

Observers flag need to be more self-reliant as family support declines

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Since Independence 54 years ago, the lives of successive generations of Singaporeans have improved in terms of employment, income, savings, health and life expectancy.

These are the key findings of a Ministry of Finance report released yesterday, which tracks the socio-economic outcomes of Singaporeans born from 1940 to 1949, and in each of the three decades after that.

Singapore Management University (SMU) Associate Professor Eugene Tan, a former Nominated MP, said that while the report takes a broad-brush approach, the outcomes - especially for those born in the 1960s and 1970s, who are in their 50s and 40s today - reflect sound government policies in education, healthcare, employment and asset-building.

As a result, both age cohorts have seen the greatest spike in post-secondary school qualifications when compared with those born in the 1940s, who are the youngest members of the Pioneer Generation.

Significant progress has also been made in terms of real monthly income, especially for the 20th percentile of workers in their 40s and 50s.

National University of Singapore economist and co-director of the Next Age Institute, Associate Professor Chia Ngee Choon, said the slew of measures to help low-wage workers since 2007, in particular the Workfare Income Supplement scheme, have also helped build up their Central Provident Fund (CPF) savings.

She noted that during Budget 2011, then Finance Minister Tharman Shanmugaratnam said the aim is to raise incomes by 30 per cent in real terms over this decade. This goal has been achieved for both the 20th percentile and median income workers across three different generations - those in their 40s, 50s and 60s today - with much of the growth taking place for those in their 40s and 50s, she added.

Indeed, Singaporeans in their 40s and 50s have generally benefited from higher salaries, and hence more CPF savings, than their parents' generation.

For instance, the median CPF balance of those in their 40s is more than half the Full Retirement Sum of \$176,000 for those turning 55.

"As long as they continue to work and have annual wage increases, together with the effects of compounding interest, they will likely have enough retirement savings to finance a basic retirement," said Prof Chia.

But the bottom 20 per cent who are in their 50s and 60s could struggle to meet the CPF Retirement Sum, observers noted. When they were in their 40s, they had CPF account balances of \$9,700 and \$5,200 or less, respectively - a low base from which to accumulate more in their Ordinary and Special accounts before they retire.

SMU's Professor Emeritus Augustine Tan, who was a People's Action Party MP from 1970 to 1991, said the figures merit careful scrutiny. Those in their 60s and 70s could face serious retirement adequacy issues and growing needs in healthcare and nursing support, he said.

"Some, perhaps many, of the aged who have chronic healthcare issues have financial problems, even with subsidised clinics and medication," he added.

One thing is clear - support from the immediate family will decline in the coming years, observers added.

This means that Singaporeans must be more self-reliant, take ownership of their own retirement and have sufficient savings to see them through those years.

With more singles and smaller households, the idea that family is the first port of call when individuals fall on hard times may become less valid, said Prof Eugene Tan.

Social and economic policies will have to factor in this growing reality.

Institute of Policy Studies deputy director for research Gillian Koh said this is why the Government has paid far more attention over the past decade to supporting Singaporeans as they enter old age.

"The question then is - what is enough and how do we, as a nation, pay for it?" said Dr Koh.

"Succeeding cohorts have benefited from the work and support of the older cohorts, so we need a serious national conversation about striking the right balance in intergenerational equity of which generation has to help which, how and how much."