

# What has Singapore done?

- Since 1982, the Government has been aware that an aging population will pose social and economic issues.
- In 1998, Inter-Ministerial Committee on Aging (IMC) formed to address six main areas: financial security, employment, housing, health, social integration, and cohesion and conflict.
- Various policy recommendations implemented, e.g., changing the Central Provident Fund (CPF) contributions for older persons, legislation on minimum standards for old age homes, increasing elderly dependants' tax relief, legislation on filial piety.
- On 1<sup>st</sup> January 1999, retirement age changed from 60 to 62.

Source: Chan, 2003

# Financial Security

- Central Provident Fund established 1955.
- CPF has highest coverage of any retirement plan in Asia
- Most older Singaporeans have little or no CPF savings
- Most older adults (59+) rely on children for financial support:
  - 79% Chinese
  - 63% Malay
  - 44% Indian

Source: Chan, 2003

# Singapore: Family under stress

- Policies to assist families to take care of older adults financially need to be set in place.
- Increasing longevity, delayed childbearing, lower fertility, and increasing rates of non-marriage, create a situation where **middle-aged adults are stretched financially and emotionally to care for older parents and young children.**
- Unmarried adult children hard pressed to provide financial security and care to older parents.

- Help older Singaporeans to remain employable by:
  - Retraining
  - Educating employers and employees
  - Provide information, training, and job placement services
  - Increase employment opportunities, e.g., promote flexi-time, part-time work.

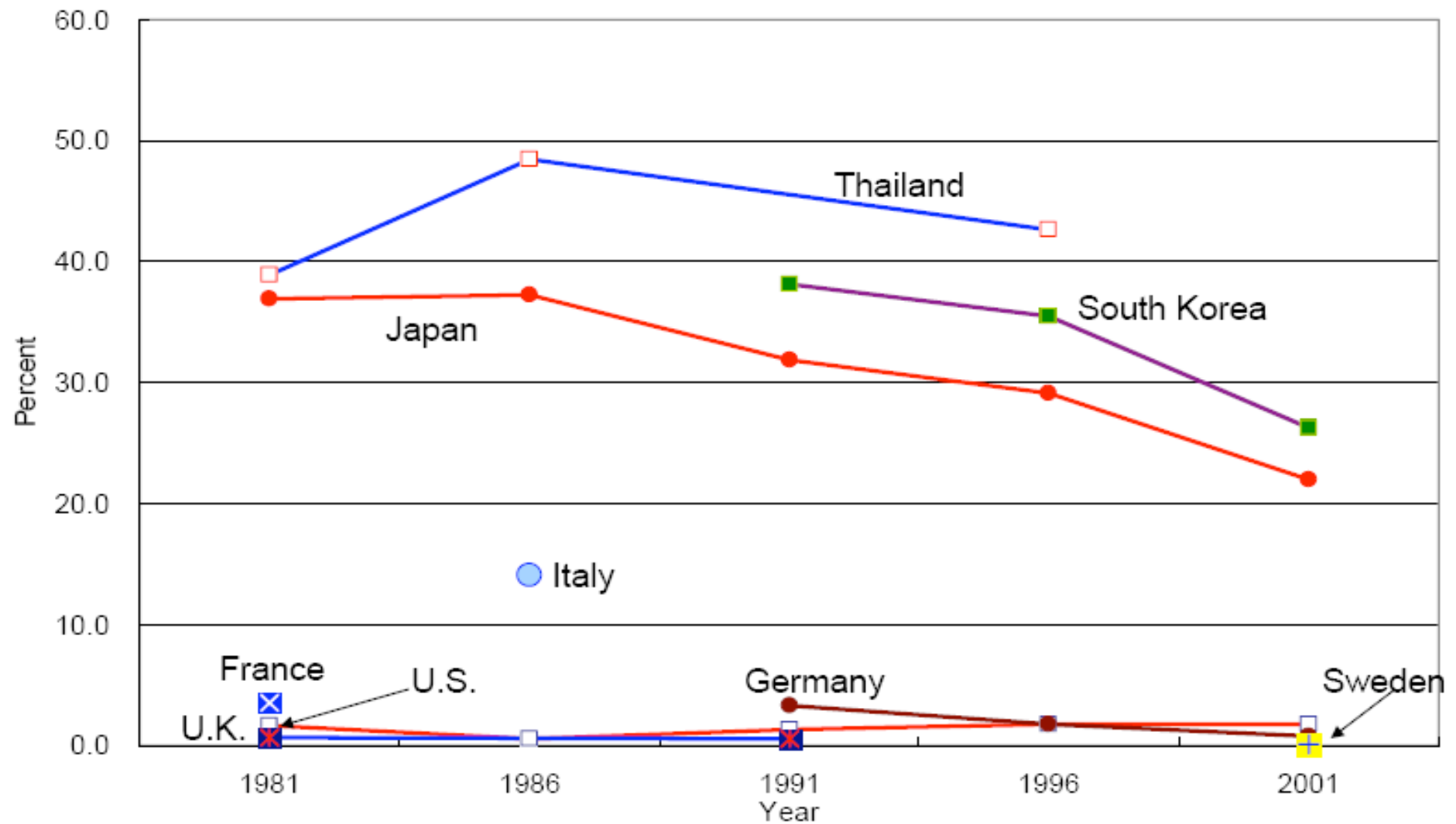
Source: Chan, 2003

## Co-Residence

- Singapore has one of the highest co-residence rates in Asia.
- Government policies encourage co-residence both as a moral obligation of adult children to older parents and an attractive financial arrangement.
- Co-residence thought to promote older adult well-being.
- Policies to encourage co-residence include tax incentives and priority housing.
- Focus: on creating more housing options for older adults who choose to live alone or with a spouse only, e.g., studio apartments with elder-friendly features
- Promotion of “aging-in-place.”

Source: Chan, 2003

## Change in the proportion of those 60+ living in three-generational households, selected countries, 1981-2001



Source: Okawa et al., 2006

# Foreign talent

- As Singapore's old age dependency ratio rises, recruiting foreign professionals to meet shortfalls in manpower.
- Foreign professionals often granted permanent residence to maintain population levels and boost human resource productivity.
- Response of local population mixed.
- Public concern about growing competition for diminishing numbers of jobs.

## **The second dividend depends on institutions** (Lee, 2008)

- If older persons are supported by their adult children, they will probably save less.
- If older persons are supported by unfunded public pensions, they are also likely to save less.
- In both cases, the second dividend is reduced.



# Transfers compete with the second dividend (Lee, 2008)

- Because inter-generational transfers compete with savings or asset accumulation as sources of support for old age, less of them is better if the second dividend is to be maximized.
- BUT, transfers may be necessary, especially to provide a safety net for the poor. Policy-makers should weigh carefully their costs and benefits.

*Population aging* (Lee, 2008) :

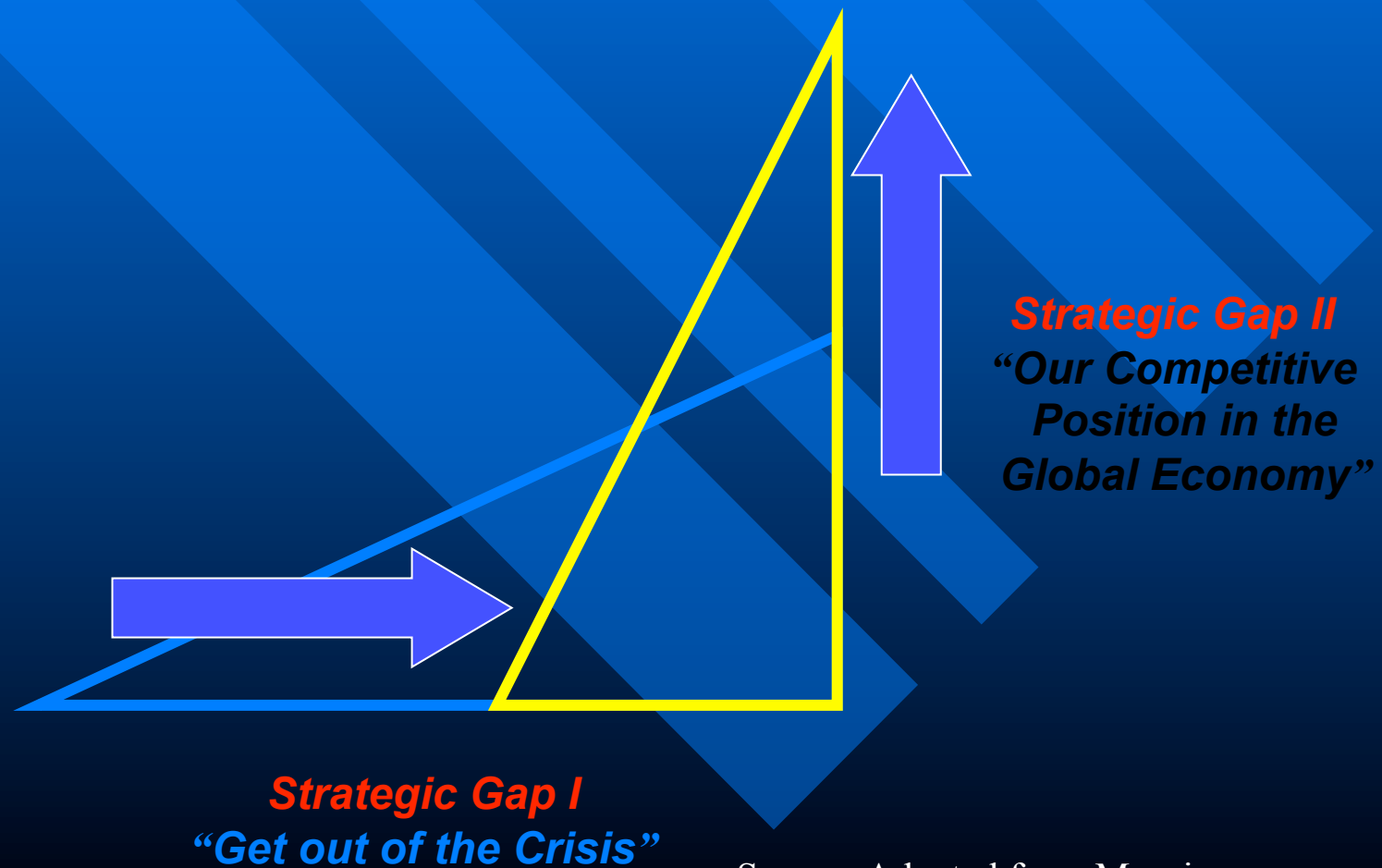
- *Not a cause for alarm*
- *Presents opportunities if the challenges it poses are addressed.*
- *Require adjustment of institutions and programmes*

# ASEAN: Rays of Hope vs Challenges

- Rays of hope and reasons for optimism
  - Joint efforts by ASEAN member countries
  - Modern economic conditions
  - Leaders' vision
- Internal and external challenges
  - Efforts are not yet sufficient for the member countries and the region to reap the benefit of demographic dividend nor to upgrade their international competitiveness

**The First Strategic Gap: closer**

**The Second Strategic Gap: wider and wider**



Source: Adapted from Maecinsee

# ASEAN: Rays of Hope vs Challenges

- Past efforts are not yet sufficient for the member countries and the region to reap the benefit of demographic dividend nor to upgrade their international competitiveness.
- ASEAN is expected to take advantage of its diversity to strengthen its efforts to consolidate relationships among the various sectors in the region and to enhance ASEAN cooperation in the various fields during the years to come.

# ASEAN: Rays of Hope vs Challenges

- Given the dynamic trend of world competitive knowledge-based economy, it is necessary for ASEAN to move fast to minimize the regional gap in the development of the human resources.
- Regional cooperation should pay attention to ways and means for upgrading productivity and efficiency of their human resources, in both the stock and supply, as well as for minimizing such burden as health problems and other costs before the future turns grim.

# ASEAN: Rays of Hope vs Challenges

- If ASEAN is not equipped with appropriate policies and supporting institutions, the region may collectively face a burden rather than a dividend, or may lose the chance to maximize the benefits of a demographic dividend in time to provide resource for the future.
- ASEAN member countries should move up together rather than separately struggle.



