

Annex B: Views from the Public

The CPF Advisory Panel engaged Singaporeans from different walks of life to understand their perspectives and concerns, and gather a diverse range of suggestions to enhance the CPF system. This engagement was important as CPF members have varied needs. The feedback from the public has been invaluable in helping the Panel understand the different retirement needs of individuals and households, and contributed significantly to the shaping of the Panel's deliberations and recommendations.

The engagement took the form of Focus Group Discussions (FGDs), with facilitated small group break-outs to provide more time for the participants to share their experiences and views, in relation to the Panel's first three Terms of Reference.

10 FGDs were held between November 2014 and January 2015, comprising:

- Sessions open to public
- Sessions with Grassroots and Union Leaders and Members, organised in partnership with the People's Association and the National Trades Union Congress
- Sessions to reach out to the lower-income, jointly organised with self-help groups – CDAC, MENDAKI, and SINDA.

More than 400 Singaporeans took part in the FGDs. The Panel also received over 150 pieces of written feedback, comments and ideas from individuals and industry associations and professional bodies (such as the Investment Management Association of Singapore and the Singapore Actuarial Society) through emails and REACH, as well as from the National Trades Union Congress.

How should CPF payouts (and hence the CPF Minimum Sum) be sized?

1. As the FGD participants came from different backgrounds and household circumstances, their retirement needs and expectations of the role of CPF in providing for their retirement varied widely. Some participants felt that it would be important for their CPF savings to be able to provide for most or all of their basic retirement needs, but recognised that what is "basic" can be subjective, depending on the individual and his living arrangements. Others shared that they had or already planned for alternative sources of retirement income and saw their CPF savings playing a smaller role in ensuring retirement adequacy.
2. Participants felt that there should be greater flexibility in the level of CPF LIFE payouts. For example, those who require higher monthly payouts from CPF LIFE

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should have the option to top up more monies into their CPF accounts. Conversely, those who required less should be allowed to opt for lower CPF LIFE payouts, and hence would not need to set aside as much in their CPF.

3. Participants also discussed whether CPF LIFE payouts should only cater for the individual, or take into account expenses incurred for dependants. Participants commented that some Singaporeans may need to continue supporting their children in the initial years after retirement, as more are having children later in life. Some participants also anticipated the need to support elderly parents who are expected to live longer.

“I think changes to the system are like shifting the goalpost.”

“There is no one-size-fits-all, no one number that can be applied to everyone.”

“(CPF to cover) 100% of the must-haves – other income will cover the good-to-haves.”

“I’m assuming lifestyle won’t change, and I do notice that the elderly do tend to travel a lot, and then there’re the medical expenses...these add up.”

“I realise we all see CPF differently. We all have different understanding of what CPF means to us.”

4. For CPF LIFE payouts to be able to cater for greater needs and higher expenses, participants recognised that it would mean setting aside more savings in their CPF. Some participants appreciated how the CPF benefited them and indicated they were willing to top up their CPF to receive higher payouts. Many shared that CPF would not be their only source of retirement income. Some participants expected to be able to supplement CPF payouts with personal savings, housing monetisation, income from investments, or support from children.
5. There was also discussion on how CPF members with low balances may have to rely on support from family members in retirement for their retirement needs, and that

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Government schemes may have to come in to provide additional support for lower-income households in retirement.

- Participants also raised other concerns including: the CPF system being too complex, changes being too frequent, and insufficient notice being given of key changes that affected retirement planning. Some said they were confused by the term “Minimum Sum”, as it was also currently the “maximum sum” for those members who would like to be able to put more into their CPF Retirement Accounts. There were also concerns that many CPF members had withdrawn a significant proportion of their CPF savings to pay for their homes, leaving less for retirement needs.

Lump Sum Withdrawal at 65

- The majority of participants were in favour of an option to allow CPF members to withdraw a portion of their CPF savings in a lump sum. However, views differed very widely on the amount and conditions under which such withdrawals should be allowed. A key concern was that the withdrawal would result in lower CPF LIFE payouts thereafter.

“I turned 55 some time ago, and I withdrew all my CPF savings. Then there was the economic crisis so I lost a lot of it. I think lump sum withdrawal is not a good idea.”

“If you ask me, I don’t want to withdraw because CPF pays better interest, but it’s good for CPF to provide options.”

“With people getting more and more educated, people will like to have more control over their monies; some may even be able do better. Should give members a say over how they use their monies but make it conditional... like organise a financial education course before they are allowed to withdraw.”

“I want my money now because I do not know if I will live till 65.”

“People are marrying and bearing children at a later age, some may need to withdraw lump sum for their children’s education.”

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8. Participants shared why they desired flexibility to be able to withdraw a portion of their CPF savings at retirement – many were concerned that they may face short-term cash flow needs or emergencies. Possible cash flow needs include: paying for their children’s tertiary education, wedding or housing purchase; out-of-pocket medical expenses; or for religious activities such as performing the Hajj. Some were also of the view that a lump sum withdrawal would help fulfil their desire to spend a portion of their savings on their family or on themselves upon retirement, as a “reward” for working many years.
9. Given the importance of retirement adequacy, some participants felt that a lump sum withdrawal should only be allowed under certain conditions, such as for housing purchase or family emergencies. There were also participants who suggested that the withdrawal rules could be calibrated according to the type of needs, with varying limits for different purposes.
10. Some participants felt that CPF members with low balances should not be allowed to make a lump sum withdrawal, as it would deplete their CPF savings, resulting in very low CPF LIFE payouts. On the other hand, some felt that CPF members with low balances would have greater cash flow needs and hence the option to make a withdrawal should be available to all CPF members. The amount that can be withdrawn should thus also be meaningful for all members. There were also a few participants who felt strongly that they should be allowed to manage their CPF savings as they wished, even though they may decide not to exercise the option to withdraw their CPF savings.
11. Overall, there was agreement that an option should be provided to allow CPF members to make a lump sum withdrawal of a portion of their CPF savings upon retirement, capped at an appropriate amount. There were also suggestions that financial counselling be made available to CPF members, so as to help them understand the implications of making a withdrawal on their CPF payouts and their ability to meet retirement expenses. Some participants even proposed enlisting the support or consent from family members to act as “gatekeepers” if the amount withdrawn was significant, to help ensure the funds are prudently used. Some also suggested incentives such as higher CPF interest rates to encourage CPF members to retain their monies in the CPF.
12. Many participants felt that Singaporeans generally lacked awareness and understanding of CPF rules and the various CPF options available to them. They also noted that it was difficult to keep up with CPF policy changes over time. They felt the situation could be improved through better communication efforts and more

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widespread general education on CPF policies. For CPF members nearing retirement, more targeted efforts and advice might be necessary to help them make better decisions on the use of their CPF savings.

“CPF LIFE should also be (about) engagement for life – there should be education from an earlier age and not just when we are 55... when we can still learn and do something.”

The Panel would like to register its appreciation to all who have taken the time and effort to share their views and feedback with the Panel through the various platforms. The Panel has carefully considered the feedback received in its deliberations on how best to strengthen the CPF system and make it more flexible to meet the needs of Singaporeans.