

# **Budget 2026**

## **From Relief to Resilience**

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**ESS Panel Discussion on Post Singapore Budget 2026**

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## Budget Position: Stronger-Than-Expected Fiscal Outcome

### Headline update

- Singapore's FY2025 budget surplus is now estimated at **S\$15.1 billion**.
- This is **more than double** the earlier estimate of **S\$6.8 billion**.

### Why this matters for Budget 2026

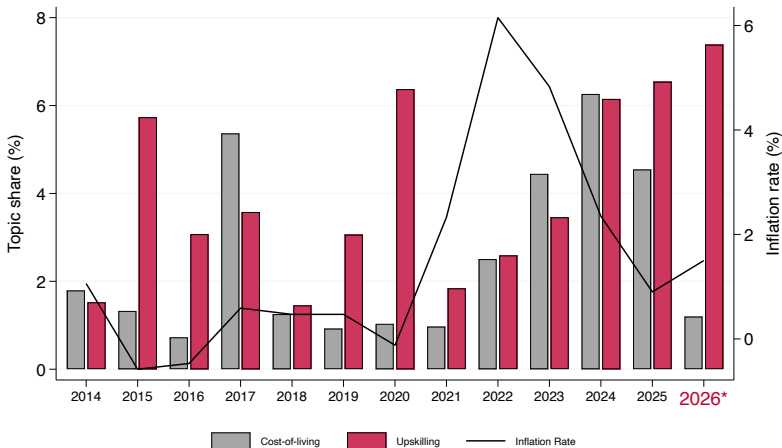
- Provides **fiscal space** to support households while investing in long-term priorities.
- Improves policy flexibility
- Signals **fiscal resilience**: Singapore can respond to current pressures without compromising sustainability.



## My Budget Takeaways: A Household Perspective

1. Cost-of-living support
2. Upskilling and AI adoption
3. Retirement adequacy

## Shifts in Budget Policy Focus Since 2014



Notes: Inflation rate for 2026 is based on MAS Survey of Professional Forecasters.

## Support Measures

Group	Measures
Households	<ul style="list-style-type: none"> <li>● <b>\$500 CDC Vouchers</b> for all Singaporean households.</li> <li>● <b>\$200–\$400 Cost of Living Special Payments</b> to Singaporean adults earning up to \$100,000 in assessable income, and who do not own more than one property.</li> <li>● <b>\$330–\$570 U-Save</b> for Singaporean HDB households.</li> </ul>
Seniors	<ul style="list-style-type: none"> <li>● <b>\$500–\$1,500 CPF top-up</b> for eligible Singaporeans aged 50+ with CPF balances below the prevailing Basic Retirement Sum.</li> <li>● <b>\$150–\$450 MediSave</b> for eligible Singaporeans aged 65+.</li> </ul>
Children	<ul style="list-style-type: none"> <li>● <b>\$500 Child LifeSG Credits</b> for all Singaporean children aged 12 and below.</li> <li>● Raise monthly household income eligibility thresholds to \$15,000 for preschool subsidies and \$6,500 for student care subsidies.</li> </ul>

## Why Continued Support Is Still Needed

**Unpacking Inflation.** Inflation is lower, but prices are not back to where they were: households still face a higher cost base.

- **Cost pressures have eased, but not disappeared:** even with lower headline inflation, households still face elevated prices relative to pre-shock levels.
- **Uneven impact across households:** lower-income families, larger households, and seniors face tighter budget constraints and higher vulnerability to price shocks.
- **Structural spending needs are rising:** healthcare, ageing-related expenses, childcare, and education costs continue to put pressure on medium-term household budgets.

## What These Support Measures Signal

- **Short-term relief remains broad-based:** vouchers, utility support, and rebates help cushion near-term cost pressures.
- **More targeted support by life stage:** additional help is calibrated for seniors, lower-balance CPF members, and families with children.
- **Policy intent is two-track:** provide immediate support while preserving long-run goals in retirement adequacy and human capital.

# AI Adoption Measures

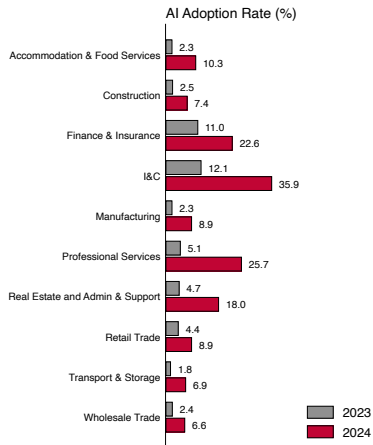
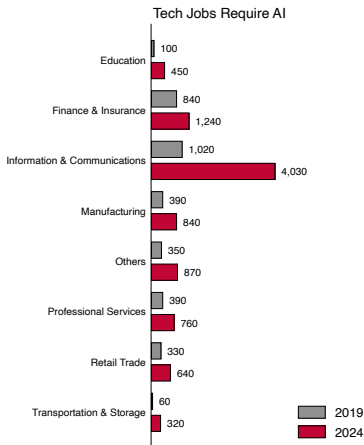
## Accelerating AI Adoption

- Launch the *Champions of AI* programme to support AI-enabled business transformation.
- Expand the *Enterprise Innovation Scheme* to cover qualifying AI-related expenditures.
- Expand the *Productivity Solutions Grant* to include more AI-enabled solutions.

## Empowering Workers with AI

- Expand the *TechSkills Accelerator* to help workers build practical AI capabilities.
- Help Singaporeans identify relevant AI courses via the redesigned *SkillsFuture* website.
- Provide six months of free access to premium AI tools for participants taking selected AI courses.

# AI-Related Skills Demand & AI Adoption Rates



Source: Infocomm Media Development Authority

## What These AI Adoption Measures Signal

- **Broader diffusion:** AI adoption is moving from digital leaders to mainstream firms across sectors.
- **Two-track push:** build capabilities (*TechSkills Accelerator, SkillsFuture, tools access*) and support firm implementation (*Champions of AI, Enterprise Innovation Scheme, Productivity Solutions Grant*).
- **Lower entry barriers and boost competitiveness:** by reducing upfront adoption costs for SMEs, the measures enable more firms to pilot and scale AI, reinforcing Singapore's attractiveness for higher-value investment.

# Upskilling Measures

## Uplifting Lower-Wage Workers

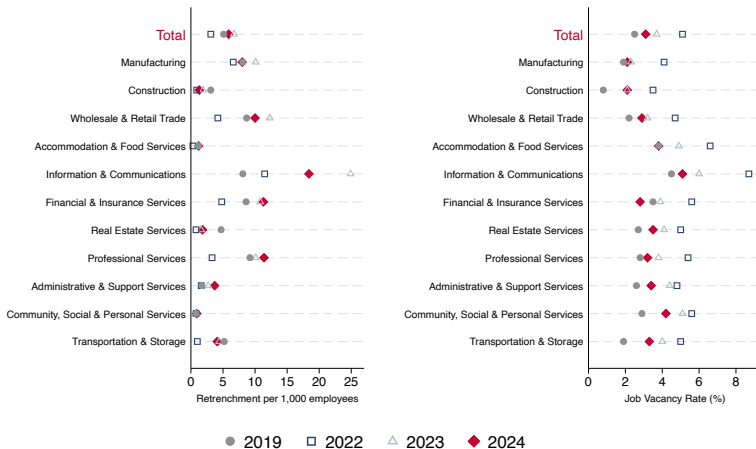
- Raise the Local Qualifying Salary to \$1,800 from Jul 2026.
- Extend and enhance the Progressive Wage Credit Scheme.
- Strengthen the basic tier of Workfare Skills Support.

## Mid-Career Workers & Seniors

- Expand the SkillsFuture Level-Up Programme to cover more industry-relevant courses.
- Extend the Senior Employment Credit to 2027.

*Note: Workforce Singapore and SkillsFuture Singapore will be merged into a new statutory board.*

# Retrenchments & Job Vacancy Rate

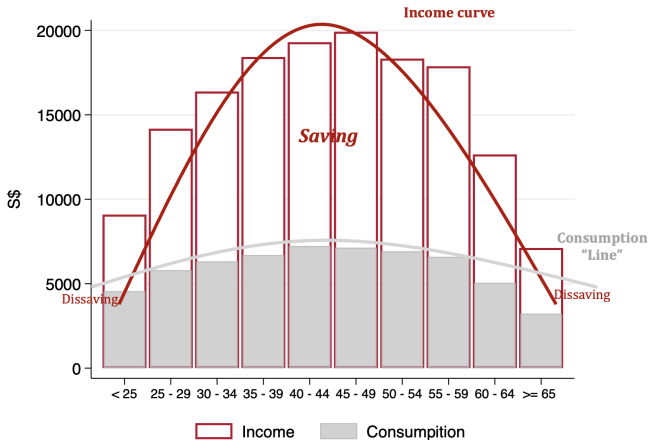


Source: Labour Market Survey, Manpower Research & Statistics Department, MOM

## What These Upskilling Measures Signal

- **Labour market reality:** retrenchment has risen while vacancies remain moderate, so displacement and hiring demand are occurring at the same time.
- **Policy response is a full pipeline:** protect wages during restructuring (*Local Qualifying Salary, Progressive Wage Credit Scheme*), improve re-employment matching (*Workfare Skills Support, SkillsFuture Level-Up*), and support senior hiring (*Senior Employment Credit*).
- **System-level shift:** merging WSG and SSG points to a more seamless jobs-skills system under one agency.

# Income-Consumption across the Life-Cycle



Source: Department of Statistics, Household Expenditure Survey 2023. Income and consumption are at average household level.

## Household Balance Sheet (2025Q3)

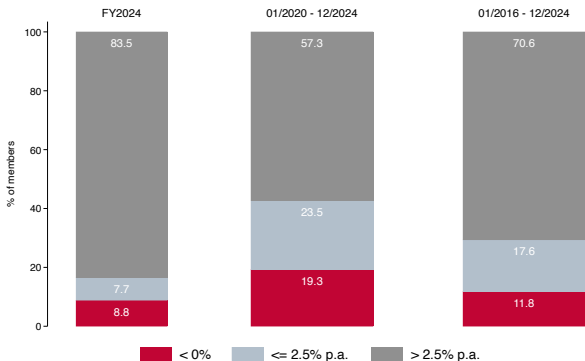
Assets		Liabilities	
<b>Total Assets</b>	<b>3,654,690.6</b>	<b>Total Liabilities</b>	<b>398,606.6</b>
Financial Assets	2,071,113.6	Mortgage Loans	287,870.1
Currency & Deposits	696,102.0	Financial Institutions	241,452.2
Shares & Securities	389,125.7	HDB	46,417.9
Listed Shares	154,243.1	Personal Loans	110,736.5
Unlisted Shares	38,829.6	Motor Vehicle	11,873.6
Unit Trusts & Funds	196,053.0	Credit/Charge Cards	17,037.9
Life Insurance	319,363.5	Others	81,824.9
CPF	649,338.4		
Pension Funds	17,184.0	<b>Net Worth</b>	<b>3,256,083.9</b>
Residential Property Assets	1,583,577.0		
Public Housing	700,533.1		
Private Housing	883,043.9		

Source: Department of Statistics, all numbers in S\$ million

## New CPF Investment Scheme

- **Voluntary, simpler option** alongside CPFIS choices.
- **Life-cycle design:** higher equity exposure when younger, auto-shifts to safer assets over time.
- **Guardrails:** 2–3 selected providers, **all-in fees capped**, CPFIS eligibility applies.
- **Timeline:** industry engagement (Mar 2026) → selected providers to be announced (1H 2027) → launch (1H 2028).

## Current CPFIS-OA Performance



Source: CPF Investment Scheme-Ordinary Account (CPFIS-OA) Total Profits/Losses statistic.

## What This CPF Investment Option Signals

- **Changing Demographics:** Singapore is set to become a super-aged society in 2026
- **Policy evolves with changing needs:** Singapore's social policy framework is regularly updated as outcomes, demographics, and economic conditions shift.
- **A consistent policy trajectory:** from CPF LIFE to the new CPF investment option, the direction remains clear—protect core retirement security while improving choice design and long-run outcomes.
- **Simpler and safer investing path:** a **voluntary, simpler default** with a life-cycle glidepath (more growth assets early, automatic de-risking later) helps reduce behavioural biases and sequencing risk,

## Key Takeaways for Budget 2026

- **Immediate support, targeted where needed:** broad-based cost-of-living relief remains important, with additional focus on seniors, lower-income households, and families with children.
- **Preparing for the next economy:** AI adoption support and upskilling measures form a full pipeline, from firm implementation to worker capability-building and re-employment support.
- **Retirement adequacy with better design:** the new CPF investment option keeps participation voluntary but simplifies decisions through life-cycle allocation, fee discipline, and phased rollout.