

ThinkingAloud

# A 'silver tsunami' looms. What can Singapore do about it?

The issues of the elderly in a few years' time may not be the same as what we are worried about today.



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Singapore is greying rapidly. While this development has been flagged on multiple occasions in the past, the release of population census data earlier this month provides a stark illustration of the looming silver tsunami.

Census 2020 showed that residents aged 65 years and above formed 15.2 per cent of the resident population last year, up from 9 per cent in 2010.

Meanwhile, the old-age dependency ratio increased from 13.5 per cent to 23.4 per cent in the same period.

This ratio will only increase. By 2030, about one in four people here will be aged over 65.

Institute of Policy Studies head of governance and economy Christopher Gee notes that in the span of 10 years, Singapore has gone from being classified as an ageing society (defined by the United Nations as one in which more than 7 per cent of the population is aged 65 and over) to an aged society (above 14 per cent).

By 2030, going by projections, Singapore will be classified as a super-aged society (above 20 per cent), joining the ranks of countries like Japan.

The Republic's fertility rate also continues to slide.

This means there will be fewer children to take care of ageing parents, and more seniors will end up living alone.

The burden on those of working age will grow, while spending on healthcare and long-term care for the aged will rise as people live longer.

There is also the risk of Singapore's economy losing its dynamism and competitiveness, as its overall pool of workers gets smaller.

Bringing in migrants to offset the declines in population size and overall ageing – a politically charged issue that has already given rise to social tensions – will have to be carefully managed.

Other countries are facing the same challenge of a shrinking working population.

The 2021 ageing report by the European Commission projects that the labour supply for those aged 20 to 64 in the European Union will fall by 2.8 per cent by 2030, and by a further 13.1 per cent between 2030 and 2070.

The report also projects that by 2070, the EU would go from having about three working-age people for every person aged over 65 years, to having only less than two.

Assistant Professor Tan Poh Lin from the National University of Singapore's Lee Kuan Yew School of Public Policy says Singapore's combination of a greying population and very low fertility rate "reduces the timeframe for society, the economy and public policy to catch up, and increases the risks of unmet needs and inability of the economy to adequately adjust".

What steps should Singapore take to address this pressing issue?

IPS' Mr Gee sums it up thus: "Singapore can manage the rising costs of a more aged population by ensuring older persons continue to lead purposeful lives that enrich all of society. We do that by adapting our institutions to cater to different generational needs and requirements, revising our norms, especially those that anchor behaviours and activity to arbitrary chronological age markers, and ditching discriminatory ageist mindsets."

One area which needs attention is retirement adequacy, he says.

While Singapore has created a nation of home owners by allowing Singaporeans to pay for housing with their Central Provident Fund (CPF) contributions, he notes that this has resulted in a number of households having too much of their assets tied up in the home they occupy, with the other assets unable to fully cover all the costs of post-retirement living.

This issue is compounded by the prospect of diminishing property values as public housing leases go down.

"I believe this is an issue that will need to be addressed through the provision of a more flexible set of housing monetisation options, perhaps utilising concepts of social risk-pooling and professional asset management, handled by an updated HDB and accompanied by modifications to our housing finance policies," he says.

## RETIRES AS VOLUNTEERS

On the caregiving front, Mr Gee says more resources will have to be allocated to building up Singapore's long-term care institutions – especially within the community – and providing facilities in the homes of people as the population ages and societal pressures for such care increase.

Professor Paulin Straughan, a sociologist at Singapore Management University, says the aim should be to promote ageing in place and have seniors continue living in their own homes as far as possible.

Most homes will not have the luxury of hiring a foreign domestic worker who can take care of the elderly, she notes.

"So moving forward, we will have to leverage social capital in the community where the young and the old play important roles in facilitating ageing in place for the older members who are living with disabilities."

She highlights the growing pool of retirees who are better endowed and better prepared for retirement.

They should be seen as community assets, and tapped as potential volunteers, she adds.

One suggestion she has is to relook existing volunteer programmes to assess if frameworks to engage volunteers are robust enough.

"We must go back to the basics and curate a recruitment plan to attract a core group of younger retirees within each community to drive the initiatives," she says.

"We might also look at how to resource honorariums for these older volunteers as many will appreciate a small amount of funds to stretch their retirement savings."

In terms of infrastructure, the Government will also have to continue upgrading housing estates to be silver-friendly – for instance having basic essential services available within walking distance and safe communal spaces where volunteers can run regular activities.

## DISCARDING AGEIST MINDSETS

As the population greys, another key thing that has to change is the way employers regard older workers. Allowing people in their 60s to remain productive and work for longer – should they wish to – will go some way towards

countering the rising old-age dependency ratio.

Associate Professor Angelique Chan, executive director of the Duke-NUS Medical School's Centre for Ageing Research and Education, says society has to get more used to the idea that older workers can be productive.

Employers have to be willing to hire older workers. Having policies that do not discourage working after 65 will be key to this, she adds.

The current statutory retirement age of 62 will be raised to 63 from July 1 next year. The re-employment age will go up from 67 to 68 as well.

By 2030, the retirement age will be raised to 65 and the re-employment age to 70.

Workers cannot be dismissed on the grounds of age before they reach the retirement age, and employers have to offer eligible staff work up to the re-employment age – but with the flexibility to adjust contract terms based on new duties or responsibilities.

On this front, one common practice that should be relooked is offering employees a re-employment contract with reduced terms and benefits – even though they are doing exactly the same job as before they reached the retirement age.

Mr Gee notes that being old or older is often associated with diminished capacity and productivity, by both employers and even the employees themselves.

The perception of the elderly as being less productive than younger workers needs to be continually challenged, says Prof Tan, especially as successive generations hold more and more human capital and are increasingly adaptable to new technologies and innovations.

"This would reduce the demographic penalty of population ageing to some extent," she adds.

Prof Straughan calls for a scan of current labour market conditions, to ensure there is no ageism in the various labour policies and

practices. Further investments in retraining and upskilling, to ensure the older labour pool remains relevant, is necessary as well, she adds.

Allowing workers to retire later should also keep them healthy for longer.

In a paper that she co-authored and published in 2018, Prof Chan examined data for older employees over six years from 2009 to 2015.

She found that compared with those who remained in the workforce, retired older adults felt lonelier, were more depressed, and exhibited poorer cognitive function.

They also reported a significant deterioration in health over time, including having more chronic diseases.

The findings suggest there are major benefits to continued employment in old age, she wrote.

Singapore University of Social Sciences economist Walter Theseira notes that older workers are currently over-represented in professions such as craftsmen, plant and machine operators, cleaners and labourers.

This is due to their lower education levels compared with younger workers, he adds.

"It would be a mistake to think the issues of the elderly in a few years' time will look exactly the same as that we are concerned with today, when we worry about why there are elderly cleaners or cardboard collectors," he says.

Singapore will likely still have some elderly in low-wage, manual jobs or in poverty.

But if the country does not manage the transition to older workers well, it will soon have tens of thousands of professionals, managers, executives and technicians (PMETs) out of work – many of whom may feel they were forced to exit their careers in their prime, or forced to accept much lower standards of living from what they were used to, he says.

"That would also be a massive waste of human capital."

In general, Singapore has been looking at the right areas in terms of extending and encouraging

older workers to stay in the labour force, as well as getting them to reskill and catering to the needs of the elderly through social and financial support, Associate Professor Theseira says.

"The problems are that we don't know enough about whether some of these policies, such as for skills upgrading and reskilling, have been effective. We also are not prepared, I think, for the ageing of our heavily PMET, higher-educated workforce, which will pose quite different challenges from the ageing of our less educated pioneer generation workforce."

He notes that the problem facing the elderly today is largely basic financial adequacy, which can be addressed by significantly increasing financial and social support beyond existing measures like the Silver Support scheme.

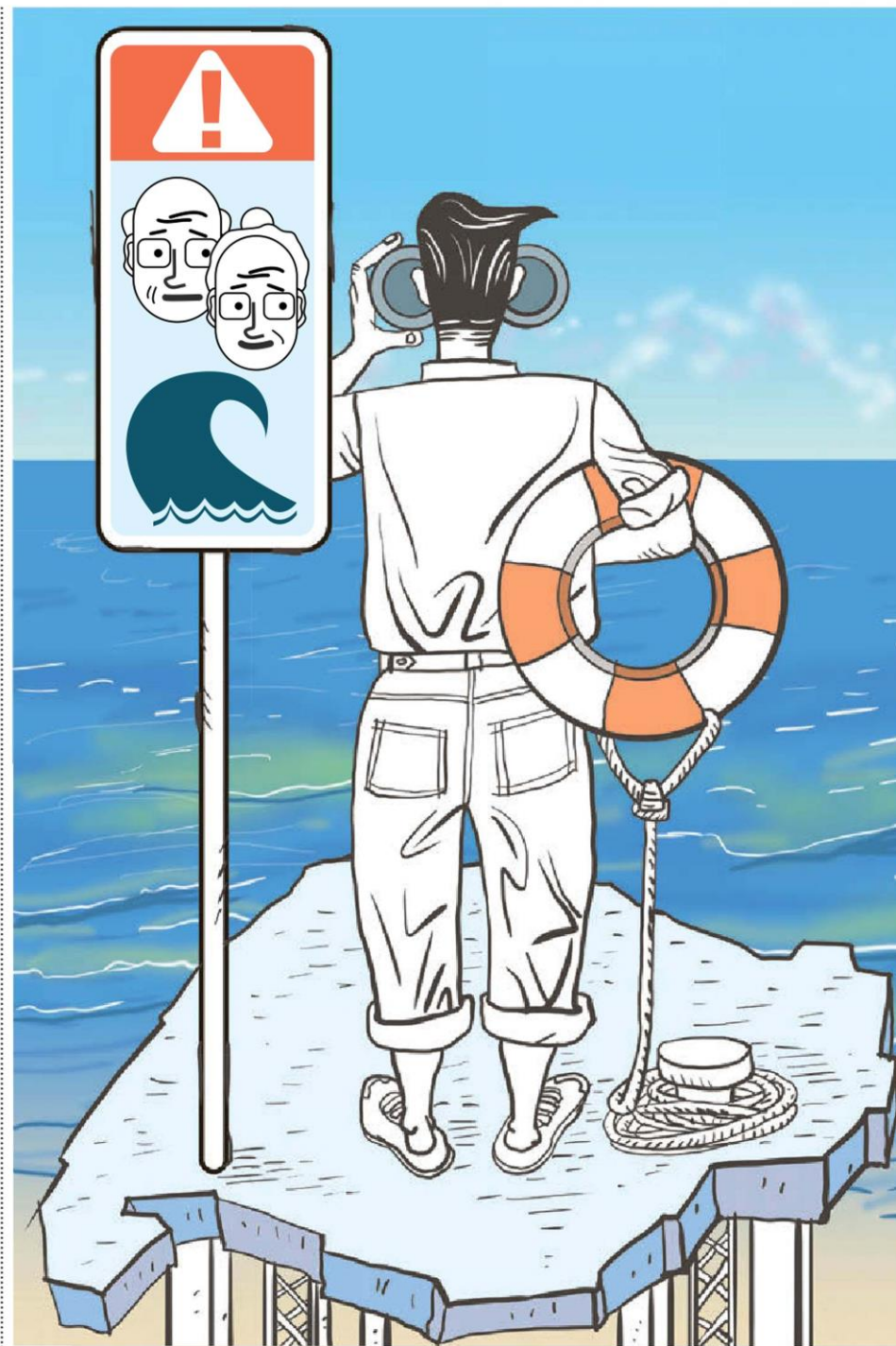
But the problems of tomorrow will likely be much more expensive to solve, because ageing PMETs will not be satisfied with a basic standard of living, or with low-wage retirement jobs, or with current standards of long-term care, he adds.

IPS' Mr Gee notes that Singapore society, like many others around the world, has got used to the standard three major stages of the human life cycle – childhood, adulthood and middle age, and old age. Shifting to a more dynamic, adaptive model of living that is less determined by one's age will allow a society to cope with population ageing, he says.

He is optimistic that with greater numbers of healthier, better educated Singaporeans who are living purposeful lives well beyond traditional milestones of old age, society will be able to move away from its legacy associations of old age with infirmity and loss of capacity.

What is clear is that decisive steps have to be taken to keep older workers in jobs for longer and improve the caregiving landscape, for Singapore to cope with its rapidly ageing population.

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