

Singapore: Retirement attitudes pulse survey 2018

This *Pulse* highlights the results of Milliman’s retirement attitudes pulse survey conducted amongst HR and other professionals who visited Milliman’s Employee Benefits booth at the HRM Asia HR Summit & Expo Asia in Singapore on 9 and 10 May 2018. The survey was intended to harness attendees’ views on their own retirement plans in order to establish a snapshot of retirement readiness amongst professional-level employees in Singapore and across Asia. The survey was conducted anonymously using an on-line tool.

Participants’ profile

A total of 102 attendees completed the survey.

The participants were fairly evenly distributed across the age groups (*Figure 1*).

78% of the participants were based in Singapore. The remaining 22% were based elsewhere in Asia.

FIGURE 1: AGE GROUP OF PARTICIPANTS

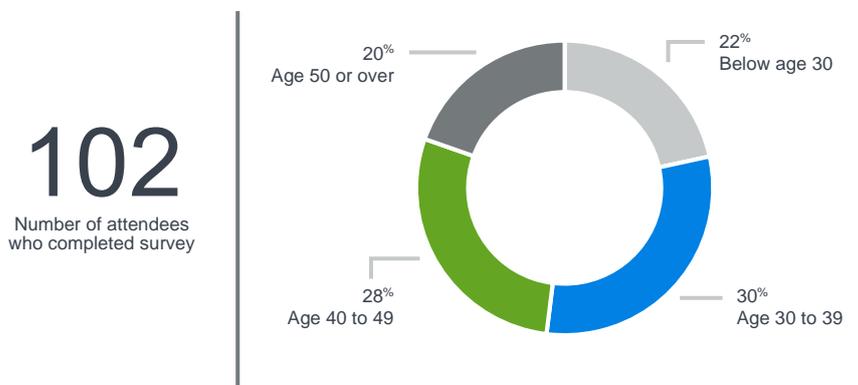
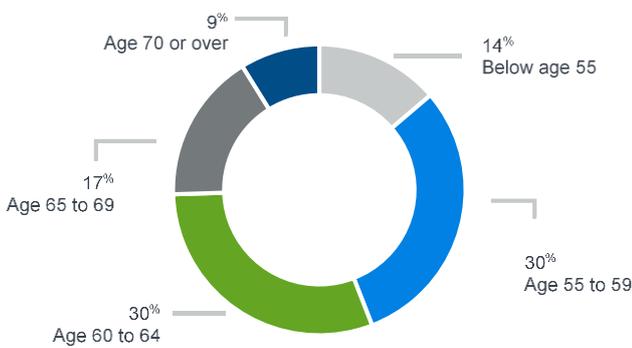


FIGURE 2: AGE AT WHICH PARTICIPANTS ARE PLANNING TO RETIRE



Target retirement age

Many participants are targeting earlier retirement. Over two-fifths (44%) of participants were planning to retire before age 60 (*Figure 2*).

Only 17% were planning retirement between ages 65 and 69 (which includes age 67, the prevailing retirement age in Singapore under retirement and re-employment legislation).

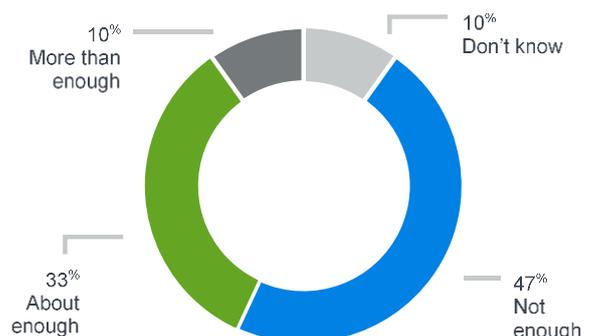
Those based outside Singapore were generally targeting lower retirement ages, with 64% planning to retire before age 60, compared to 39% of those based in Singapore.

Retirement adequacy

Over half (57%) of participants thought they were not saving enough for retirement or did not know (*Figure 3*). There was little difference in the responses between those based in Singapore or elsewhere.

Worryingly, given the need for deliberate savings to fund earlier retirement, 58% of those who said that they were planning on retiring below age 60 either thought they were not saving enough or did not know.

FIGURE 3: DID PARTICIPANTS THINK THEY ARE SAVING ENOUGH FOR THEIR RETIREMENT?



Retirement funding

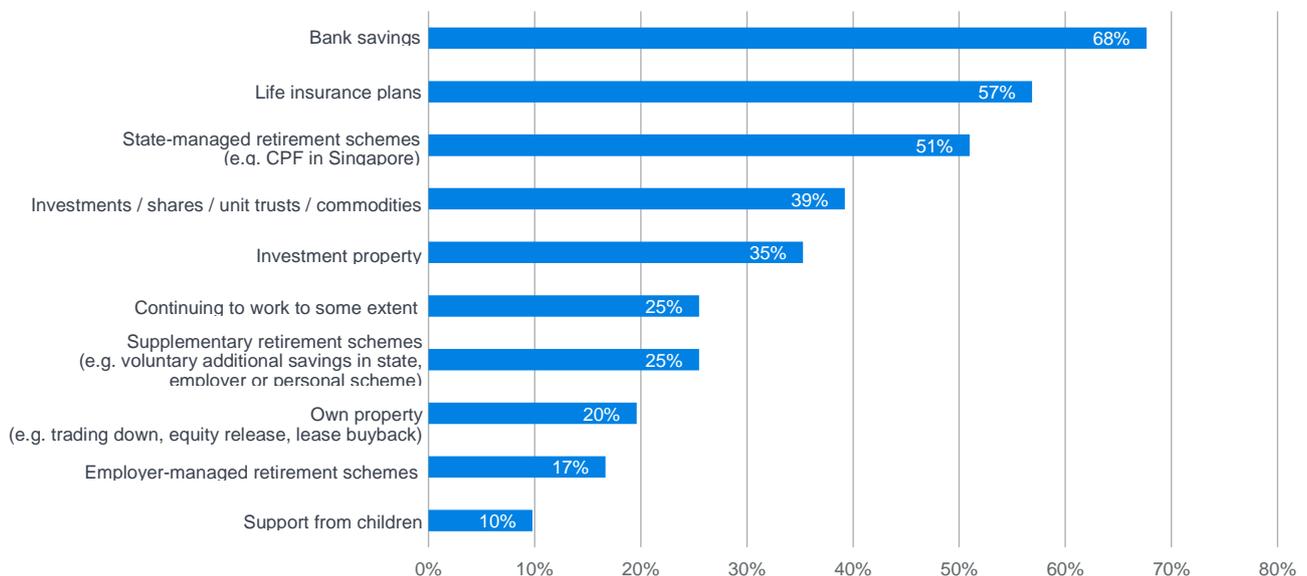
Bank savings (68%), life insurance plans (57%) and state-managed retirement schemes (51%) were the most cited savings vehicles for retirement. Other investments (39%) and investment property (35%) also ranked highly (Figure 4).

Only a quarter (25%) of participants said that they used a dedicated supplementary retirement savings vehicle (such as voluntary savings in a state, employer or personal scheme). This may reflect both a lack of awareness and the limited availability of such plans.

The key difference between Singapore-based participants and those based elsewhere was the use of state-managed retirement schemes. In Singapore, the Central Provident Fund (CPF) forms the foundation for retirement saving for Singaporean Citizens and Permanent Residents. 61% of Singapore-based participants viewed the CPF as a key part of their retirement savings, whilst only 14% of those based outside of Singapore selected this option.

Meanwhile, 32% of those based outside Singapore cited employer-managed retirement schemes as a retirement savings vehicle, whilst only 13% of those based in Singapore did so. This reflects the limited prevalence of such schemes generally across the region, but particularly in Singapore, where the prevalence of supplementary retirement schemes is below 5%.

FIGURE 4: HOW PARTICIPANTS ARE PLANNING TO FUND THEIR RETIREMENT



Implications for employers

The results of the pulse survey suggest that professional-level participants in Singapore and around the region struggle with retirement planning. Whilst many plan to retire before age 60, the reality is that a significant proportion are unlikely to be saving enough to fund this ambition. The most cited retirement savings vehicle was bank savings, which are unlikely to yield returns which keep pace with inflation and may therefore not be optimal for retirement savings, particularly for younger employees.

Employers are well-placed to assist in this area. In Singapore, provision of a supplementary retirement plan is an effective means of differentiating an employer's reward program given the low market prevalence of such schemes. Financial wellness education around retirement planning is an easy win, helping employees to better understand and navigate the CPF, the Supplementary Retirement Scheme (SRS) and other retirement savings vehicles.



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