



PRESS RELEASE

Consumer Price Index (CPI) for Retiree Households Fell by 2.0 per cent in 2015

1 The Singapore Department of Statistics (DOS) today released a paper on “The Consumer Price Index (CPI) for Retiree Households¹ (Base Year 2014 = 100)”. It provides an overview of the profile of retiree households, as well as a comparison of their CPI weighting pattern and inflation rates with other household types.

Top Expenditure Categories - Housing & Utilities, Food and Health Care

2 Housing & utilities, food and health care were the top three expenditure categories for retiree households in 2014. Collectively, they accounted for more than 75 per cent of their total expenditure. The expenditure weight for housing & utilities was the highest (47.8 per cent) for retiree households compared to other household types. This reflected the higher share of owner-occupied accommodation (OOA) cost² in the expenditure basket of retiree households, at 38.6 per cent compared to 19.0 per cent for the general households. It should however be further noted that OOA cost – which is computed based on the imputed rental concept – does not have an impact on the actual cash expenditure of households who own their homes. These would include the majority of retiree households.

Retiree households experienced largest decline in prices among all household types in 2015

3 In 2015, the CPI-All Items for retiree households fell by 2.0 per cent, mainly due to lower accommodation and healthcare services costs. The fall in healthcare services costs reflected the various government subsidies for healthcare services, including subsidies for Pioneer Generation members and support for Medishield Life premiums.

4 Retiree households experienced the largest decline in CPI-All Items when compared to general households (-0.5 per cent), lowest 20% (-1.1 per cent), middle 60% (-0.3 per cent) and highest 20% (-0.7 per cent) income groups. This was because of lower accommodation and healthcare services costs, which had a greater impact on the inflation experience of retiree households as these expenditure items constituted a larger share of their expenditure basket.³ Excluding imputed rentals on OOA which do not involve actual cash expenditure for households who own their

¹ For statistical purpose, “retiree households” are defined as those comprising solely non-working persons aged 60 years and above.

² The OOA cost is included in the CPI expenditure basket to reflect the cost to home owners of utilising the flow of services provided by their homes. The computation of OOA cost is based on the imputed rental concept. Under this concept, the OOA cost is measured in terms of the expected rental the owner would have to pay if he were a tenant of the premises. It does not entail actual cash expenditure. As most households in Singapore own their homes, including the majority of retiree households, OOA cost does not have a direct impact on their actual cash expenditure.

³ Weights are required to reflect the relative importance of each item in the expenditure basket of these households, that is, each item’s share of total household expenditure.

homes, the CPI for retiree households fell by 1.4 per cent in 2015 which was still the largest decline among all household types.

5 For the earlier years from 2009 to 2014, the annual CPI-All Items inflation rate for retiree households generally fell within the range of the inflation rates experienced by general households and those in different income groups. The exception was in 2010 when the retiree households' inflation rate was the lowest among all the household types, at 2.0 per cent.

6 The paper is available online at the Department of Statistics' website at www.singstat.gov.sg.

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29 November 2016

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