Pulse

Benefits in Asia

Milliman

Singapore: Retirement savings gender gap

This *Pulse* looks at how savings compare between males and females in the Central Provident Fund ("CPF") in Singapore, provides insights on what might be driving the numbers, and closes with some thoughts for improvement in the future.

Studies in many countries have highlighted a gap between retirement savings for men and women. This gap arises partly from different levels of earnings between the genders – reflecting different types of job, varying contract structures (especially part-time versus full-time) and from lingering pay inequities. Retirement savings are also impacted from gaps in contributory service, which tend to impact women disproportionately, particularly those who take a career break to raise a family.

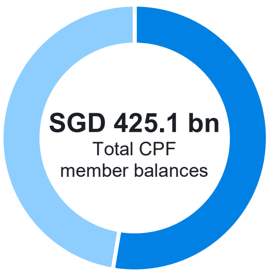
We have analysed the CPF member balances reported in the CPF's annual reports over the last decade. Whilst the CPF is the foundation for retirement savings in Singapore, it also meets other needs, including medical expenses and protection, housing, insurance and education. Considering total CPF member balances therefore provides an insight into long-term savings in Singapore, including retirement.

The number of CPF accounts (to the nearest thousand) and total CPF member balances (SGD billion) as at 31 December 2019 were as follows (disregarding the small number of accounts where the gender is not specified) *(Figures 1 and 2)*:

FIGURE 1: NUMBER OF CPF ACCOUNTS

Male	**1,997,000**
Female	**1,981,000**

FIGURE 2: TOTAL CPF MEMBER BALANCES



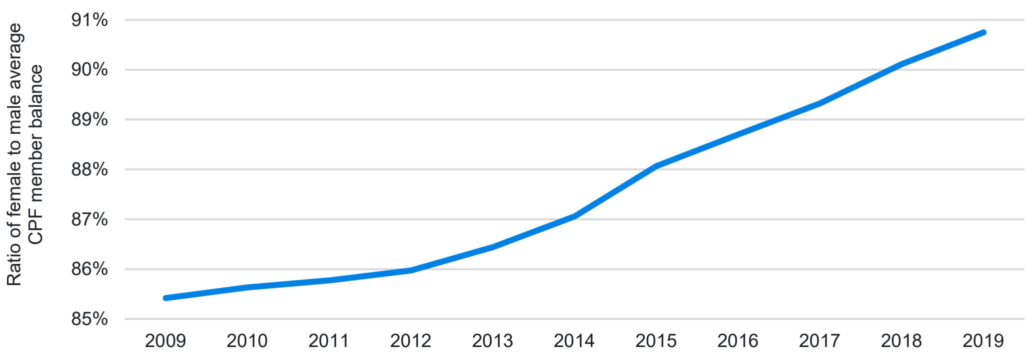
Male	**SGD 223.7 bn**
Female	**SGD 201.4 bn**

Source: Central Provident Fund Board – Annual Report 2019; Milliman calculations

Whilst the number of accounts shows an even participation in the CPF between the genders, the average CPF member balance as at 31 December 2019 was SGD 112,025 for males and SGD 101,661 for females. The average CPF member balance for females was therefore 90.7% of the average for males in 2019.

Looking over the last decade, the ratio of the average female CPF member balance to average male CPF member balance has evolved as follows *(Figure 3)*:

FIGURE 3: MOVEMENT IN RATIO OF FEMALE TO MALE AVERAGE CPF MEMBER BALANCE FROM 2009 TO 2019



Ratio of female to male average CPF member balance

2019: **90.7%**

2009: **85.4%**

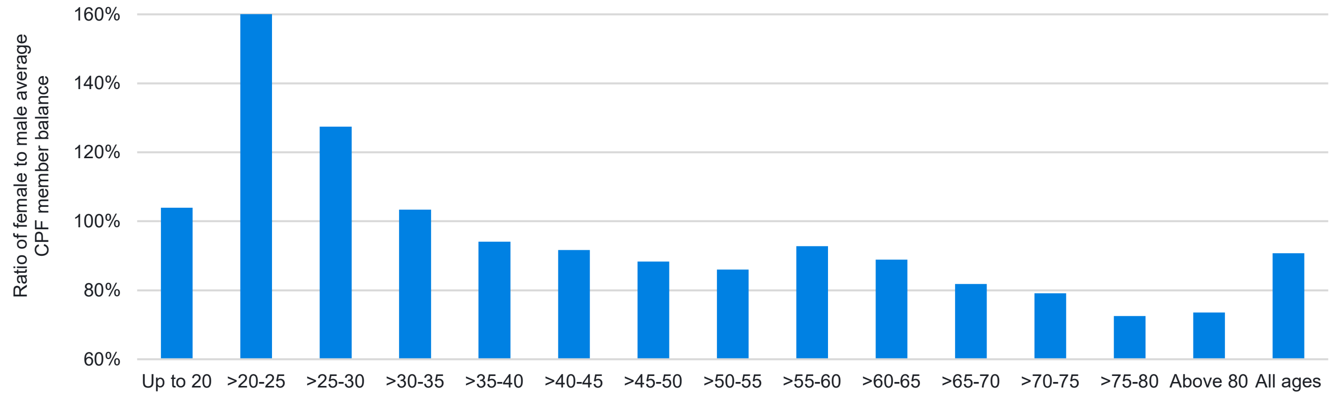
Source: Central Provident Fund Board – Annual Reports 2009 to 2019; Milliman calculations

In Figure 3, the improvement in the ratio over the period is encouraging, suggesting that the savings gap between the genders is gradually closing.

In 2009, the average CPF member balance for males was SGD 54,653 for males and SGD 46,684 for females (a ratio of 85.4%), implying an annual growth rate of 7.4% per year for males and 8.1% per year for females over the ten years to 2019.

We can break the 2019 data down further by age group, showing how the ratio of the average CPF member balance between males and females varies across the ages *(Figure 4)*:

FIGURE 4: RATIO OF FEMALE TO MALE AVERAGE CPF MEMBER BALANCE BY AGE IN 2019



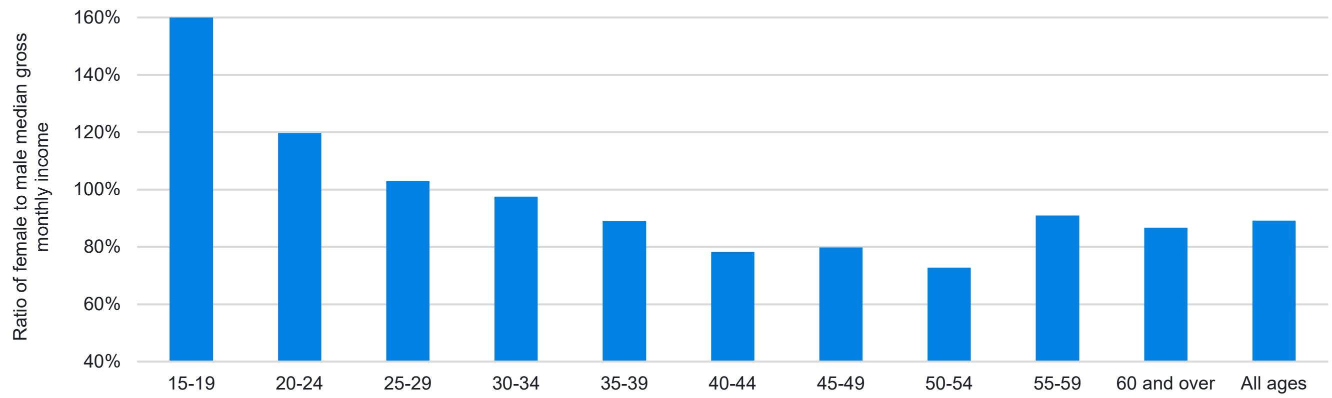
Source: Central Provident Fund Board – Annual Report 2019; Milliman calculations

Figure 4 highlights that, up to age 20, there is little to separate males and females. In the 20's and early 30's age groups, females appear to fare better than males – the average female CPF member balance for those aged >20 to 25 is around 160% of males. This is likely to mainly reflect the impact of National Service on male CPF member balances (all males must undertake two years of full-time National Service on finishing school, subject to the National Service enlistment regulations). However, it may also reflect that female pay compares favourably to male pay at these ages.

The female to male ratio reduces into the working ages up to age 55. This may illustrate the impact of career breaks on female CPF savings, both in terms of missed contributions as well as the potential impacts of such breaks on female pay. The female to male ratio picks up in the >55 to 65 age groups, before falling away again with increasing age.

Interestingly, the ratios in Figure 4 echo the shape of the female to male ratio of median gross full-time monthly income (excluding CPF contributions) in 2019 *(Figure 5)* as published in the Ministry of Manpower's "Labour Force in Singapore 2019":

FIGURE 5: RATIO OF FEMALE TO MALE MEDIAN GROSS MONTHLY INCOME BY AGE IN 2019

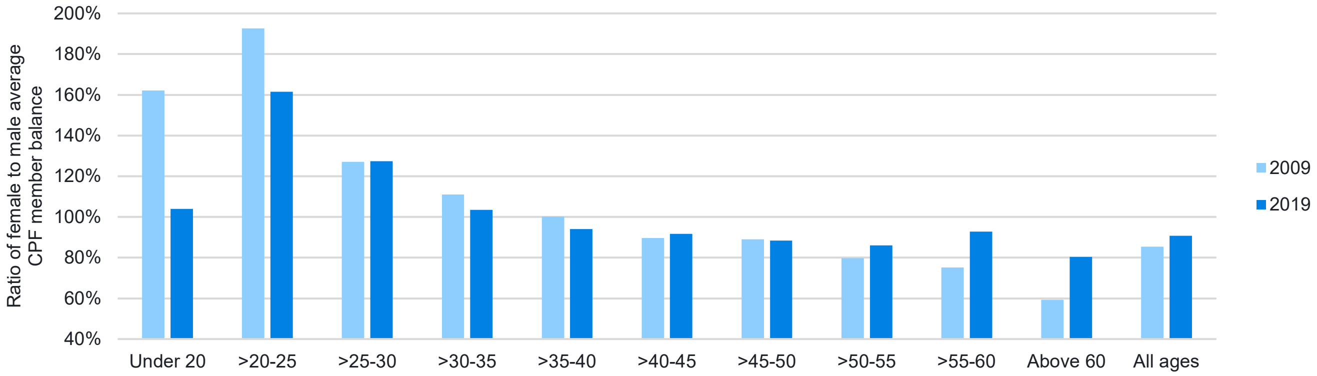


Source: Ministry of Manpower – Labour Force in Singapore 2019; Milliman calculations

In Figure 5 we see that in terms of median income, females exceed males into the 20's age group. The ratio then reduces beyond age 30 before picking up again for ages 55 and above. This may offer some explanation for the pick-up in average female CPF member balances between ages 55 and 65 in Figure 4. The overall ratio of median monthly income of 89.2% in 2019 is very similar to the 90.7% ratio of CPF member balances in 2019.

We can also assess how the ratio of the average female to average male CPF member balance have changed by age over the last 10 years *(Figure 6)*:

FIGURE 6: MOVEMENT IN FEMALE TO MALE AVERAGE CPF MEMBER BALANCE BY AGE BETWEEN 2009 AND 2019



Source: Central Provident Fund Board – Annual Reports 2009 and 2019; Milliman calculations

Figure 6 shows that the higher female ratio at the younger ages has declined over the last decade. This in part may reflect National Service Housing, Medical and Education ("NS HOME") Awards which were implemented in 2014, whereby additional credits are paid into CPF on completion of full-time National Service, improving CPF member balances for males.

Interestingly, the female to male ratio in the 30's age group has also reduced over the last 10 years, suggesting that career breaks to have a family are continuing to have an impact. The ratio has been fairly static in the 40's age group. There is a noticeable improvement in the female to male ratio beyond age 50. This reflects both higher relative female incomes beyond age 55 (as shown in Figure 5) as well as higher participation of older females in the workforce. The Ministry of Manpower's "Labour Force in Singapore 2019" showed that workforce participation of males aged 55 to 64 increased from 79.4% to 82.3% between 2009 and 2019 (a modest 4% relative increase), whilst female participation increase from 42.1% to 57.7% over the same period (a significant 37% relative increase). Increased workforce participation is potentially improving retirement outcomes for females particularly.

In summary

This *Pulse* has highlighted that the gap between female and male long-term savings in Singapore, as measured by member CPF balances, saw an overall improvement between 2009 and 2019, with the female to male ratio of average member CPF balances improving from 85.4% to 90.7% over the period.

However, breaking down the ratios by age highlights that this movement has been largely driven by improving relativities in average account balances at ages over 50. This is likely to mainly reflect increasing female participation in the workforce at older ages, and a narrower gap between pay at older ages. Whilst this is a success in its own right, there is still more to do to improve savings equity across the ages.

At ages below 40 the female to male ratios have declined over the last ten years, whilst the ratios in the 40's have been largely unchanged. The reducing ratio of CPF member balances beyond age 30 is likely to partly reflect the impact of females taking a career break to raise a family – which results in missed contributions and lower subsequent incomes on return to work.

Better and more diverse career opportunities for women, more sharing of family responsibilities between males and females, sustained focus amongst employers to ensure pay equity across the genders, more tailored education on the importance of retirement planning and how additional savings can be made, and the provision of CPF contribution credits/transfers for those who take time out to raise a family should continue to improve the situation in the future.

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