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# Executive Summary

This study addresses the question:  
How much money do older people  
need to achieve a basic standard of  
living in Singapore today?

The study of household budgets is related to an  
extensive field of research on human needs and  
social inclusion.

In this study, we conducted focus group discussions  
to ascertain how ordinary Singaporeans think  
about what constitutes basic needs in Singapore  
today, and to determine the household budgets  
necessary to meet these needs.

What [these ordinary members of society] said about dignity, respect, social belonging, and choice, as well as the items and budget they came up with, reveal norms and values held by people in our society today.

We focused on four household types:

Elderly men 65 years and older living alone	Elderly women 65 years and older living alone
Elderly couples 65 years and older	Men or women 55-64 years old living alone <sup>1</sup>

Participants put together household budgets that:

- Reflect the lived realities and ordinary habits of people living in contemporary Singapore.
- A general public can agree on as basic or minimum—it should be neither extravagant nor inadequate.
- Reflect some degree of diverse needs along ethnoracial and religious lines.
- Embody the values and principles that ordinary Singaporeans identify with, as well as concrete and specific items that map onto those values and principles.

This study reveals that ordinary members of society are able to come to consensus about what a basic standard of living in contemporary Singapore means. What they said about dignity, respect, social belonging, and choice, as well as the items and budget they came up with, reveal norms and values held by people in our society today.

At a juncture of considerable policy activity but also persistent gaps in income provision, income standards can help by translating norms and values in society into unambiguous and substantive benchmarks to aim for. Future steps towards better income security should involve ordinary members of the public setting standards for decent living.

<sup>1</sup> There is no agreed age definition for old age or “elderly people” in Singapore. The minimum retirement age is 62, but the law requires employers to offer reemployment to workers up to the age of 67. The national public pension scheme, known as the Central Provident Fund (CPF), pays out from the age of 65. This report uses “elderly” to refer to the first three types of households made up of people aged 65 and older, and “older people” to refer to the participants in the study as a whole, who were all aged 55 and older.

## Key findings

### 1. A definition for basic standard of living:

A basic standard of living in Singapore is about, but more than just, housing, food, and clothing. It is about having opportunities to education, employment, and work-life balance, as well as access to healthcare. It enables a sense of belonging, respect, security, and independence. It also includes choices to participate in social activities, and the freedom to engage in one's cultural and religious practices.

### 2. In their discussions, focus group participants:

- Made clear that basic needs must go beyond subsistence and should enable "quality of life";
- Emphasised the importance of independence and autonomy. This means not being a burden to loved ones, and being able to exercise one's preferences and choices;
- Emphasised that basic needs must enable social participation and connection to others.

### 3. Participants discussed and generated lists of items and services related to:

- Housing and utilities;
- Things needed for each area in a two-room HDB flat<sup>2</sup> (living room, kitchen, etc.);
- Personal care items and clothing;
- Food;
- Transport;
- Leisure and cultural activities;
- Healthcare.

Our findings include detailed lists of items and services—including what the item is (e.g. Colgate toothpaste), how much it costs (e.g. \$6.40 for three tubes), where it can be purchased (e.g. NTUC), and how long the item should last (e.g. three months).

### 4. Participants explained their reasons for including items as basic needs.

Their discussions shed light on how things such as travel, gifts, and special-occasion clothing matter for quality of life, independence and autonomy, and social connections.

### 5. The total weekly budgets required to meet basic standards of living are:<sup>3</sup>

- \$317 for single elderly households (\$1,379 per month, the average of the budgets for elderly men living alone and elderly women living alone)
- \$541 for coupled elderly households (\$2,351 per month)

<sup>2</sup> This refers to high-rise public housing built and sold by the Housing and Development Board (HDB).

<sup>3</sup> Money is expressed in Singapore dollars throughout this report.

## TOTAL HOUSEHOLD BUDGET TO MEET BASIC STANDARDS OF LIVING



- \$396 for single persons aged 55-64 (\$1,721 per month, the average of the budgets for men aged 55-64 living alone and women aged 55-64 living alone)

### 6. Compared to household expenditure data, the overall shape of our elderly household budgets is strikingly similar to retired households' actual expenditure patterns.

But there are two prominent differences. First, the percentage of actual expenditures on health among retired households is much higher than in our budgets. This may be explained by the assumption of good health for our case studies. As such, our budgets do not account for the cost of treatment for chronic conditions and major illnesses.

Second, our budgets have much larger recreation and culture components than in actual expenditure. This reflects our participants' strong emphasis on social participation needs and that such needs may not be fully met among the current older population.

### 7. Certain chronic illnesses are common among older people in Singapore, so the presumption of good health likely underestimates the costs of healthcare.

Indeed, in focus group discussions, participants continually reminded us that health and healthcare costs are very important to them. The costs may vary widely for different health conditions (for example, loss of mobility compared to diabetes) and are difficult to capture accurately in a single study, so we have focused on establishing a baseline that

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presumes no chronic health conditions. Future research can build on this study by comparing the individual budgets for healthy persons with that of persons with particular health conditions and additional needs.

## **8. Comparing our budgets with work incomes (Table 6):**

In 2017, the median monthly work income of full-time workers aged 60 and above was \$2,000, about 1.5 times our budget for meeting basic standards of living among single elderly households.

However, there are gender differences: the median earnings of older women come closer to the budget at just 1.3 times, compared to men's 1.5 times.

There are also concerns with particular occupations. The median monthly work incomes for the three most common occupations among older workers range from 0.9 to 1.2 times of the budget. Almost two-thirds of older workers are employed in these occupations, which are also the three lowest-paying occupations.

The same picture emerges when considering older workers' educational qualifications. For older workers with lower secondary education or less, median work incomes range from 0.9 to 1.2 times of the budget. About 60% of older workers belong to these educational categories.

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- 9. A range of government income measures target older persons who are in employment, retired with Central Provident Fund (CPF) incomes, or retired with low incomes. Coverage depends on many factors such as the individual's occupation, amount of CPF savings, and qualification through means tests.**

Access to these income measures is not assured. Employers may exploit loopholes in the Progressive Wage Model (PWM). The CPF retirement sums remain theoretical targets for many older people.

Moreover, even for people who are covered, the total sums they stand to receive fall short of or just reach the household budgets required to meet basic needs.

## Implications

Where might the income for a basic standard of living in old age come from? The study asked participants to consider only what things were needed for a basic standard of living, not their affordability, because needs are different from means. But once household budgets are established, they provide a concrete benchmark and starting point for discussing how people may achieve these budgets.

Incomes for older people may come from market sources (e.g. employment, private pensions, savings), public sources (e.g. public pensions, transfers, subsidies), and informal sources (e.g. family contributions and support from charities).

# When work incomes and wage interventions fall short, some older people either do not have the means to ever retire or will be permanently dependent on public and informal transfers.

In Singapore, the overall picture is one of heavy dependence on family contributions with limited support from the state. The most common income source is adult children (78% of elderly people reported such income in 2011), followed by wage work (21%), and the CPF or other annuities (13%). Other sources such as private pensions (4%) and public assistance (2%) are negligible in terms of coverage.

This raises a number of policy concerns:

- Due to rapid socioeconomic development, current cohorts of older people have steep educational and skill disadvantages compared to younger workers. When work incomes and wage interventions fall short, some older people either do not have the means to ever retire or will be permanently dependent on public and informal transfers.
- Even among younger cohorts, lifetime wages can and do vary. With the widening of income inequality in Singapore over the past decades (Ng, I. Y. H., 2015), people will become older with varying levels of savings.
- Moreover, the capacity to maintain full employment during younger years varies: people may not be able to maintain wage work due to health conditions or because of caregiving responsibilities. Many women typically participate less in full-time wage labour because of caregiving work.
- Although CPF participation and savings are projected to increase with future cohorts, the basic retirement payment of less than \$800, even after the most recent reforms, is only about half of the household budget for a single elderly person and falls significantly short of what is required for a basic standard of living.

The gaps in people’s capacity to meet basic standards of living must be urgently addressed so that all older people in Singapore can achieve what our participants describe as basic needs for “a sense of belonging, respect, security, and independence.”

- Currently, major public transfer schemes are means-tested and modest. Where these are permanent and automatically issued, they have been incorporated during the pricing process in our study. However, most subsidies are means-tested, one-off, for a limited period, or for limited cohorts. Access is therefore not assured. The fragmented nature of the subsidy regime and schemes that require individuals to put in applications also impose help-seeking costs.
- The current extent of cross-generational family support is demographically unsustainable as family size shrinks—people will have either no or fewer children as sources of retirement income. The reliance on adult children as sources of retirement income may moreover reinforce economic inequality insofar as supporting parents takes up a greater proportion of household costs for the lower- and middle-income compared to their higher-income counterparts. This leaves less for other needs of younger households, such as children’s education.

The gaps in people’s capacity to meet basic standards of living must be urgently addressed so that all older people in Singapore can achieve what our participants describe as basic needs for “a sense of belonging, respect, security, and independence.”