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SINGAPORE NEWSFLASH

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RISE IN RETIREMENT AND RE-EMPLOYMENT AGE

Currently, the minimum retirement age for employees is 62 years and employers must offer re-employment to eligible employees who turn 62, up to age 67, to continue their employment in the company.

As announced by Singapore government in August 2019, the retirement age will be raised to 63 on 1 July 2022 and to 65 by 2030 whilst the re-employment age will be raised to 68 on 1 July 2022 and to 70 by 2030.

Changes	Today	1 July 2020	By 2030
Retirement Age	62	63	65
Re-employment Age	67	68	70

ELIGIBILITY FOR RE-EMPLOYMENT

Currently, an employee is eligible for re-employment if he:

- is a Singapore citizen or Singapore permanent resident;
- has served his current employer for at least 3 years before turning 62;
- has satisfactory work performance, as assessed by the employer;
- is medically fit to continue working; and
- is born on or after 1 July 1952*.

*The increase in the re-employment age to 68 in 2022 will apply to workers born on or after 1 July 1955

RE-EMPLOYMENT DISPUTES

When handling retirement and re-employment cases, it is important to document such matters in writing in order to avoid potential future disputes with employees. Employers should ensure that employees who intend to retire give notice to their employer, within a reasonable period before they retire, stating their intentions to do so.

If the employee is eligible for re-employment but the employer is unable to offer the employee a position, then the employer must either;

- transfer the re-employment obligation to another employer (with the agreement of the employee); or
- offer the employee a one-off Employment Assistance Payment ("EAP").

The EAP is a one-off payment equivalent to 3½ months' salary, subject to a minimum of SGD 5,500 and maximum of SGD 13,000. Note that for employees who have been re-employed for at least 30 months since age 62, a lower EAP amount of 2 months of salary could be considered, subject to a minimum of SGD 3,500 and maximum of SGD 7,500.

Please note that disputes relating to individuals who have not been offered re-employment or who dispute the reasonableness of the terms and conditions of the re-employment offer or the amount of EAP are heard by the Commissioner or Labor and Employment Claims Tribunal.

CHANGES TO CPF CONTRIBUTION RATES FOR OLDER WORKERS

The Singapore Government further announced that CPF contribution rates for workers aged 55 to 70 will be raised over the next 10 years. The amounts by which these rates will increase depends on the age bands:

Age band	Today	By 2030
Above 55 to 60	26%	37%
Above 60 to 65	16.5%	26%
Above 65 to 70	12.5%	16.5%

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