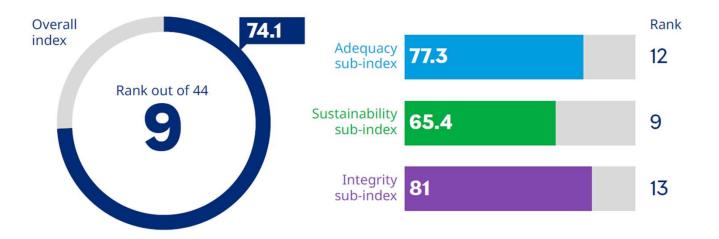
The Implications of Rapid Population Ageing on the Economic and Financial Sustainability of Singapore's Pension System

Nomura Foundation Asian Capital Markets Roundtable 2023
Tokyo, February 2023

Christopher Gee, Institute of Policy Studies, Singapore

Singapore: Top-ranked pension system in Asia





"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

CPF members

Employers

Government



A <u>defined contribution</u> scheme with contributions from members, employers and the government

Funds are pooled and invested in Special Singapore Government Securities and invested by sovereign wealth funds



SSGS proceeds pooled with other surplus funds and deposited with the Monetary Authority of Singapore as Government Deposits



Periodic transfer of funds identified as long-term in nature

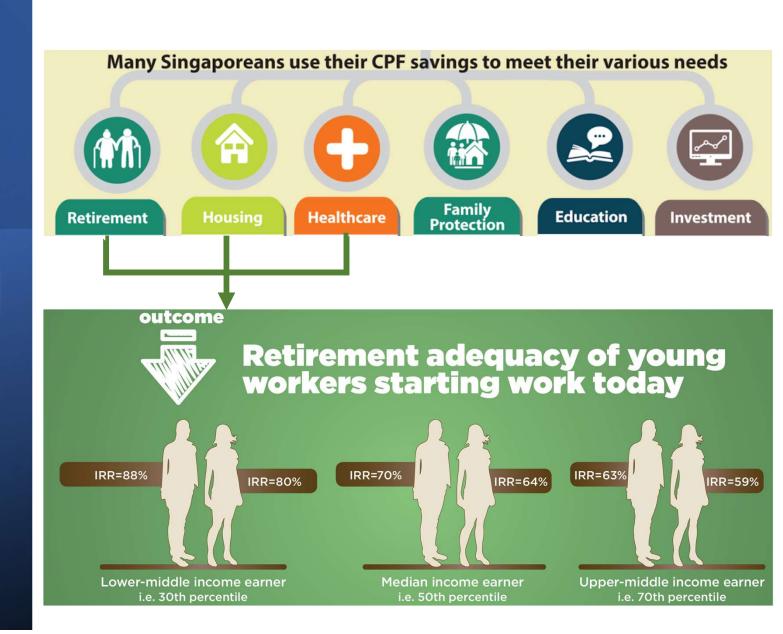


GIC, a private company wholly owned by the Singapore Government, manages most of the government's financial assets (other than its deposits with the MAS and its stake in Temasek) on a long-term basis Longevity protection through annuitisation for life



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

















