

# How to achieve a basic standard of living for older people in Singapore



SINGAPORE (May 23): Singapore faces the twin challenges of population ageing and income insecurity among some older people. One obstacle to better understanding these issues is that—until now—analysts have not been able to state how much people need for a basic standard of living.

A study we recently completed addresses this question, in relation to older people, using a research method known as Minimum Income Standards (MIS). We found that wages or public schemes alone may not be adequate. As family size shrinks, it will not be sustainable to depend on children as the main source of income. We need to rethink how older people can achieve income security.

## **Finding out how much people need**

There are a few ways to find out how much income people need. One is to carry out surveys about how much people actually spend. While such surveys can include large numbers of people, what people spend is not the same as what they need. High-income households often spend on

things beyond basic needs, whereas low-income households may cut back even on basic things like food.

Another option is to consult experts about what people need in areas like diet and healthcare, then add up the costs. The difficulty is the true scope of needs cannot be limited to technical questions: they also reflect social customs. How much is the right amount to contribute at a funeral? Or to spend on festive goodies so we can host family and friends?

[See: \\$1,379 – that's how much an elderly person needs to survive in the world's most expensive city](#)

In contrast to surveys and expert consultations, our study involved a series of consensual focus groups with ordinary members of the public from diverse backgrounds. Participants were asked to discuss and agree on the basic needs for different types of elderly households. We then converted the lists of items into household budgets based on actual shop prices. The budgets produced in this way reflect practices and norms, and people can explain why each item is a basic need in our society today. This method comes from a long tradition of research on budget standards in different societies and has been in use in the UK since 2008.

We found that a household with a single person aged 65 and above needs \$1,379 per month for a basic standard of living. A couple aged 65 and above needs \$2,351, less than double of the single-person budget as things like furniture, appliances and internet subscription can be shared.

This budget allows the purchase of a two-room HDB flat; furnishings and appliances; kitchen equipment and ingredients for cooking; meals outside; cleaning supplies; toiletries and personal care items; a public transport travel pass; and clothing for different occasions. It covers health screening, GP consultations, and one-off procedures for conditions like cataract. It also enables participation in social events such as weddings and birthdays.

**From needs to means**

Research like this measures needs, not means. It determines how much income people need and does not presume where the money will come from. But once needs are established, these budgets provide benchmarks for thinking about how older people may achieve a basic standard of living.

Income can come from informal sources such as family contributions and charities, market sources such as employment, and public sources such as financial assistance schemes.

In Singapore, many older people rely on contributions from their adult children. As an act of reciprocity and respect, support for elderly parents may be socially desirable. But in an ageing population, future elderly people will have fewer or no children, and it is unsustainable to depend on them as the main source of income.

With longer life expectancies, it is reasonable to expect longer years of work. Yet current older workers receive low wages. Many work primarily out of need and two thirds are employed in the three lowest-paying occupational categories. In 2017, “cleaners, labourers and related workers” received a median monthly work income of \$1,200, less than the \$1,379 required for a basic standard of living.

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The Progressive Wage Model is an important safeguard. Along with the Workfare Income Supplement (WIS), it raises the minimum incomes in cleaning and landscaping jobs just above the standard for a basic standard of living. Security still falls slightly short and other occupations are not covered.

For retirees, the CPF alone is insufficient. People who are able to set aside the Basic Retirement Sum stand to receive around \$790 per month

from 65 years old, less than 60% of the household budget for a single person. The current elderly cohort gets even less due to lower CPF participation rates and wages in the past. On average, persons aged 65 to 69 received \$450 per month in 2018, while the 80 to 87 age group received \$220.

For older people who need cash assistance, access to the three main schemes—ComCare Long Term Assistance, Silver Support Scheme, and GST Voucher Cash—is means tested. In total, they provide \$725 per month, half of the amount for a basic standard of living. The additional help from the Pioneer Generation Package and Merdeka Generation Package will not be available to future elderly people.

Local charities sometimes provide other assistance to economically vulnerable households. But when help must be pieced together from multiple providers, it imposes significant information, compliance and coordination costs. These too must be taken into account when we consider the delivery of financial assistance, not just the total outlay.

Defining a basic standard of living provides a transparent and substantive benchmark for calibrating levels of provision in public schemes, from wage interventions to financial assistance. It enables concrete and constructive discussion about how income sources can be combined to ensure income security for older people. As our society and economy evolve, it becomes increasingly urgent that we find adequate and sustainable ways to make sure everyone can meet their basic needs.

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