## Section A (Source-Based Case Study)

Question 1 is **compulsory** for all candidates.

Study the Background Information and the sources carefully, and then answer **all** the questions.

You may use any of the sources to help you answer the questions, in addition to those sources you are told to use. In answering the questions you should use your knowledge of the topic to help you interpret and evaluate the sources.

### 1 Exploring Citizenship and Governance

**(a)** Study Source A.

Do you think the author is a supporter of CPF Life? Explain your answer. [5]

**(b)** Study Source B.

Why do you think this poster was published? Explain your answer using details from the source. [6]

**(c)** Study Sources C and D.

How different are the two sources? Explain your answer. [7]

**(d)** Study Sources E and F.

Having read Source E, are you surprised by Source F? Explain your answer. [7]

**(e)** 'The existing CPF Life scheme benefits Singaporeans.'

Using sources in this case study, explain how far you would agree with this statement. [10]

**How adequate have goverment policies been in safeguarding Singaporeans' retirement needs?**

## BACKGROUND INFORMATION

Read this carefully. It may help you to answer some of the questions.

One way in which the government safeguards the interests of Singaporeans is by helping them prepare for retirement through the Central Provident Fund (CPF). In Singapore, the CPF is a compulsory comprehensive savings plan for working Singaporeans and permanent residents primarily to fund their retirement, healthcare, and housing needs. Under the CPF Retirement Sum Scheme, when a member turns 55, money from his Special and Ordinary Accounts will be transferred into a newly-formed Retirement Account (RA), which has a Minimum Sum (a compulsory amount of money that has to be kept in one's RA in order to qualify for CPF Life). In return, CPF will provide individuals with a monthly pay-out to support his or her standard of living during retirement for 20 years. This scheme is further enhanced in 2009 with the introduction of 'The CPF Lifelong Income for The Elderly (CPF LIFE) Scheme' in view that the average life span of Singaporeans is increasing and many would live beyond 20 years after retirement. The enhanced scheme would provide members with monthly pay-outs till they die.

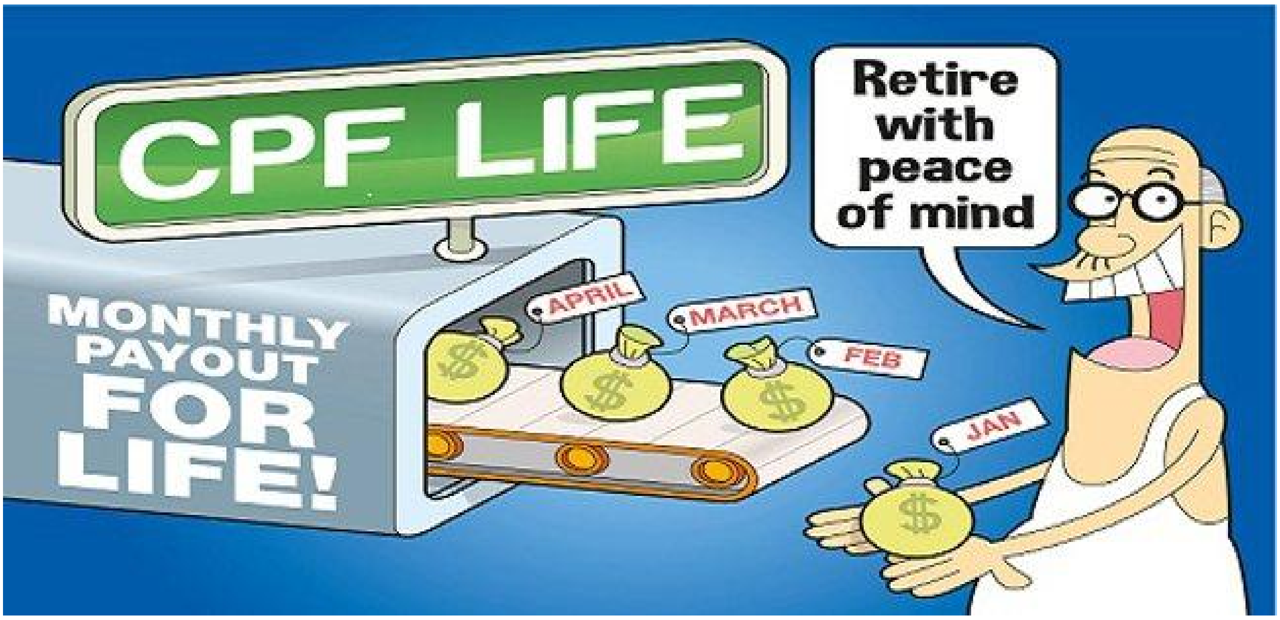
Some Singaporeans are critical about CPF Life upon realising that they are unable to withdraw any significant amount of money upon turning 55 years old as the 'CPF Minimum Sum' is a hefty sum, which stands at $171,000 as of 2019. Setting aside that sum of money would mean that there are not much funds left to be withdrawn. They oppose the CPF Life scheme as they feel that the money in CPF belongs to them so they should have the right to manage their own finances and that their money should not be 'locked up' in the 'CPF Minimum Sum'.

Study the following sources to assess the extent to which the CPF Scheme is effective in preparing citizens for their retirement.

**Source A:** *A comment by a financial adviser from a private insurance company on CPF LIFE.*

After Chinese New Year this year, my wife took a portion of my children's red packet money and deposited it into the bank. Obviously, my children weren't very happy. To them, it was their money, why did their mummy force them to save a portion of it? To us as parents, we know the answer. We do it because we know that some time in their future, our children will be glad that we did not allow them to spend it all now. The CPF LIFE has the same intention. We may not like it. We feel that it has robbed us of our freedom. Not too long in the future, we will realise that it is this decision, that allows us to have more certainty in our retirement, regardless of how old we live till and how the financial world may be.

**Source B:** *A cartoonist's view on CPF Life, published in Singaporean newspapers.*




**Source C:** *A commentary published in a local forum page on financial planning and retirement.*

This minimum sum will keep increasing through the years. The government says it is adjusted to inflation so that we could get a decent monthly payout when we retire. The fact that our wages are not increasing as fast as the increase in minimum sum means that we can never keep up. But if you are high income earners earning more than $10,000 a month, then it's no issue. The fact is that most of us don't earn that kind of salary. As such, our own money in our own CPF account is beyond our reach in that sense. When we reach 55 years, we can't withdraw our CPF money because of the high minimum sum decided by the government. There's so much frustration and anger when the government keeps increasing the minimum sum beyond the inflation rate until Singaporeans lose faith and trust. It's our money after all yet we can't decide how we want to spend it!

**Source D:** *Adapted from a report by a Labour Union Chief entitled, "Singapore must do more to guard against slavery of the poor".*

The Government says it has put in place policies to help low-wage workers achieve retirement adequacy. However, Minister for Manpower Josephine Teo shared that in 2016, 42% of active CPF members at age 55 do not meet the Minimum Sum. Isn't it a cause for concern to have 42% of active CPF members unable to meet the Minimum Sum for their retirement?

Mrs Teo suggested that workers who do not have the Minimum Sum at age 55 to continue to work over the next 10 years to make up for this shortfall. Low-skilled and low-income workers are prone to be exploited, all because of the very limited jobs they can undertake given their age and skills. When the circumstances of being poor force you to "work until you die" in order to have adequate savings in retirement, means you have become helpless to those circumstances – a form of slavery in itself. We need to prevent that.

**Source E:** *A response by a woman from the Netherlands to an article by a Singaporean criticising the CPF Scheme.*

I am from the Netherlands and I have lived in Singapore for 8 years myself. The Singaporean CPF cannot be compared to the Dutch or European social welfare. The money we contribute to the Dutch government goes up into thin air. We pay for people that are unable or are just too lazy to work. There is no personal benefit from it. Unlike in Singapore, it is not money we can use to buy a house with, retire comfortably with, or to see our kids through college. The contribution rates vary from 37% to 52% depending on your income. If I were you, I would be happy to be able to live in Singapore where everything is so well-organised, your future retirement plan taken care of. I also think that it is good that your government helps to save money for all Singaporeans and Permanent Residents.

**Source F:** *An extract of a news article published in a local newspaper in August 2016.*

The Central Provident Fund (CPF) system has its share of critics among Singaporeans but, overseas, it attracts a lot of positive attention.

This puzzling fact could be because Singaporeans do not realise they really have a good deal, says Finance Professor Benedict Koh, a member of the advisory panel that studied ways to improve the CPF scheme. He tells Insight (a Channel NewsAsia current affairs programme) that "I present papers at international conferences. You won't believe what people say: 'Can I invest in your CPF scheme?' 'Can foreigners buy it?'"

“Many people here are not aware that a 4 to 5 per cent interest rate guaranteed by a government and the occasional CPF top-ups are simply unique,” said Prof Koh. “If people see CPF as one part of their overall retirement plans and not their only retirement plan, if you look at CPF like another provider and compare all the products between the providers right now, it's the best retirement plan you can find, really," he said.

## Section B (Structured-Response Question)

Question 2 is **compulsory** for all candidates.

**2 Being Part of a Globalised World**

Study the extracts carefully, and then answer the questions.

**Extract 1**

Overall crime in Singapore has been on the rise, and this is largely fuelled by an increase in online commercial crimes. This is mainly due to how online criminals use Singaporeans' increased connectivity to scam those who are comforted by the fact that Singaporeans live in a safe environment. The ease of online crime can be due to the greater ease of connectivity in making online transactions.

**Extract 2**

The world has seen many advancements in transportation. From the humble two-person plane first developed by the Wright brothers to the modern passenger airplanes of today, such developments have helped to drive globalisation.

**Extract 3**

Technology has become a part of everyday life. It is hard to imagine being able to do anything nowadays without the aid of machines and gadgets. The ability to use technology has become so important that education today often involves incorporating its use.

**(a)** Extract 1 reflects on the rise in online commercial crimes in Singapore.

In your opinion, how can Singapore reduce the number of online commercial crimes? Explain your answer using **two** strategies. [7]

**(b)** Extracts 2 and 3 describe two drivers of globalisation.

Do you think developments in transportation is more important than developments In technology in driving globalisation? Explain your answer. [8]

**Acknowledgements**

Source A http://ifonlysingaporeans.blogspot.sg/2012/03/picking-cpf-life-plan-its-piece-of-cake.html
Source B https://www.sgmoneymatters.com/cpf-minimum-sum-retirement-scheme/
Source C https://gintai.wordpress.com/2014/05/28/is-cpf-really-your-money/
Source D https://www.channelnewsasia.com/news/singapore/commentary-low-wage-workers-cpf-annual-wage-supplement-slavery-9959554 /
Source E https;//www.reach.gov.sg/YourSay/DiscussionForum.aspx.September2016
Source F https://www.straitstimes.com/singapore/singaporeans-dont-realise-what-a-gooddeal-the-cpf-is