Pulse

Benefits in Asia

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Singapore: Retirement savings gender gap – update for 2020 data

This *Pulse* provides an update to our June 2021 analysis, looking at how savings compare between males and females in the Central Provident Fund ("CPF") in Singapore. It considers the latest data from CPF's 2020 annual report that was published in July 2021.

A gap between male and female retirement savings has been found in studies in many countries, arising both from different levels of earnings by gender, and well as from contribution density, with women more likely to have gaps in retirement savings, particularly from taking a career break to raise a family.

In this *Pulse*, we have looked at how CPF member balances compare by gender based on information presented in the CPF's 2019 and 2020 annual reports. Considering total CPF member balances provides an insight into long-term savings in Singapore, including retirement. 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.

The number of CPF accounts (to the nearest thousand) and total CPF member balances (SGD billion) as at 31 December 2020 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	**2,028,000**
■	Female	**2,019,000**

FIGURE 2: TOTAL CPF MEMBER BALANCES

■	Male	**SGD 241.8 bn**
■	Female	**SGD 220.3 bn**

Source: Central Provident Fund Board – Annual Report 2020; Milliman calculations

The number of accounts shows an even participation in the CPF between the genders – 50.1% males to 49.9% females. However, total CPF member balances were higher for males than for females – SGD 241.8 billion for males compared to SGD 220.3 billion for females.

The average CPF member balance as at 31 December 2020 was SGD 119,249 for males and SGD 109,106 for females. This compares to SGD 112,025 for males and SGD 101,661 for females in 2019.

The annual growth in the average CPF member balance between 2019 and 2020 was 6.4% for males and 7.3% for females.

This average CPF member balance for females was 91.5% of the average for males in 2020 – reflecting an improvement from 2019, when the average CPF member balance for females was 90.7% of the average for males.

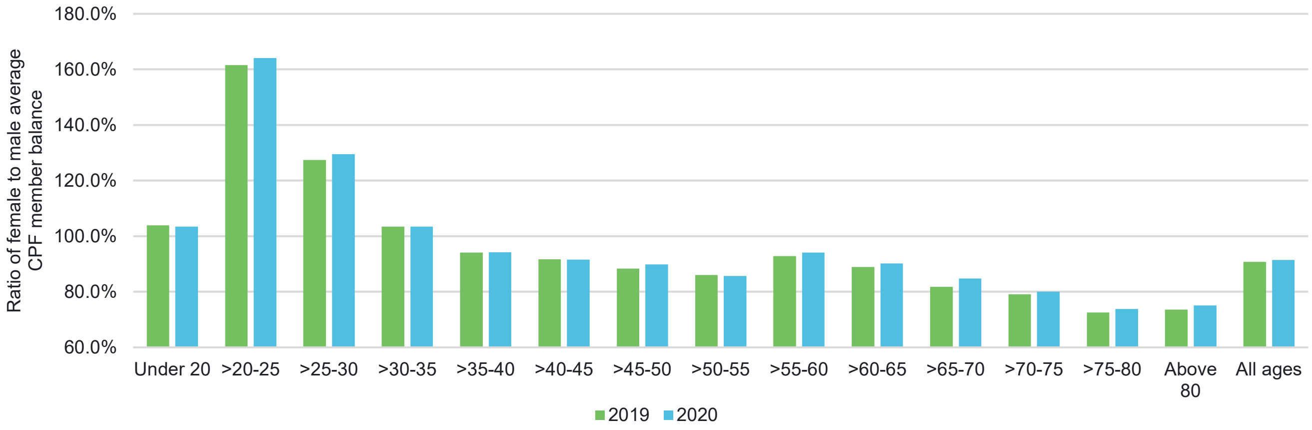
This builds on a steady growth in the ratio over the ten years to 2019, growing year-on-year from 85.4% in 2009.

> Ratio of female to male average CPF member balance
>
> 2020: **91.5%**
> 2019: **90.7%**

The continued improvement in the ratio is encouraging, suggesting a gradual closing of the long-term savings gap between males and females. However, the pattern is not uniform across the ages.

Breaking down the ratio by age-group shows that the position varies quite significantly by age *(Figure 3):*

FIGURE 3: RATIO OF FEMALE TO MALE AVERAGE CPF MEMBER BALANCE BY AGE IN 2019 AND 2020



Source: Central Provident Fund Board – Annual Reports 2019 and 2020; Milliman calculations

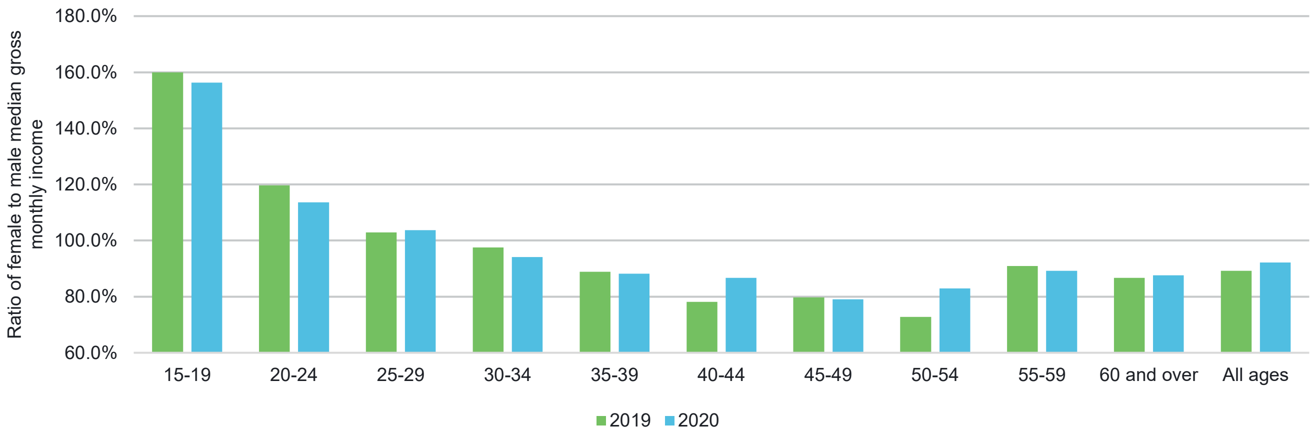
Figure 3 shows that under age 20, there is little difference in CPF member balances between males and females. In the 20's and early 30's age-groups, females appear to fare better than males – which is likely to reflect that average female pay compares favourably to male pay at these ages, but also highlights the impact of National Service on male CPF member balances. For the >20-25 age-group in 2020, average CPF member balances for females were 164.1% of those for males (an increase from 161.5% in 2019).

The female to male ratio reduces between ages 30 and 55. For the >50-55 age-group in 2020, average CPF member balances for females were 85.7% of those for males (a slight decrease from 86.0% in 2019). The decreasing ratio beyond age 30 may illustrate the impact of career breaks on female CPF savings, both in terms of missed contributions as well as the potential longer-term impact of such breaks on female pay. The female to male ratio picks up again in the >55 to 65 age-groups, before falling away again with increasing age.

Overall, the female to male ratio has improved in most age-groups between 2019 and 2020, though there were some where it worsened slightly. The ratio was largely unchanged in the >30 to 45 age-groups, suggesting that career breaks to have a family are continuing to have a similar impact. The most noticeable improvements were in the ages beyond 55. This pick-up is likely to reflect both higher relative female incomes beyond age 55 as well as increasing participation of older females in the workforce.

The ratios in Figure 3 echo the shape of the female to male ratio of median gross full-time monthly income (excluding CPF contributions) in 2019 and 2020 *(Figure 4)* as published in the Ministry of Manpower's "Labour Force in Singapore 2019" and "Labour Force in Singapore 2020":

FIGURE 4: RATIO OF FEMALE TO MALE MEDIAN GROSS MONTHLY INCOME BY AGE IN 2019 AND 2020



Source: Ministry of Manpower – Labour Force in Singapore 2019, Labour Force in Singapore 2020; Milliman calculations

Figure 4 shows that in terms of median income, females exceed males in the 20's age-groups. The ratio then reduces beyond age 30 before picking up again for ages 55 and above. The pattern is similar to the ratios for CPF member balances.

The overall ratio of median monthly income of 92.2% in 2020 represents an improvement on 89.2% in 2019. At a high level, COVID-19 appears to have had a more detrimental impact on incomes for males compared to females in 2020, which explains some of the improvement in the gender ratio.

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 2019 and 2020, with the female to male ratio of average member CPF balances improving from 90.7% to 91.5% over the year. This builds on the year-on-year improvement seen in the ten years to 2019.

Looking at the ratios by age highlights that the improvement is largely driven by improving relativities in average account balances at ages over 55. This is likely to mainly reflect increasing female participation in the workforce at older ages, and a narrower gap between pay at older ages. This also continues the trend in the prior ten years.

Whilst the improvements in relative savings for older females is positive, there is still more to do to improve savings equity across the ages. There has been relatively little movement in the ratios for ages between 30 and 55 over the last year, again continuing the prior ten-year trend, suggesting there is more to do to alleviate 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.

Improved and more diverse career opportunities for women, greater 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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