

## Would you want to retire with \$1,379 per month?

Date

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S\$ 1,379.00

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The research report on “What older people need in Singapore: A household budgets study” was released in May 2019. It has derived a budget of \$1,379 per month for a single elderly to meet the basic standard of living. This generated much interest and discussions, especially on whether \$1,379 per month is sufficient for one to live on during retirement.

I would like to share some of my thoughts.

### Definition of “Basic Standard of Living”

The participants arrived at this definition: “A basic standard of living in Singapore is about, **but more than just**, housing, food, and clothing. It is about having opportunities to education, employment, and work-life balance, as well as access to healthcare. It enables a sense of **belonging, respect, security, and independence**. It also includes **choices** to participate in social activities, and the freedom to engage in one’s cultural and religious practices.” (*emphasis mine*)  
(Source: <https://whatsenoughsg.wordpress.com/key-findings/>)

This definition shows that Singaporeans do not just want to survive – they want to thrive. For many of us who have been working hard and planning for the well-deserved time after paid full-time work, we definitely don’t want to just “survive”.

From the many focus groups, we can see what the elderly value. They value independence and autonomy but at the same time desire a sense of belonging and to be connected via social activities. They do not want to be limited to only the cheapest “thing” available but desire to have choices. This is really not surprising. Most, if not all, of the people we talk to – young and old – do not want to be burdens to their loved ones. This means that many desire to fund their own retirement.

### Household Type and Health Conditions

The budget of \$1,370 was derived based on a specific type of household, i.e., single, elderly, aged 65 and above, living alone in a 2-room HDB flat and ***in relatively good health***, i.e., no chronic conditions or any serious health issues. This builds a baseline budget for the ordinary Singapore elderly. Thus, when one considers a more realistic situation, such as a 3 or 4-bedroom HDB or a private apartment, plus medical conditions, this budget will only go up.

### Needs vs Wants

The participants of the focus groups were always reminded that they are planning for a hypothetical Mr or Mdm M in a 2 bedroom HDB and not what they wish to have for themselves. The result is a list of what is needed to meet the above definition of “Basic Standard of Living”. There is no car ownership. Mr or Mdm M will have 2 standing fans but no air conditioner. There is also no microwave but an oven toaster that is supposed to last for 15 years.

The list also included budgets for leisure and social participation. Some examples are shown here.

Leisure (e.g. movies, excursions)	\$20/week
Holidays	\$500/year
Home/hospital visits	\$60/year
Restaurants meals	\$50/month
Birthdays	\$120/year
Weddings	\$200/year
Funerals	\$100/year

(Source: <https://whatsenoughsg.wordpress.com/>)

The list in the report is rather comprehensive. The questions are whether the list matches your lifestyle requirements and if the amount allocated is too much or too little. For most of the people we interacted with, the budget for holidays will probably be higher than \$500/year.

## Healthcare and Insurance

It is not surprising when the research team reported that healthcare costs and falling sick are major concerns of the participants. However, there is no insurance budget for healthcare expenses in this budget. (Note that the Insurance budget of \$0.01/week is for fire insurance only. However, in the budget list for those aged 55 to 64, \$15.34/week is set aside for AIA Healthshield Gold Max B. But this item was not included for those above 65.)

The \$1,379 per month budget includes, among others, these healthcare expenses:

Colorectal cancer screening	\$32/year
Diabetes, hypertension, high cholesterol, obesity screening	\$10/year
GP visits	\$14 every 4 months
Cataract treatment	\$2,386 over a lifespan of 19 years
Dentures	\$1,414 over a lifespan of 19 years
A&E visits	\$120/year

(Source: <https://whatsenoughsg.wordpress.com/>)

This is definitely one of the most debatable section of the budget. No one can predict what medical conditions we will have when we age. That does not excuse us from planning and preparing for unforeseen illnesses. And that is precisely what financial planning and insurance is for.

**Finally**, your retirement budget will most probably look very different from the budget in this study as you would have arrived at retirement with certain assets and hopefully no liabilities. Your budget will also very much reflect the lifestyle before you retire and the lifestyle you would desire. Because not all of us will be like Mr or Mdm M, retirement planning is thus unique for every individual and is more an art than a science. And if you have the time and means to prepare for your desired lifestyle during retirement, why not start planning for it now?

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