What’s the impact on people, and politics?

BEWARE the slippery slope of “encroachment” into CPF members’ rights.

Nominated MP Siew Kum Hong sounded this warning during the debate, when he said that the compulsory longevity insurance would mark the first time the Government was compelling people to use their CPF money in a specific way.

What next, he asked, echoing a widely held view in Internet and coffee shop chatter.

The issue was not picked up by the frontbench.

But did NMP Siew forget about other CPF rules, for example those requiring members to put aside a sum for their Medisave?

PAP MPs that Insight spoke to also say that the Government should not be apologetic about intervening, if the move benefits Singaporeans.

MP Lim Wee Kiak (Sembawang GRC) points out that the CPF system is already highly regulated by the Government, but it is not considered an “interference on personal freedom”.

“(This) is because most people know that we have a good enforced saving system to help us to accumulate money for our housing and retirement needs,” he says.

To be freed of “interference”, the whole system would have to be dismantled, he says. “I don’t think we want that,” he adds firmly.

Singapore Management University law lecturer Eugene Tan says he does not see the changes as “encroaching” on one’s rights. But he sees the compulsory longevity insurance as an “intrusive regulation” of the use of CPF funds.

The insurance is meant to encourage financial independence in old age. Ironically though, imposing it on Singaporeans could lead to a situation where they “abdicat[e] the responsibility of ensuring their retirement adequacy to a paternalistic government which is always more aware of Singaporeans’ supposed inability to be self-reliant,” he says.

But MP Josephine Teo (Bishan-Toa Payoh GRC) says: “Singaporeans will have to judge whether the intervention has created better results.”

Will the Government have to pay a political price for the changes?

Mrs Teo believes the price will be greater if the Government stands still and people are ill-prepared for longevity.

But MPs do not dispute that discontent on the ground remains.

MP Ong Kian Min (Tampines GRC) says: “In my opinion, there is a political price to be paid if CPF returns are not increased.”

Assistant Professor Tan fears that some Singaporeans may have lower confidence in the CPF system, as they see the delayed draw-down age and longevity insurance as a “severe constraint” on how they can use their retirement funds.

Mr Siew sees the CPF changes as “the third tough issue” that the PAP Government has pushed through this year, after the ministerial pay increase and the GST hike.

But both he and Prof Tan note that the CPF changes have come well ahead of 2011, when the Government’s term ends.

Others suggest that by then, more people with healthier CPF balances may well be more appreciative of the Government.

With extensive efforts to explain the changes now, it should “ blunt the effect of the political price, if any, to be paid by the next General Election”, predicts Prof Tan.