

ANNEX B-3: SENIOR WORKER SUPPORT PACKAGE

To support older workers to continue working longer and to be more financially secure in retirement, as announced at National Day Rally 2019:

- a) The Retirement Age (RA) and Re-employment Age (REA) will be raised gradually from 62 to 65 and 67 to 70 respectively by 2030. The first increases (RA to 63 and REA to 68) will take place on 1 July 2022 (see Table 1).
- b) The CPF contribution rates will be raised gradually for Singaporean and Permanent Resident workers aged above 55 to 70. Eventually, by about 2030, those 60 and below will enjoy full CPF rates. The first increase will take place on 1 January 2021 (see Table 2). The timing of subsequent increases will depend on economic conditions.

Table 1. Increase in RA and REA

| | Current | From 1 Jul 2022 | By 2030 |
|-----|----------------|----------------------------|----------------|
| RA | 62 | 63 | 65 |
| REA | 67 | 68 | 70 |

Table 2. Current and New CPF Contribution Rates

| Age | Current | From 1 Jan 2021 | By about 2030 |
|------------|----------------|------------------------|----------------------|
| ≤ 55 | 37.0% | <i>No change</i> | |
| >55 – 60 | 26.0% | 28.0% | 37.0% |
| >60 – 65 | 16.5% | 18.5% | 26.0% |
| >65 – 70 | 12.5% | 14.0% | 16.5% |
| >70 | 12.5% | <i>No change</i> | |

To help businesses adjust to the increases in the RA and REA in 2022, and the CPF contribution rates in 2021, the Government will introduce a Senior Worker Support Package comprising four measures:

- (I) Senior Employment Credit to provide employers with wage offsets when they hire older Singaporean workers aged 55 and above;
- (II) CPF Transition Offset to offset half the increase in employer CPF contribution rates in 2021;
- (III) Senior Worker Early Adopter Grant to support companies that increase their own RA and REA above the statutory minimum; and
- (IV) Part-Time Re-employment Grant to support companies that voluntarily commit to providing part-time re-employment to all eligible older workers who request for it.

(I) Senior Employment Credit

The Senior Employment Credit (SEC) provides wage offsets to employers hiring Singaporean workers aged 55 and above, and earning up to \$4,000 a month. The SEC will replace the existing Special Employment Credit and Additional Special Employment Credit schemes after they expire on 31 December 2020. The wage offsets will be effective from 1 January 2021 to 31 December 2022. See Table 3 for details.

Table 3. Maximum Wage Offsets Under the SEC

| Age of employee (as of 1 Jan 2021) | Maximum wage offset for employers of Singaporean employees aged 55 and above, and earning up to \$4,000/month | |
|---|--|-------------|
| | 2021 | 2022 |
| 55 – 59 | 2% | 1% |
| 60 – 64 | | 3% |
| 65 – REA-1 | | 5% |
| REA & above | | 8% |

(II) CPF Transition Offset

CPF contribution rates for Singaporean and Permanent Resident workers aged above 55 to 70 will be increased on 1 January 2021. The CPF Transition Offset will be given to their employers, to offset half of the increase in employer CPF contribution rates for one year (from 1 January 2021 to 31 December 2021), up to the CPF salary ceiling of \$6,000 per month. See Table 4 for details.

Table 4. CPF Contribution Rates and CPF Transition Offset in 2021*

| Age of employee (as of 1 Jan 2021) | >55 – 60 | >60 – 65 | >65 – 70 |
|--|--------------------------------------|--|--|
| Total CPF Contribution | 28% <i>(+2 percentage points)</i> | 18.5% <i>(+2 percentage points)</i> | 14% <i>(+1.5 percentage points)</i> |
| Employee CPF Contribution | 14% <i>(+1 percentage point)</i> | 8.5% <i>(+1 percentage point)</i> | 6% <i>(+1 percentage point)</i> |
| Employer CPF Contribution | 14% <i>(+1 percentage point)</i> | 10% <i>(+1 percentage point)</i> | 8% <i>(+0.5 percentage point)</i> |
| CPF Transition Offset (equivalent to half of the increase in employer CPF contribution rates) | 0.5% | 0.5% | 0.25% |

* The percentage figures in the parentheses refer to the increase in CPF contribution rates from the current levels, from 1 January 2021.

(III) Senior Worker Early Adopter Grant

From 1 July 2020 to 30 June 2023, the Government will provide companies with a Senior Worker Early Adopter Grant to support them in raising their company-specific RA and REA above the statutory minimum. To qualify for the grant, companies must formalise the changes in their HR policies and employment contracts, and communicate the changes to their employees.

More details will be provided at the MOM COS.

(IV) Part-Time Re-employment Grant

From 1 July 2020 to 30 June 2023, the Government will provide a Part-Time Re-employment Grant (PTRG) to companies which commit to offering part-time re-employment to eligible older workers who request for it. This will help older workers who would like to continue working, but prefer to be re-employed on a part-time basis.

More details will be provided at the MOM COS.

MORE INFORMATION

Please visit <http://www.mom.gov.sg/budget2020> for more information.