

Spirited debate on adequacy of CPF

Tuesday, March 30, 2010

THE workings of the Central Provident Fund (CPF) and whether it provided enough for retirement fuelled a spirited debate at yesterday's inaugural Ee Peng Liang Seminar on the Aged.

The spark came from a paper presented by National University of Singapore (NUS) social work graduate Ng Kok Hoe, which highlighted that a Singaporean would draw between 8 per cent and 26 per cent of his last drawn salary from the CPF at age 65.

Mr Ng, who is pursuing his doctorate in social policy at the London School of Economics, questioned if this was enough, as other countries seemed to hit 50 per cent or more through their pension schemes.

Mr Ng's paper showed that 68 per cent of annual CPF contribution is spent on housing, while health took 18 per cent and pensions 14 per cent.

Debating it were Minister for Community Development, Youth and Sports Vivian Balakrishnan and Dr Lee Soon Ann, senior fellow at the department of economics at NUS. Dr Balakrishnan took the point there was no perfect balance to how CPF should be spent, but noted that Singaporeans had 'by and large got it right so far'.

As to whether the payout was enough, he said one should not discount the equity tied up in housing. There are schemes which allow Singaporeans to sublet their homes or downsize for cash, letting them 'extract liquidity out of equity', he said.

On another point, Dr Lee suggested that the 14.5 per cent contributed by the employer to the employee's CPF each month could be used by employers instead for training to increase labour productivity.

Dr Balakrishnan disagreed, saying that funding for training and research would come from other sources, and not CPF. He said that CPF is 'basically about saving, and saving enough for retirement'.

Yesterday, Mr Ng received the Ee Peng Liang Memorial Fund Scholarship, which goes to students with both academic excellence and leadership potential in the social service sector in Singapore.

Mr Ee Peng Liang, who died in 1994 aged 81, was known to Singaporeans as 'Mr Charity' for his decades of work in the social service sector.