

# The Implications of Rapid Population Ageing on the Economic and Financial Sustainability of Singapore's Pension System

Nomura Foundation Asian Capital Markets Roundtable 2023

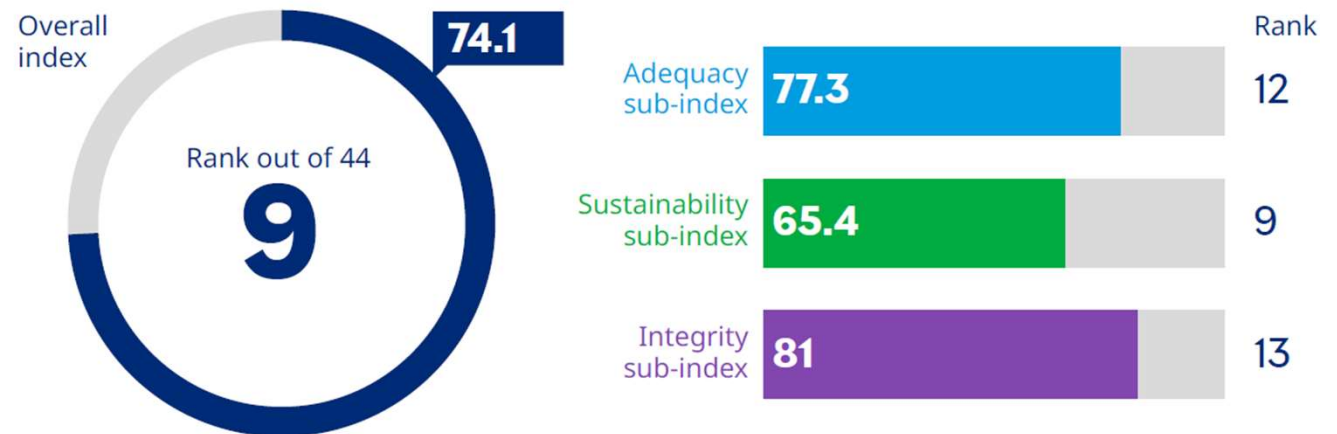
Tokyo, February 2023

*Christopher Gee, Institute of Policy Studies, Singapore*

# Singapore: Top-ranked pension system in Asia



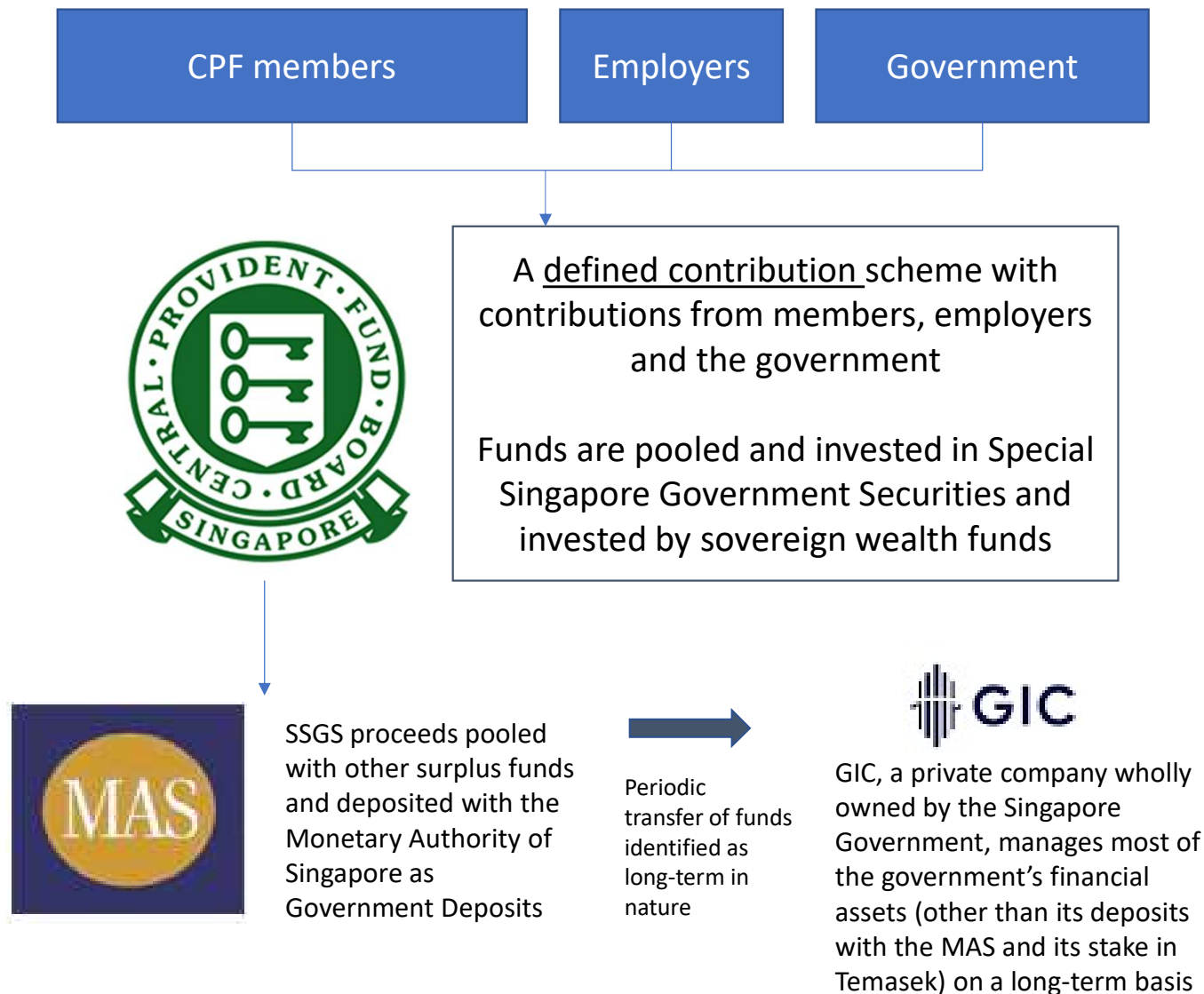
## Singapore



*"The overall index value for the Singaporean system could be increased by:*

- Reducing the barriers to establishing tax-approved group corporate retirement plans*
- Opening up CPF to non-residents (who make up a significant percentage of the labor force)*
- Increasing the age at which CPF members can access their savings set aside for retirement as life expectancies rise*
- Improving the level of communication provided to CPF members"*

# Unique social risk- pooling scheme



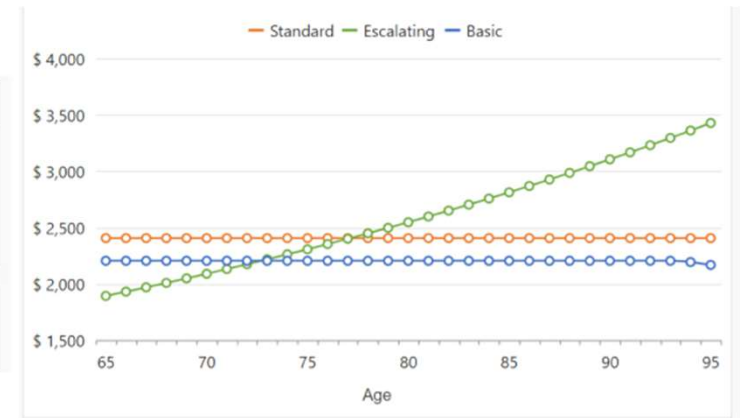
# Longevity protection through annuitisation for life

Illustration of CPF Life Annuity Payouts

Your initial monthly payout at 65		
Standard Plan <i>(default plan)</i>	Escalating Plan	Basic Plan
\$2,283 - \$2,534	\$1,788 - \$2,003 <sup>ⓘ</sup>	\$2,090 - \$2,325 <sup>ⓘ</sup>

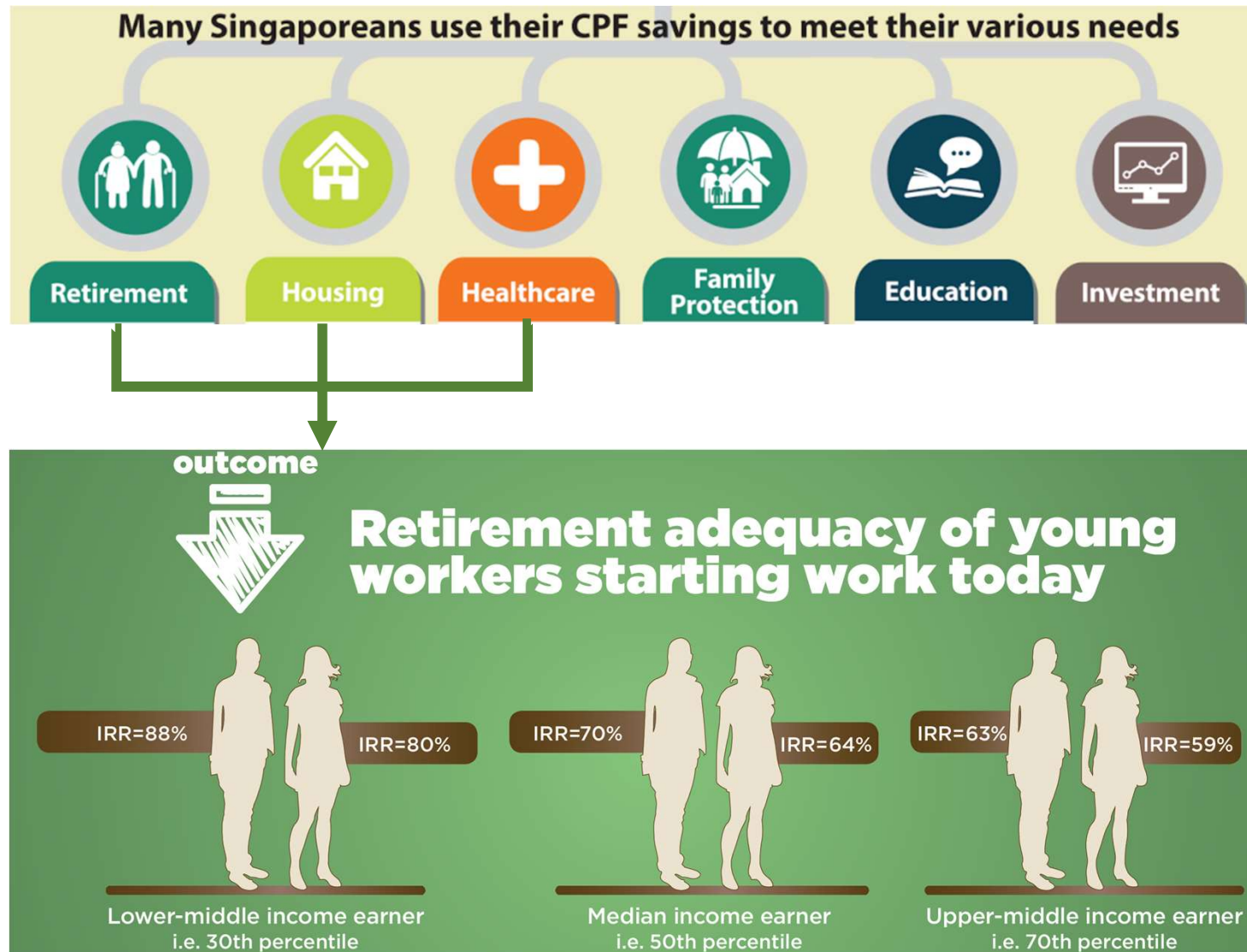
  

Your payouts over time		
View My: <input checked="" type="radio"/> Payouts <input type="radio"/> Total payout received <input type="radio"/> Bequests <sup>ⓘ</sup>		



**Escalating Plan** with payouts that start lower but increase by 2% annually is the main “hedge” against inflation.

Does the CPF scheme try to do too much?





Gaps in the system:

1. Coverage
2. Focus
3. Inflation

