Macro Note

Singapore Budget 2025: A generous yet prudent Budget

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- On 18 Feb 2025, Prime Minister and Minister of Finance Lawrence Wong delivered the Budget 2025 statement titled "Onward Together For A Better Tomorrow". We highlight three key thrusts to Budget 2025: (i) generous goodies to celebrate Singapore's 60th year of independence; (ii) raising productivity via worker upskilling and incentives to encourage enterprises to adopt AI solutions (iii) measures to boost birth rates.

- The strong overall fiscal surplus budgeted for FY2025 at +$6.8bn, +0.9% of GDP was a surprise despite increased support to individuals and families, reinforcing Singapore's prudent approach to managing public finances.

- Budget 2025 is indeed a Budget for all Singaporeans - Measures to boost disposable income and alleviate cost pressures such as the new tranche of CDC vouchers, SG60 vouchers, higher U-Save rebates and personal income tax rebate were quite sizeable in totality, partly explaining the surge in special transfers (excluding top-ups to endowments and trust funds). As a result, the FY2025 basic balance posted a modest deficit of -S$4.8bn, -0.6% of GDP, resulting in a positive fiscal impulse of 0.9% of GDP, according to MOF estimates.

Budget 2025 – Onward Together For A Better Tomorrow

On 18 Feb 2025, Prime Minister and Minister of Finance Lawrence Wong delivered the Budget 2025 statement titled "Onward Together For A Better Tomorrow". We highlight three key thrusts to Budget 2025: (i) generous goodies to celebrate Singapore's 60th year of independence; (ii) raising productivity via worker upskilling and incentives to encourage enterprises to adopt AI solutions (iii) measures to boost birth rates.

FY2024 – The overall fiscal position for FY2024 turned in a much larger surplus of +$6.4bn, +0.9% of GDP from the earlier Budget 2024 estimate of +$0.8bn, +0.1% of GDP driven by stronger operating revenues (7.3% higher than estimated), led by higher **corporate income tax collections (+10.2% higher)** *"mainly due to stronger growth in Finance & Insurance and Wholesale Trade sectors in 2023"*, **personal income tax collections (+4.9% higher)** owing to *"stronger-than-expected nominal wage growth in 2023"* and **Vehicle Quota Premiums (+38.5% higher)** due to *"higher-than-expected premium levels and increases in quota levels".*

The stronger-than-projected operating revenues was partly mitigated by higher operating expenditure **(+1.3% higher)** driven by (i) MND due to higher operating grants to HDB (ii) MINDEF due to acceleration of selected projects (iii) MDDI mainly due to higher operating grants for Public Service Media and GovTech.

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FY2025 – The strong overall fiscal surplus budgeted for FY2025 at +$6.8bn, +0.9% of GDP was a surprise given that we were expecting an even more expansionary budget in an election year as our estimates had pointed to a mild overall deficit of -$2.7bn, -0.4% of GDP.

Operating revenues are expected to rise by 5.3%, driven by larger **corporate income tax collections** reflecting the strong economic growth in 2024 as well as higher **personal income tax collections** owing to the robust 2024 nominal wage growth. **Nonetheless, special transfers (excluding top-ups to endowment and trust funds)** is 23% higher for FY2025, owing to the $2.0bn allocation for the SG60 Vouchers, $1.1bn for the additional CDC Vouchers as well as a $0.3bn for the 50% Corporate Income Tax rebate capped at $40K.

Fig 1: Summary Of Budget Position For FY21-FY25

Source: Ministry of Finance (Singapore), Macrobond, UOB Global Economics & Markets Research

					(A)	(B)		(C)	
				Revised	Original	Revised	Revised vs Original FY24	Budgeted	FY25 vs FY24
SGD $bn	FY2021	FY2022	FY2023	FY2023	FY2024	FY2024	(B) vs (A)	FY2025	(C) vs (B)
Operating Revenue	**82.49**	**91.02**	**104.30**	**103.44**	**108.64**	**116.62**	**7.3%**	**122.78**	**5.3%**
Corporate Income Tax	18.20	23.07	28.38	28.99	28.03	30.88	**10.2%**	32.67	**5.8%**
Personal Income Tax	14.22	15.52	17.53	17.51	18.08	18.97	**4.9%**	20.23	**6.7%**
Goods and Services Tax	12.63	14.09	16.36	16.65	19.39	20.61	**6.3%**	21.73	**5.5%**
Stamp Duty	6.76	5.95	5.92	5.81	5.73	6.36	**10.9%**	5.92	**-6.9%**
Assets Taxes	4.67	5.10	5.92	5.94	6.67	6.70	**0.4%**	6.89	**2.9%**
Vehicle Quota Premiums	3.22	3.76	4.66	4.49	4.73	6.54	**38.5%**	6.60	**0.9%**
Others*	22.79	23.52	25.54	24.07	26.01	26.57	**2.1%**	28.73	**8.1%**
Total Expenditure	**94.80**	**104.86**	**106.89**	**105.31**	**111.76**	**112.91**	**1.0%**	**123.79**	**9.6%**
Operating Expenditure	78.54	84.44	85.36	83.83	88.43	89.55	**1.3%**	97.03	**8.3%**
Development Expenditure	16.25	20.42	21.52	21.49	23.33	23.36	**0.1%**	26.76	**14.6%**
Primary Surplus/Deficit	(12.31)	(13.84)	(2.59)	(1.87)	(3.12)	3.71		(1.01)	
% of GDP	-2.0%	-2.0%	-0.4%	-0.3%	-0.4%	0.5%		-0.1%	
Special Transfers	**6.83**	**8.94**	**27.17**	**27.07**	**23.30**	**25.12**	**7.8%**	**23.38**	**-6.9%**
Special Transfers Excluding Top-ups to Endowment and Trust Funds	**6.83**	**2.69**	**2.85**	**2.75**	**2.94**	**3.07**	**4.2%**	**3.78**	**23.2%**
Basic Surplus/Deficit	(19.14)	(16.53)	(5.44)	(4.62)	(6.06)	0.64		(4.79)	
% of GDP	-3.1%	-2.4%	-0.8%	-0.7%	-0.8%	0.1%		-0.6%	
Top-ups to Endowment and Trust Funds	**0.00**	**6.25**	**24.32**	**24.32**	**20.35**	**22.05**	**8.3%**	**19.60**	**-11.1%**
Net Investment Returns Contribution	**20.37**	**22.38**	**22.92**	**22.97**	**23.50**	**24.03**	**2.2%**	**27.14**	**12.9%**
Overall Budget Surplus/Deficit	1.23	(0.41)	(6.84)	(5.97)	(2.91)	2.62		2.74	
% of GDP	0.2%	-0.1%	-1.0%	-0.9%	-0.4%	0.4%		0.4%	
(+) Capitalisation of Nationally Significant Infrastructure	**0.65**	**2.21**	**3.50**	**3.65**	**4.09**	**4.17**		**4.63**	
(-) Depreciation of Nationally Significant Infrastructure	0.00	0.00	0.00	0.00	0.00	0.00		0.00	
SINGA Interest Costs and Loan Expenses	0.00	0.09	0.23	0.23	0.40	0.38		0.56	
Overall Fiscal Position	1.88	1.72	(3.57)	(2.55)	0.78	6.41		6.81	
% of GDP	0.3%	0.2%	-0.5%	-0.4%	0.1%	0.9%		0.9%	

Due to rounding, figures may not add up. Negative figures are shown in parentheses.

*Includes Withholding Tax, Statutory Boards' Contributions, Customs, Excise and Carbon Taxes, Motor Vehicles Taxes, Betting Taxes, Other Taxes, Fees and Charges and Others

Fig 2: Summary of Total Expenditure for FY21-FY25

Source: Ministry of Finance (Singapore), Macrobond, UOB Global Economics & Markets Research

SGD $mn	FY2021	FY2022	FY2023	Revised FY2023	(A) FY2024	(B) Revised FY2024	Revised vs Original FY24 (B) vs (A)	(C) Budgeted FY2025	FY25 vs FY24 (C) vs (B)
Total Expenditure	94796	104855	106887	105316	111759	112913	1.0%	123792	9.6%
Social Development	47049	51811	53070	51996	56065	55945	-0.2%	61317	9.6%
Education	12910	13061	14080	13992	14752	14583	-1.1%	15300	4.9%
National Development	5820	9072	8609	8500	9014	10054	11.5%	9303	-7.5%
Health	17322	17112	17946	17259	18772	17938	-4.4%	20863	16.3%
Sustainability and the Environment	2737	2680	3325	3261	3401	3346	-1.6%	4125	23.3%
Culture, Community and Youth	2373	3844	2386	2378	2448	2566	4.8%	2781	8.4%
Social and Family Development	3676	3737	4161	4102	4685	4572	-2.4%	5468	19.6%
Digital Development and Information	615	743	766	743	1105	1017	-8.0%	1104	8.6%
Manpower (Financial Security)	1596	1562	1797	1761	1888	1869	-1.0%	2373	27.0%
Security and External Relations	23734	25419	28326	27960	29072	29886	2.8%	33241	11.2%
Defence	15294	16952	19757	19367	20250	20850	3.0%	23440	12.4%
Home Affairs	8010	7992	8064	8096	8271	8501	2.8%	9203	8.3%
Foreign Affairs	430	475	505	497	551	535	-2.9%	598	11.8%
Economic Development	20713	24303	21830	21748	22384	22996	2.7%	24517	6.6%
Transport	10272	12849	12963	12950	14239	14677	3.1%	14730	0.4%
Trade and Industry	5384	6708	6068	6015	5971	5991	0.3%	7185	19.9%
Manpower	4263	3852	1678	1645	1301	1210	-7.0%	1331	10.0%
Digital Development and Information	794	894	1121	1138	873	1118	28.1%	1271	13.7%
Government Administration	3300	3322	3661	3612	4238	4086	-3.6%	4717	15.4%
Finance	980	1032	1197	1213	1348	1294	-4.0%	1549	19.7%
Law	404	260	302	302	666	645	-3.2%	454	-29.6%
Organs of State	639	718	769	741	816	794	-2.7%	814	2.5%
Digital Development and Information	0	0	0	0	727	695	-4.4%	684	-1.6%
Prime Minister's Office	1277	1313	1393	1356	681	658	-3.4%	1215	84.7%
Others	0	-1	0	0	0	0		1	

(1) Figures may not add up due to rounding

Macro Outlook for 2025 – The balance of risks will likely shift from inflation to growth in 2025, given that Singapore's disinflation progress has been quite durable as evidenced by the slowing core inflation momentum in the recent prints while price pressures are also becoming less broad-based. Core inflation, on a year-on-year basis has fallen below the 2%-handle for the first time in Nov 2024 and we forecast core inflation to average 1.7% in 2025 (2024: 2.7%), returning to a desired pace of price increase.

The growth outlook remains clouded and downside risks could emanate from further protectionist measures under Trump's 'America First' policy, elevated geopolitical tensions, possible peak in the electronics cycle and uncertainty over the pace of monetary easing by major central banks.

For 2025, we project Singapore's real GDP growth at 2.5% (2024: 4.4%), factoring in a slowdown in growth momentum in trade-related sectors in 2H25 from the impact of tariffs on global trade. Our forecast sits closer to the upper end of MTI's forecast range of "1.0 to 3.0 per cent".

In our Jan 2025 MPS Preview – Tariff risks under Trump 2.0, we argued that while Singapore may be less susceptible to **direct** US tariff risks, we will not be shielded from a negative shock to the global trade environment given our extensive reliance on trade as a small and open economy as reflected by the significantly higher share of domestic value added embodied in foreign final demand amongst the ASEAN-6 economies.

Fig 3: Stronger evidence of trade rerouting in VN, TH and somewhat in MY but limited in the case of SG, PH and ID

Source: Macrobond, UOB Global Economics & Markets Research

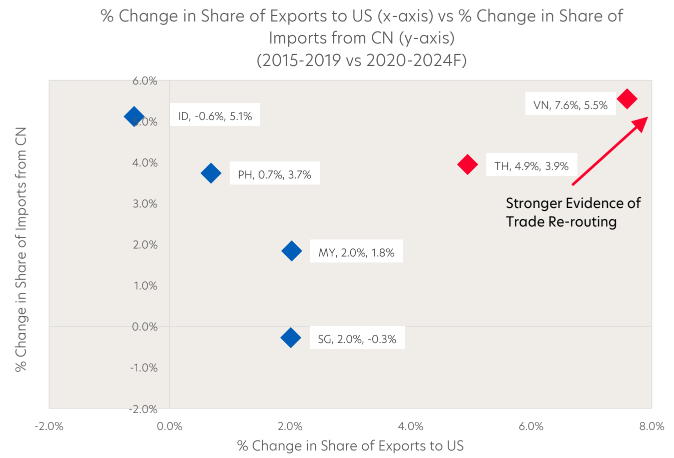
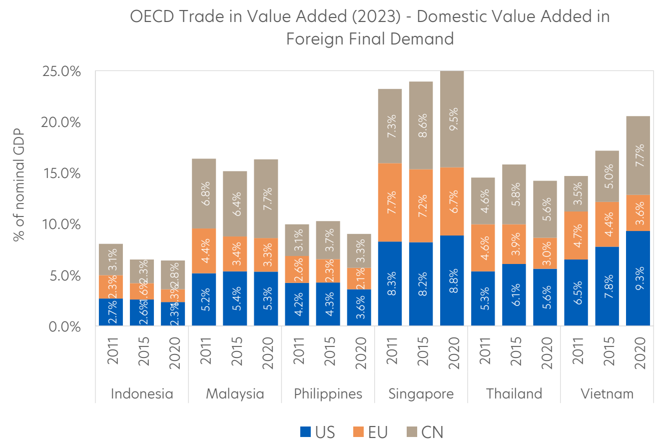


Fig 4: SG, VN and MY most vulnerable to an external slowdown while ID and PH are relatively more shielded given domestic buffers

Source: OECD, Macrobond, UOB Global Economics & Markets Research



#1 Productivity is key

Budget 2025 presents an overwhelming focus on elevating productivity to ensure that Singapore's economic growth can be sustained at an average pace of 2% to 3% per annum over the next decade and also to mitigate the elevated cost environment. The additional support unveiled builds broadly on existing measures such as the extension of the training allowance under the SkillsFuture Mid-Career Training Allowance (announced in Budget 2024) to workers who wish to partake in **part-time training** as well as the enhanced support tier under the **Workfare Skills Support (WSS) scheme** which encourages lower-wage workers to undertake training that leads to more impactful employment outcomes.

For businesses, measures to encourage enterprises to adopt AI solutions will be enhanced such as the **S$150mn that will be set aside for the new Enterprise Compute Initiative**, in addition to existing initiatives such as the Productivity Solutions Grant and SMEs Go Digital.

According to the IMDA Singapore Digital Economy Report 2024, firms that took up AI reported various benefits from using the technology with 96.2% of non-SMEs and 93.5% of SMEs indicating that AI usage contributed to improvements in productivity and processes however the share of SMEs (2023: 4.2%) employing AI technologies remains low and lags significantly behind that of non-SMEs (2023: 44.0%), with cost-related concerns as well as lack of infrastructure and knowledge gaps amongst staff cited as top reasons for not using AI technology amongst SMEs. With SMEs contributing to slightly under half of our nominal value added and employing around 70% of the local workforce, it is imperative that existing support measures are strengthened so that SMEs are able to effectively tap on the latest technologies, applied to the correct use cases to unlock productivity gains.

In our view, Budget 2025 sends a clear signal that the long-term solution to address cost challenges and stay competitive in a VUCA (Volatile, Uncertain, Complex and Ambiguous) environment is to raise productivity and not rely on cost defraying measures from the government, although some support measures are still in place in Budget 2025 such as the 50% corporate income tax rebate capped at S$40K and the slight increase in the co-funding levels under the Progressive Wage Credit Scheme for 2025 and 2026.

Fig 5: More than 90% of SMEs and Non-SMEs indicated that AI usage led to improvements in productivity and processes

Source: IMDA Digital Economy Report 2024, UOB Global Economics & Markets Research

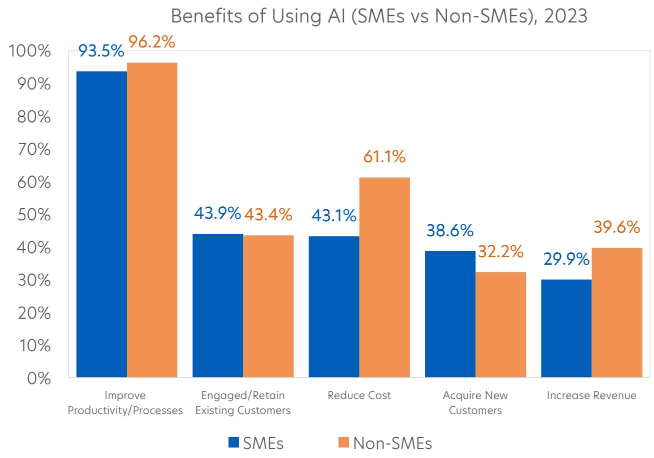
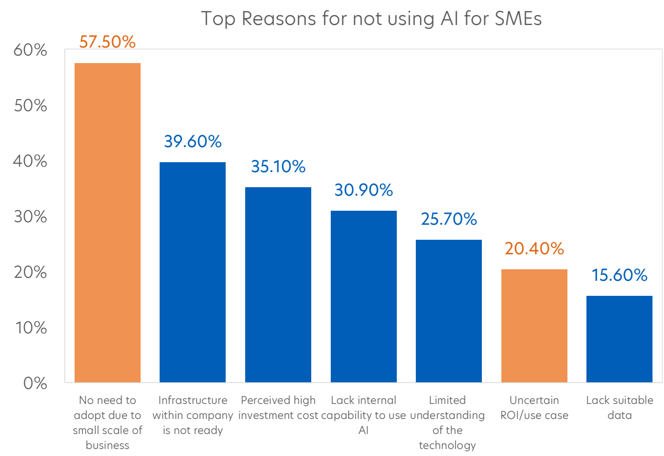


Fig 6: Cost-related concerns, lack of infrastructure and knowledge gap amongst staff cited as top reasons for SMEs to not use AI

Source: IMDA Digital Economy Report 2024, UOB Global Economics & Markets Research



#2 Fertility Measures Targeting Couples Who Already Have At Least Two Children

Singapore's total fertility rate (TFR) hit a record low of 0.97 in 2023, well below the replacement rate of 2.1 which is the level of fertility at which the population replaces itself from one generation to the next. This is also the first time the resident TFR has fallen below 1.0: This means that on average, each female is having fewer than one child. This is partly driven by long-term shifts in marriage patterns with people marrying later and consequently, the median age of mothers at first birth has increased concomitantly from 27.5 in 1990 to 29.8 in 2010 and further to 31.6 in 2023.

In our view, Budget 2025 seems to be tackling the fertility challenge from a different angle, encouraging couples who already have at least two children to have more, given that the latest benefits under the new Large Families Scheme caters mainly for each third and subsequent child born from 18 Feb 2025. The non-monetary hurdle to have additional children may decrease from the second child onwards on the basis that both parents are already well-equipped with parenting skills from raising their first two children and in our view, is a worthwhile attempt to boost the declining fertility rate. **Nonetheless, there are other measures such as the reduction in the monthly childcare fee caps in Government-supported preschools, $500 Child LifeSG Credits for all Singaporean children aged 12 and below and top-ups to Edusave/PSEA accounts that will help to mitigate costs associated with having children.**

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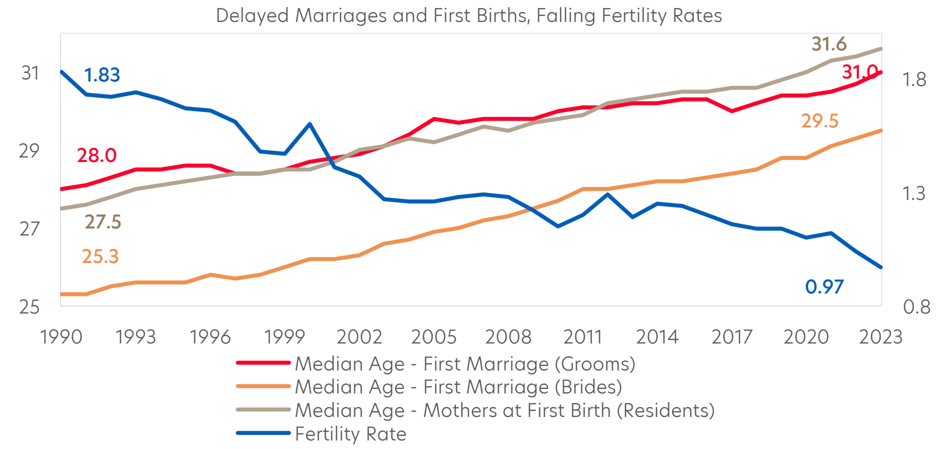
Fig 7: Delayed marriages and first births; TFR fell below 1.0 for the first time in 2023

Source: Macrobond, UOB Global Economics & Markets Research



#3 Goodies in an SG60 Election Budget

Budget 2025 is indeed a Budget for all Singaporeans - While the overall fiscal position for FY2025 was less expansionary than our expectations, measures to boost disposable income and alleviate cost pressures such as the new tranche of CDC vouchers, SG60 vouchers, higher U-Save rebates and 60% personal income tax rebate capped at $200 were quite sizeable in totality, partly explaining the surge in special transfers (excluding top-ups to endowments and trust funds). As a result, the basic balance posted a modest deficit of -S$4.8bn, -0.6% of GDP, resulting in a positive fiscal impulse (Fig 8) of 0.9% of GDP according to MOF estimates. **While core inflation has softened in y/y terms (Dec 2024 core: 1.8%), the price levels remain elevated (Fig 9) and the measures will be helpful especially for low-income households to cushion the cost-of-living pressures.**

Budget 2025 will be the final budget under the current term of government and takes place ahead of the upcoming General Elections (GE) which must be held by Nov. We argue that the economic backdrop is rather benign and favourable for the incumbent as characterized by our iteration of the Misery Index (Fig 10) which seeks to quantify how the average citizen is doing economically in a stylized fashion. The index considers the average monthly citizen unemployment rate which is fairly low at 2.9% in 2024 and projected to remain healthy in 2025F at 3.1% while the overall headline inflation has moderated significantly to 2.4% in 2024 and could soften further to 1.7% in 2025F signifying an expected improvement in economic sentiment in 2025.

A noteworthy observation is that the Misery Index has been relatively low during the General Election (GE) years, likely aided by the more expansionary fiscal stance during and prior the year of the GE. In our view, the General Elections should be held sooner rather than later post Budget 2025, to ride on the constructive economic window and macro backdrop. If history serves as a guide, May could be a possible month as was the case in the 2006 and 2011 GEs.

Fig 8: Positive fiscal impulse for FY2025 (UOB's estimates here)

Source: Macrobond, UOB Global Economics & Markets Research

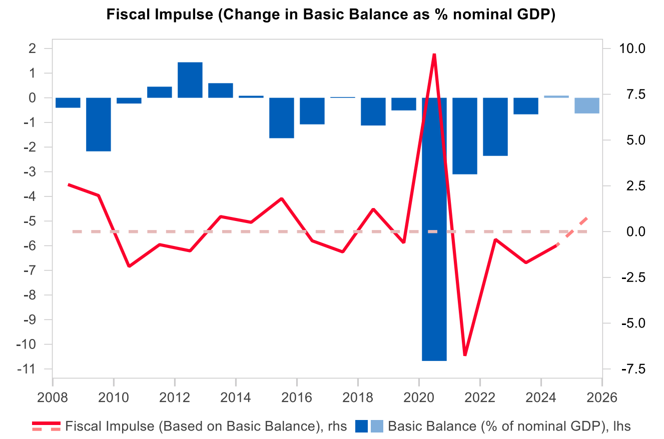


Fig 9: Price levels of both food and core items in the CPI basket are about 4.4% and 1.7% above our estimated implied long-run trend as of Dec 2024

Source: Macrobond, UOB Global Economics & Markets Research

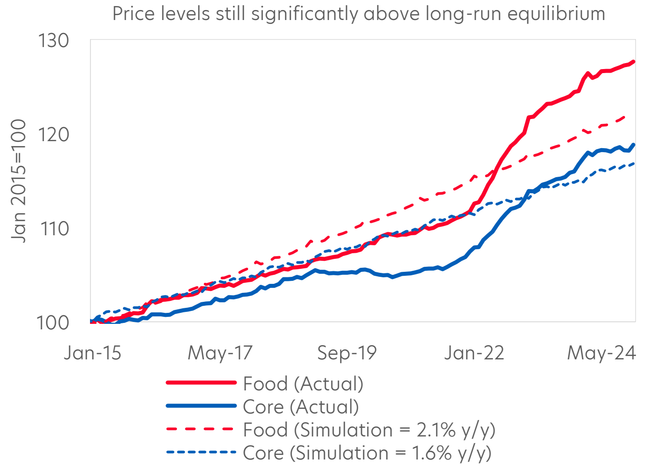
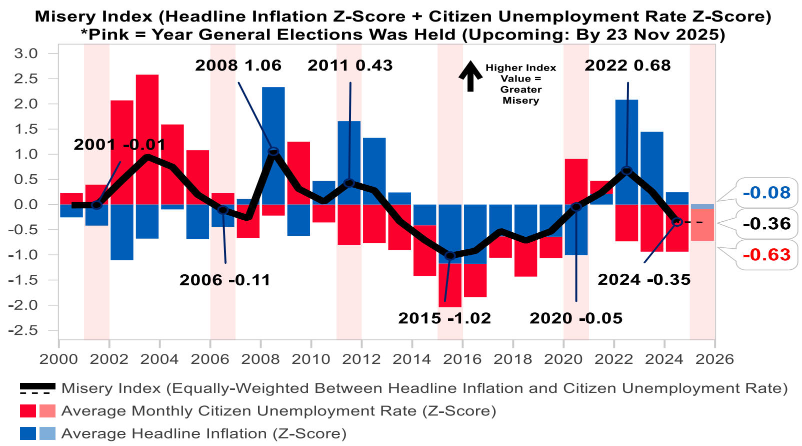


Fig 10: Economic backdrop is benign for GE2025 as reflected by the Misery Index

Source: Macrobond, UOB Global Economics & Markets Research



Conclusion

Budget 2025 is seen to be generous yet prudent at the same time. It provides well-rounded support to Singaporeans from all walks of life, including for the lower-income, the vulnerable and the aged.

It prioritizes tackling the immediate cost-of-living pressures without neglecting on education, skills development, productivity enhancement and retirement adequacy. It also provided relief to households while also promoting active lifestyles, community and cultural development.

The government provides direct support to businesses in managing rising costs while at the same time, increased spending in infrastructure, R&D and productivity enhancements, including for Changi Airport, clean energy, coastal protection, AI, will provide opportunities for businesses to participate as these projects come onstream. With such a long list of areas to cover, Singapore's fiscal position remains in surplus, reinforcing Singapore's prudent approach to managing public finances.

Summary Of Key Budget Measures

SG60 Package – To Mark Singapore's 60th Birthday

- SG60 vouchers (similar to CDC vouchers) to be given to all Singaporeans, S$600 for those aged 21 to 59, S$800 for seniors aged 60 and above. Disbursed across Jul 2025 and will expire on 31 Dec 2026.
- Personal income tax rebate of 60% for YA2025, capped at $200.
- All Singaporean babies born this year to receive a SG60 baby gift
- SG culture pass of S$100 credits for Singaporeans aged 18 and above, valid from Sep 2025 to end 2028.
- One-time rental support of S$600 for each stall in Hawker centres (managed by Government and its appointed operators) in 2025, and allocate up to S$1 billion over next 20-30 years to upgrade existing and build new hawker centres
- S$100 top-up in SG60 ActiveSG credits for all ActiveSG members
- S$270 million top-up for Enhanced Fund-Raising Programme extended for three years until end-2027.
- S$100 million top-up to the Cultural Matching Fund and extend it for five years until end FY2029.
- S$250 million SG Gives matching grant to provide dollar-to-dollar matching.
- provide the Self-Help Groups with additional funding of $60 million over the next five years.

Immediate Support For Households To Mitigate Rising Costs Of Living

Tackling Cost Pressures

- $800 CDC vouchers for every Singaporean household in 2 tranches: S$500 in May 2025, S$300 in Jan 2026.
- Additional one-off U-Save rebates: Up to $760 (given quarterly in FY 2025).
- S$500 LifeSG Credits for each Singaporean child aged 12 and below.
- S$500 top-up for Edusave or post-secondary Education accounts of Singaporean aged 13 to 20.
- To support those with smaller pensions, the government will increase the rates for Comcare assistance scheme.
- To increase the Singapore Allowance from S$350 to S$390, while the monthly pension ceiling will also rise to S$1320.

Public Housing Measures

- The government to continue with the robust supply pipeline, with more than 50,000 new HDB flats to be built in the next three years, in a wide range of locations including the housing estates of Woodlands, Bayshore and Mount Pleasant.
- HDB to launch 3,800 flats with shorter waiting time (less than 3 years).
- HDB launched largest ever sale of Balance Flats exercise in early Feb to the tune of 5,500 flat islandwide, with another such exercise planned for later in 2025.

Support For Businesses

Managing Business Costs

- 50% corporate income tax rebate for YA2025. Companies that employed at least one local employee in 2024 will get a minimal tax benefit of $2,000. The total benefit for each company will be capped at $40,000.
- Enhance the Progressive Wage Credit Scheme by increasing the Government's co-funding levels for wage increases from 30% in 2025 to 40%, and from 15% in 2026 to 20%.

Promote Investments/ Build Competitiveness

Enhancing Technology And Innovation Engines

- $3 bn top-up to the National Productivity Fund.
- $1 bn R&D infrastructure investment including a new national semiconductor R&D fabrication facility.

Strengthening Enterprise Ecosystem

- Up to $150 mn for new Enterprise Compute Initiative to help businesses harness AI.
- $1 bn Private Credit Growth Fund to provide more financing options for high-growth local enterprises.
- Tax incentives for Singapore-based companies and fund managers to list in Singapore and for fund managers which invest substantially in Singapore-listed equities.
- EDB to launch a Global Founder Programme later in 2025 to encourage MNCs and entrepreneurs to anchor and grow more new ventures in Singapore.
- Extend the Enhanced Cap for the Market Readiness Assistance Grant of $100,000 per new market till 31 Mar 2026.
- Extend the Double Tax Deduction for Internationalisation Scheme till 31 Dec 2030.
- Enhance the Enterprise Financing Scheme where the maximum loan quantum under the EFS – Trade Loan will be permanently enhanced from $5 mn to $10 mn and the scope of the EFS – Mergers and Acquisitions Loan will be enhanced beyond equity acquisitions to support targeted asset acquisitions from 1 Apr 2025 till 31 Mar 2030.
- Extend the Mergers and Acquisitions Scheme till 31 Dec 2030.

Investing In Infrastructure

- $5 bn top up to Changi Airport Development Fund.
- $5 bn top up to Future Energy Fund.

Supporting Enterprises In Workforce Transformation

- Introduce new SkillsFuture Workforce Development Grant to provide higher funding support of up to 70% for job redesign activities.
- Introduce redesigned SkillsFuture Enterprise Credit to make it more accessible. Companies with at least three resident employees will get $10,000 which will be available in 2H26 and last for 3 years. The current credit due to expire in Jun 2025 will be extended.
- Additional $200 mn funding for NTUC's Company Training Committees (or CTCs) grant which will be expanded to support employer-led training that leads to formal qualifications or certifications.

Equip Workers For Life

SkillsFuture Level-Up Programme

- Allowance for SkillsFuture Level-up Programme to be extended to part-time training; those eligible will receive $300 per month from early-2026.

Improve Equality And Social Mobility

Enhance Workfare Skills Support for Lower Wage Workers

- Introduce enhanced tier of support under the Workfare Skills Support (WSS) for lower-wage workers aged 30 and above who pursue selected long-form full-time or part-time training.

Institutes of Higher Learning as Key Partners in Supporting Lifelong Learning

- Support the Singapore University of Social Sciences (or SUSS) in developing a new city campus
- Extend the Singapore Universities Trust by 10 years to 31 Mar 2042 to support the fundraising efforts of SUSS and the Singapore Institute of Technology.

Helping Displaced Workers

- SkillsFuture Jobseeker Support scheme, from Apr 2025, to provide financial support of up to S$6,000 over six months, to give displaced workers assurance as they undergo training or search for jobs.
- Expand localised job matching services (Jobs Placement Centres) to all CDCs across Singapore

Help For Ex-offenders

- Extend the Uplifting Employment Credit to end-2028 to encourage more employers to hire ex-offenders.

Fresh Start Housing Scheme

- Enhance the grant to eligible families from S$50,000 to S$75,000.
- Allow eligible families to buy shorter lease subsidized flat through Fresh Start.

Empowering Persons With Disabilities

- Extend the Enabling Employment Credit to end-2028, to offset wages for persons with disabilities.
- Increase subsidy rates for adult disability services, and raise the maximum qualifying per capita household income for these subsidies.
- Expand the Matched Retirement Savings Scheme to include eligible Singaporeans with disabilities regardless of their age, to help them save for retirement early.
- Dollar-for-dollar matching grant for top-ups by lower- and middle-income caregivers to the trust accounts, up to S$10,000.

Support For Senior Workers

- Extend the Senior Employment Credit (or SEC) by one year to end-2026 to provide wage offsets for employers who hire Singaporean seniors aged 60 and above, and earning less than $4,000 a month. Qualifying age for the highest SEC wage support tier will be raised to 69 years old from 68, with reimbursement to companies up to 7% of the wages paid to workers aged 69 and above.

Support Families

Childcare Support

- Reduce monthly childcare fee caps in Government-supported preschools in 2025, to $610 for Anchor Operators (from $640) and $650 for Partner Operators (from $680).

Large Family Support - to support married couples who have, aspire to have three or more children

- S$5,000 increase in the Child Development Account (CDA) First Step Grant, to be applied to each third and subsequent child born from 18 Feb 2025 onwards.
- a new S$5,000 Large Family MediSave Grant to be disbursed into the mother's MediSave account for each third and subsequent child born from 18 Feb 2025 onwards.
- S$1,000 of LifeSG credits to be disbursed annually to families for each of their third and subsequent children, during the years that the child turns from age one to six.

Strengthening Retirement Adequacy

Changes To the CPF

- Increase the CPF contribution rates for those aged 55 to 65 by a further 1.5 ppt in 2026.
- Provide the CPF Transition Offset to employers for another year, to cover half of the increase in employer contributions for 2026.

Enabling Seniors To Age Well

The Enhancement for Active Seniors (EASE) programme

- EASE to be expanded for three years up to 2028 to households living in private properties.

Introduce Five-year Matched MediSave Scheme

- The Government will introduce a five-year Matched MediSave Scheme ("MMSS") from January 2026, to boost MediSave adequacy for seniors with lower balances.
- Under the MMSS, the Government will match every dollar of voluntary cash top-ups to the MediSave Account ("MA") of eligible CPF members, up to an annual cap of $1,000.

Enhance Subsidies For Care Services

- Increase existing subsidies for long-term care services in the home and community by up to 10 ppts, and raise the maximum qualifying per capita household income to S$4,800.
- Introduce additional subsidies for cohorts born in 1969 and earlier by 15 ppts.
- Increase the subsidies provided under the Seniors' Mobility and Enabling Fund.

Enhance The Home Caregiving Grant

- Raise the quantum for the Home Caregiving Grant to S$600 per month, from S$400 today, and raise the maximum qualifying per capita household income to S$4,800.

Sustainability For Households

- Climate Friendly Households Programme voucher quantum increased by S$100 to S$400 and extended to all Singapore citizens living in private property.

Increase Climate Resilience

- $5 bn top up to the Coastal and Flood Protection Fund.

Greening And Enhancing Transport Sector

- Introduce a new Heavy Vehicle Zero Emissions Scheme and an Electric Heavy Vehicle Charger Grant.
- Introduce the Additional Flat Component (or AFC) of road tax for electric heavy goods vehicles and buses, to maintain parity with usage charges for internal combustion engine (or ICE) heavy vehicles. The AFC will be set at $250 per year for electric heavy goods vehicles, and $190 and $550 per year for electric minibuses and large buses respectively. It will be phased in over three years starting from Jan 2026, and will be implemented in full by Jan 2028.
- Invest close to an additional $1 bn to increase and enhance bus services under the Bus Connectivity Enhancement Programme.

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