

## Look after Those Who Are Not in Workforce

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Helping people who do not work and therefore cannot save much, if at all, for retirement is one of the areas highlighted by the experts where the Central Provident Fund (CPF) scheme could be improved.

Suggestions they came up with at the forum varied from introducing a universal basic pension scheme, to topping up CPF accounts of those who cannot reach the Minimum Sum, to looking at how the rest of the social system can play a role.

The problem arises because CPF is a compulsory savings scheme for employees based on their salaries - and so does not include those who are not in paid employment.

Many women, for example, quit work to take care of their families. Some people with disabilities cannot hold down jobs.

This is a major weakness of CPF today, warned some of the experts. "Because CPF is an employee contribution system, people not in the workforce are by definition excluded. This goes right to the heart of what the purpose of the CPF is," said Lee Kuan Yew School of Public Policy associate dean Donald Low.

Sociologist Tan Ern Ser of the National University of Singapore (NUS) pointed to a 2011 survey of 5,000 senior citizens that showed fewer females (47.3 per cent) have CPF savings compared with men (72.6 per cent).

Moreover, older female seniors were less likely to have CPF savings - 37.3 per cent aged 75 and older had CPF savings compared with 69.3 per cent aged 55 to 64.

But forum participants were mostly silent on whether tweaking the CPF is the best way to help those who fall through the cracks.

One suggestion came from Dr Kanwaljit Soin, immediate past president of Women's Initiative for Ageing Successfully, who called for a very basic needs-based pension scheme to "give dignity to older people, so they don't have to stretch out their hand to ask for money from their children".

Mr Low also called on the Government to shore up CPF by giving members who cannot meet the Minimum Sum a top-up grant.

When the Minimum Sum is not met, a Singaporean can withdraw only up to \$5,000 in cash from his CPF savings on turning 55. The rest goes into his Retirement Account, half of which can be in the form of a pledge on the home he owns.

To avoid people misusing the system, Mr Low suggested that a CPF member be given a Minimum Sum top-up grant only when he turns 75, so he still has an incentive to work before that.

But Manpower Minister Tan Chuan-Jin, while agreeing that the CPF system has limitations, said that topping up CPF accounts can only go so far. "The CPF, while important, is part of a larger system. And some needs are perhaps better met through other systems," he said, noting the Ministry of Social and Family Development's schemes.

"The key question is: Can we look after those who are vulnerable? The CPF system aims to do part of that, through whatever we can do to top up the accounts of some who may be vulnerable." This includes the Workfare scheme for those earning \$1,900 and less a month.

He added: "But if individuals - not just women - remain vulnerable for a range of reasons, I think that's where the rest of the social system needs to kick in to provide for their respective needs."

Prof Tan was more sanguine, pointing to a trend showing that younger women nowadays have more CPF savings. This is because more women work and young adults are better educated.

"It does look like the future is going to be better - assuming all else remains constant," he said.