

Study on resilience identifies vulnerable groups

Unemployed and lower-educated Singaporeans found to be least resilient

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There have been no end of challenges thrown at Singaporeans lately, from the pandemic to high interest rates and soaring inflation, but it is also clear that many people have displayed a high level of resilience in the face of it all.

Resilience can mean different things to different people, but a workable definition is the ability to meet a difficult situation and bounce back better.

Global management consulting firm McKinsey adds that it also refers to the ability to actually thrive in difficult times, while Singapore Management University (SMU) terms it "the ability to roll with the punches".

Whatever the definition, resilience – especially of the financial kind – has been a much-needed factor of late, and will be even more crucial in the years ahead, said Ms Shannen Fong, vice-president and head of strategic communications and sustainability at Income Insurance.

Ms Fong said that as Singapore confronts a more volatile and uncertain future, it is important to build resilience, so people can learn to cope better in times of uncertainty.

The post-pandemic era has thrown up a range of challenges that have been severely testing Singaporeans' reserves of resilience.

Inflation is pushing up the cost of living and eroding the purchasing power of money, while there are fears of a global economic downturn or, even worse, a recession, with the inevitable job losses.

It was timely, then, for SMU's Centre for Research on Successful Ageing (Rosa) and Income Insurance to undertake a study earlier in September that aimed to find out just how resilient Singaporeans actually are.

It examined 2,021 Singaporeans between the ages of 26 and 78, and found that most were generally resilient mentally, physically, socially and financially.

But some vulnerabilities were also identified. Unemployed and lower-educated Singaporeans were the least resilient across all four domains – mental, physical, social and financial.

Single people were also found to be less financially and socially resilient than their married counterparts.

Professor Paulin Tay Straughan, Rosa's director, said this could possibly be because married Singaporeans tend to come from dual-income households.

The couple would likely have financial support from their spouse who also contributes to the family income, unlike a single who has only one source of income.

Prof Straughan added that married couples also tend to be able to draw on support from their spouse and their extended families, unlike singles with their smaller social networks.

However, the study did not cover the sandwich generation, typically married couples with young children and elderly parents who need care or help.

The twin challenges of parents and children mean financial resilience is particularly crucial for this group.

Mr Dickson Pek, associate director of financial services at Phillip Securities, said the sandwich generation is among the most financially burdened, with many aware of the importance of retirement planning but unable to set aside a meaningful amount of savings.

Mr Pek recommended that this group adopt the 50 / 30 / 20 rule of thumb for budgeting – 50 per cent to "needs", 30 per cent to "wants" and 20 per cent to monetary goals – so they can build financial resilience.

Financial resilience is the ability to withstand and recover from life events that can impact your income or assets, he noted, adding that such people can maintain a basic standard of living when they are faced with unexpected events like a job loss or a medical emergency.

Prof Straughan said financial education programmes will be key to helping the vulnerable groups in society, including the unemployed and lower-educated Singaporeans, and singles to achieve financial resilience.

"Without the right knowledge, they can lag behind in terms of accumulating more savings and financial resources to buffer against financial shocks," she said.

Mr Pek said the road to financial resilience is an ongoing journey, so it is advisable for people to start when they join the workforce and begin earning an income, but this can be undertaken by anyone, regardless of age.

Prof Straughan noted that financial resilience alongside social, mental and physical resilience lets a person lay a firm foundation for their well-being, which in turn will improve Singapore's overall well-being.

"The pressures that... Singaporeans face will continue to grow. While we may not be able to control what future challenges hold, cultivating a social environment that empowers resilience will ensure that well-being is safeguarded," she added.

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