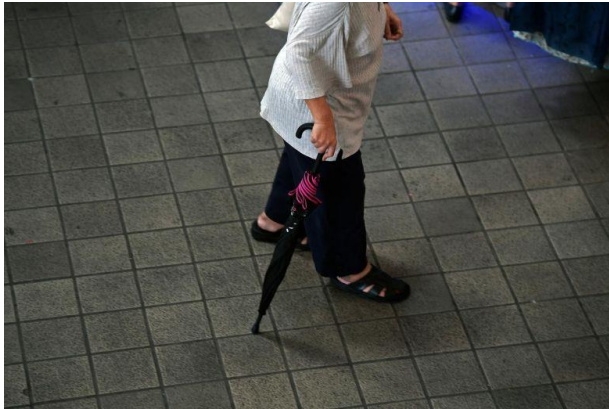


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Headline: Schemes that match what women put aside for retirement can encourage them to save for longer: Study

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In the study, researchers led by psychology professor David Chan monitored the savings behaviour of 377 elderly women from low-income households over an 18-month period. PHOTO: ST FILE

SINGAPORE - Although women outnumber men in Singapore, fewer of them are in the workforce and this contributes to lower savings for their retirement.

With women living longer than men, this lack of savings may affect the quality of their life in later years, the Tsao Foundation said on Thursday (Sept 20).

The foundation champions eldercare and ageing issues.

In 2017, it conducted a study to examine how elderly women from low-income households can be encouraged to save more, and for longer.

"The study was undertaken because as an ageing society, we know that there will be more women who will live longer. But, in living longer than men, women may find themselves in later years experiencing widowhood," said Ms Susana Harding, director of the foundation's International Longevity Centre Singapore (ILCS).

She said these women could potentially be of poor health and have "very little or no income support from their families".

Citing government figures, she said Singaporean women's average life expectancy is higher than men's by about five years.

About six in 10 women are employed, compared to about eight in 10 men, she said, quoting the labour force participation rate for 2017.

Many women are also involved in caregiving, or with family responsibilities that disrupt their career development. She said they also often receive less pay than men for work of equal value.

This results in lower balances in their Central Provident Fund accounts, although she added the gap is narrowing.

In the study, researchers led by psychology professor David Chan monitored the savings behaviour of 377 elderly women from low-income households over an 18-month period.

They looked at voluntary monthly top-up contributions to the women's CPF Special Accounts because these monies will be streamed out from their Retirement Account when they decide to start their monthly payouts.

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They found that schemes that match what women put aside for their retirement can be effective in helping these women sustain retirement savings behaviour.

In the study, the women saved \$50 or \$100 a month. Sponsors then matched what they saved with different amounts, from matching half of what the women put aside to double the amount.

A control group received nothing from the sponsors.

Overall, seven in 10 with matched savings stayed with the scheme for the period of the study but only one in 10 who received no contribution from the sponsors continued saving.

The study also found that the retention rate was higher when more sponsored money was matched to the women's savings, and the way the schemes are presented can affect the outcome as well.

More women (74 per cent) completed the study when they were promised a "matching percentage" of what they saved, compared to those who were promised an "expansion" of what they had saved, even though the dollar amount was the same.

"For example, we told one group of women that when you save \$100 in your account, we will add \$100 to your account. This means that we will match 100 percent of what you saved," said Prof Chan, who is from the Singapore Management University (SMU).

"For the other group of women, we said that when you save \$100 in your account, we will add \$100 to your account. This means that your account will have double the amount that you saved."

Prof Chan said the first phrasing focused on comparing the benefits that was reaped out of an amount saved, the second phrasing focused on the final amount that the women would have in their account.

"This is consistent with psychological research that people tended to make comparisons when they make judgments and decisions," he said. "They are influenced by comparing what they put in versus what they get."

He said that the findings are useful in letting policymakers know the importance of framing or wording such schemes to ensure more stay on.

Matched savings schemes have proved successful in encouraging saving habits overseas, including in Australia, the United Kingdom and United States, the foundation said.

An almost decade-old matched savings scheme in Australia, called the Saver Plus, has been touted as a "remarkable success" by researchers.

Out of the programme's 23,000 participants, only 12 per cent withdrew from the programme.

Most continued saving after they completed the programme.

SMU finance professor Benedict Koh, who was part of Prof Chan's team of researchers, said such matched savings schemes are best accompanied by a financial literacy course.

"The learning provides important knowledge, and the community environment also provides positive peer influence on savings behaviour."

The women involved in the study had undergone a financial literacy programme prior to participating in the study.

Said Ms Harding: "We trust that this study on matched savings will be useful to policymakers and any of us seeking ways to enhance the financial security of older persons and especially of women who are in particularly vulnerable positions."