves when they are older."