

**SPEECH BY MR LEE HSIEN LOONG, PRIME MINISTER, AT THE
AARP-COUNCIL FOR THIRD AGE CONFERENCE: REINVENTING
RETIREMENT ASIA, 08 JANUARY 2009, 9:45 AM AT PAN PACIFIC
HOTEL**

1. It is my pleasure to open this conference jointly organised by the AARP and the Council for Third Age. The focus of this conference – Reinventing Retirement – is timely and relevant.

INTRODUCTION

2. Population ageing affects all developed societies. It is the result of lengthening life expectancy with better healthcare, and declining birthrates as more women remain single and couples have fewer children. Japan is furthest down this route, and its population is already shrinking. The situation in Singapore is not as serious, but we are on a similar path. By 2030, one fifth of our population will be 65 years and older. This is nearly one million people, three times the number today.

3. These demographic trends will require us to make adjustments both as individuals and as a society. As individuals, because we expect to live longer than our parents' generation, each of us will have to re-calibrate the balance of work and retirement in our lives, as well as rethink what retirement means to us. As a society, because a larger proportion of the population will be elderly, we will have to work out new family, workplace and community arrangements that are economically and socially sustainable, to enable every individual to enjoy a productive, dignified life into his senior years.

SUPPORTING OLDER WORKERS

4. The best way for people to adjust to longer lifespans is to continue working for as long as they can, and to keep themselves occupied after formal retirement. People today are healthier and the nature of work has changed. We can continue to lead active and useful lives well into our old age.

5. However, many of our social attitudes and institutional structures were established at a time when life expectancies were shorter and our population was younger. These are no longer suitable for the present and future environments, but hinder us from adjusting to our new circumstances. Therefore, we will need to develop new arrangements to support older workers.

6. For example, wage structures and employment terms that were designed for a different age now need to be updated. Employers prefer to hire younger workers who cost them less under a seniority-based wage system, making it harder for older workers to find and keep jobs. Moreover, some employees still look forward to retirement at age 55 or 60. This was reasonable when life expectancy was in the 60s, but it is not sustainable with life expectancy around 80 today, and still going up.

7. All parties have roles to play in changing this outdated status quo. Employers need to appreciate that older workers, with their years of experience, wisdom and loyalty, can be a valuable resource at the workplace. Companies can modify job specifications and operations or redesign work for their older employees. The Workforce Development Agency (WDA) has created the ADVANTAGE! grant scheme to help fund such changes.

8. For example, the National University Hospital had tapped on this grant to install an automated trolley system in its pharmaceutical

department. Previously, trolleys of medicine had to be pushed manually, a physically demanding task for older storekeepers. With the automated system, medicine can be transported in bulk, saving both time and manpower. Despite increased workload, the job has become less strenuous, and productivity has gone up.

9. On the employees' side, workers must be prepared to work longer. They need to see work as an important avenue to contribute, stay active and learn new things. MOM's surveys indicate that older Singaporeans generally agree with this sentiment. But they need to be ready to adjust to different responsibilities, and possibly lighter work and less pay, and this is understandably harder to accept.

10. Sometimes, it is family attitudes that need to change. Let me share an example: The hotel industry needs attendants to clean rooms and change the bed linen. Older women can do such work well, and hotels are also keen to hire them. However, hotels have told us that these women tend to drop out from the training programmes, often under pressure from their children who do not want their parents to work as room attendants. So, the hotels have to hire foreign workers to fill the vacancies.

11. This is a delicate matter of face and status. The job of hotel attendant may be a humble one, but it is honourable employment, and if one can do it conscientiously and competently, there is no reason for the family to feel ashamed, or for society to look down on attendants or their families. We should not discourage anyone from taking on such jobs. To do so would limit his options to be active, engaged and to earn an income.

12. Besides fostering new social attitudes, the Government is also updating our employment laws and structures. But we should be realistic. We cannot solve the problem at the stroke of a pen by

legislation. For example, our official retirement age today is 62. Yet by 62, only six out of every ten men are still working. The rest have already retired earlier. Even fewer women work till 62, because most have dropped out of the workforce much earlier to raise their families. Simply raising the retirement age will not magically keep older workers employed longer.

13. Hence in Singapore we have gone for a more flexible and practical approach, similar to what Japan has done. We are legislating not to further delay the retirement age, but to require employers to offer re-employment to workers at 62 for another three years until 65, though not necessarily in the same job or at the same pay.

14. This legislative change will be supported by other measures. Singapore's tripartite partners – government, employers and unions – have collectively released a Tripartite Advisory to help employers understand and prepare for re-employment. The Government has also made changes to our wage structures so that older workers would not be disadvantaged. Workers beyond age 50 pay lower CPF contribution rates, to lighten the cost of employing them, and mitigate the effect of seniority-based wages. Our Workfare Income Supplement – in effect a negative income tax – is also weighted in favour of older workers.

15. We can also do more to raise the employment rate of older women. It is often tough for women to continue working while raising a family, even if the husband carries his share of the household responsibilities. We can help by adopting more flexible work arrangements, developing family-friendly workplace policies, and providing accessible and affordable childcare. We should also encourage older women to return to the workforce, through targeted outreach and retraining. In this area, the

Tripartite Workgroup on Enhancing Employment Choices for Women which was formed last year has successfully matched over 2,000 women with jobs in administration, childcare, security, retail and hospitality sectors.

16. Our efforts have been modestly successful. The employment rate of workers aged 55 to 64 has risen steadily, but we still have some way to go. We aim to push it up from 57% in 2008 to 65% by 2012. It will be tougher in this downturn, but we will strive our utmost. We should not lose the ground that we have arduously won over the last few years, getting more older people to continue working.

LEADING FULL AND ACTIVE LIVES BEYOND RETIREMENT

17. After retirement, older Singaporeans ought to stay active and engaged. They can contribute in community organisations, or join the Senior Citizen groups in our housing estates, which run regular activities to help our seniors keep physically well and socially active. More programmes are being introduced into the community. For example, we are piloting a “Wellness Programme” to encourage our seniors to lead active lifestyles and better manage their health.

18. We are also upgrading our physical infrastructure to cater to an older population. Our housing estates were built at a time when our population was young, and residents did not worry about accessibility issues. But small steps and barriers which were barely noticed by a younger population can become a formidable obstacle course for the elderly or infirm.

19. We are therefore progressively making our housing estates barrier-free. The Lift Upgrading Programme will install new lifts which stop on every floor. Our playgrounds have not only swings and climbing frames for

children, but also exercise machines for the elderly to get a gentle workout, and socialise with their neighbours and friends. In addition, we are making our bus system wheel-chair accessible; our train network already is. Older Singaporeans should be able to move around freely and conveniently, and have amenities suited to their needs, even if they suffer from some disabilities.

MAKING PROVISIONS FOR OLD AGE

20. One key concern is to ensure that the elderly are financially secure for their old age. This is a social issue, but it is also important that each individual takes personal responsibility, plans ahead, anticipates and prepares for his later years. Our system therefore encourages self-reliance, with the government playing an enabling role to help each person build up his individual assets and savings, through home ownership and the Central Provident Fund (CPF).

21. Our public housing and home ownership policies have enabled 95% of Singaporeans to own their own homes. Despite fluctuations in the property market, these homes are a valuable asset which Singaporeans can draw on when they grow old. Those who need money can sell or rent out their homes and either move in with their children or into smaller apartments on shorter leases. We have also introduced a lease buy-back scheme for smaller HDB flats, to provide an additional source of financing.

22. The CPF scheme has also served Singaporeans well. The CPF savings are wholly invested in Special Singapore Government Securities (SSGS), which are risk-free and provide a steady return. In boom times CPF members have sometimes complained that this approach yields too low returns. But in the current unstable financial markets, I believe many are relieved that the Government has been prudent rather than

adventurous with their retirement nest-eggs. Separately, we are now in the midst of incorporating an annuity in the CPF scheme, which will provide a steady stream of income starting at 65, for life. Called the Lifelong Income For the Elderly (or CPF LIFE), this is an additional layer of financial security to support Singaporeans as they age.

CARING FOR AN AGEING POPULATION

23. As an Asian society, the family is the first line of care and support for seniors. Although urbanisation and the trend towards smaller, nuclear families will put this practice under pressure, we must hold to it as much as we can. If families abdicate responsibility for their aged parents, and put the burden wholly on the state, our collective burden will become insurmountable. Beyond the family, we adopt a system of many helping hands where community and voluntary organisations play key roles in supporting the more vulnerable seniors. This ensures that help for those in need remains an expression of human compassion, and does not become a matter of bureaucratic administration and entitlement.

24. As our population ages, they will need more medical and long term care. We will build new acute and community hospitals and step down care facilities, as well as recruit and train sufficient doctors, nurses and carers. We will provide more resources, but it is not just a matter of spending more. It is also important to get the funding structure and support policies right, to ensure that services remain affordable and sustainable.

25. The CPF has been a useful platform for people to pay for medical services, through Medisave and MediShield. The cost of medical and long-term care is a major concern of the elderly and their families, as well as many younger people who can see what their parents need and worry

about what will happen to themselves when they grow older. We must ensure that savings and insurance schemes under the CPF are sufficient to provide for a major portion of their expenses. However, a free healthcare system is not the answer. It is an attractive ideal, but experience in many countries has shown that in practice “free” healthcare leads to uncontrollable and unsustainable demand for healthcare services, and is far from being free to the society as a whole. Hence we have aimed for a combination of personal responsibility with community and state support, in order to avoid the problems of inadequate coverage, over-consumption and long waiting lists faced by many other countries.

CONCLUSION

26. Population ageing brings complex and multi-faceted challenges. While we should not understate these challenges, we should be mindful that living longer is not a bad thing. People today can lead longer lives because they are generally healthier, and enjoy better medical care than their forebears. They are better-educated and can continue to contribute in the workforce and community for many more years. At work, older workers bring experience, stability and quiet deliberation to their workplaces. Within the family, older members are a valuable source for advice and help to bring up children. There is also potential for a “silver industry” to emerge, to service demand from the new demographic for a wide range of products, from healthcare to wealth management to golf holidays.

27. The impact of population ageing is long term and profound. But if we prepare our society to make the necessary adjustments, update our policies and improve our infrastructure, we can ensure that older citizens will continue to lead full and happy lives.

28. I wish all of you a productive conference. Thank you.