MOF
MINISTRY OF FINANCE
SINGAPORE

Income Growth, Inequality, and Social Mobility Trends in Singapore

Ministry of Finance Occasional Paper

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Contents

00 GLOSSARY OF TERMS AND DEFINITIONS

S/N	Term	Definition
1.	Residents	Refers to Singapore citizens and permanent residents.
2.	Citizen households	Refers to households where the household reference person is a Singapore citizen.
3.	Resident households	Refers to households where the household reference person is a Singapore citizen or permanent resident.
4.	Resident employed households	Refers to resident households with at least one employed person.
5.	Benefits and taxes	Benefits refer to Government transfers related to housing (including capital grants), employment & training, education, healthcare, social support, childcare, marriage & parenthood, and Special Transfers. Taxes refer to Personal Income Tax, Goods and Services Tax (GST), vehicle-related taxes, Property Tax, foreign domestic worker levy, Stamp Duty, and other indirect taxes.
6.	Employment income	Consists of income from paid employment and self-employment, received by employed members of the household. This includes both employee and employer Central Provident Fund (CPF) contributions.
7.	Market income	Refers to income received before any Government transfers and taxes, comprising employment (see S/N 6) and non-employment sources including investment income, rental income, contributions from other households, pensions, annuities, and regular insurance payouts. This includes both employee and employer CPF contributions.
8.	Gini coefficient	A summary statistic that measures the dispersion of incomes or wealth on a scale of zero to one. A Gini of zero reflects perfect equality, where every household has the same income (wealth). A Gini of one represents perfect inequality, where one household has all of the income (wealth).
9.	Equivalised household income	Equivalised household income adjusts household income for size and composition, recognising that larger households need more resources but benefit from economies of scale. It is calculated by dividing total household income by the household equivalence scale. The three commonly used equivalence scales are the per household member scale, modified OECD scale, and the square root scale. Illustrative examples of these scales can be found in the Department of Statistics's infographic on understanding the Gini coefficient, at this link.

01 INTRODUCTION & EXECUTIVE SUMMARY

1.1 Many countries are grappling with widening inequality and weaker social mobility. Workers are increasingly anxious about jobs and their future prospects. In several advanced economies, median real wages have stagnated or declined.

1.2 Singapore is exposed to the same pressures on jobs and incomes. This is why the Government has made it a priority to ensure that the fruits of progress are shared by all. This paper reviews trends in income growth, inequality and social mobility in Singapore, and outlines the Government's approach and policies to sustain a fair and inclusive society.

1.3 The broad findings, based on data over the past decade, are as follows:

a. Income growth has been broad-based, with lower-income groups experiencing stronger gains.

b. Income inequality, measured both before and after taxes and transfers, has decreased.

c. Wealth inequality, based on available data, is higher than income inequality, but is broadly comparable to that of other advanced economies.

d. Intergenerational mobility remains strong. Most Singaporeans have experienced upward income mobility across generations. By international comparison, Singapore has done relatively well in sustaining social mobility.

1.4 As Singapore's economy matures, pressures related to inequality and social mobility will persist, as they have in other advanced economies.

1.5 The Government will continue to lean against these pressures by pursuing inclusive growth and taking continued steps to mitigate inequality and support social mobility.

1.6 This effort extends beyond Government policies alone. It requires a whole-of-society effort, grounded in strong families, supported by the community, and underpinned by our close tripartite partnership. Under Forward Singapore, we have taken concrete steps to renew and strengthen our social compact, and we will continue to build on these efforts.

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02 PURSUING INCLUSIVE GROWTH

2.1 Inclusive growth refers to growing the economy in a way that creates good jobs and raises wages across the board, while ensuring that all Singaporeans are able to participate in and benefit from economic progress.

Income growth in Singapore[1]

2.2 Over the past decade, resident households in Singapore have experienced broad-based income growth in real terms – that is, income growth has outpaced inflation.

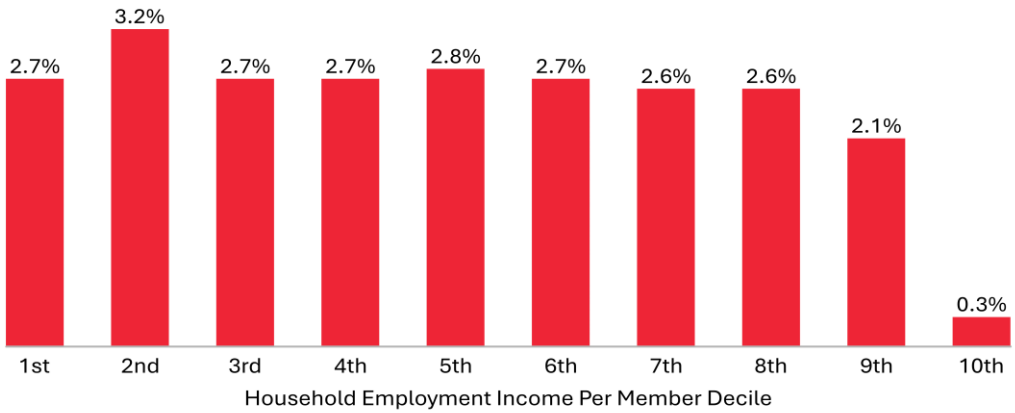
a. Among resident employed households, the average employment income grew in real terms compared to 10 years ago [Chart 1], with relatively stronger gains for the lower and middle deciles.

b. Across the income distribution, household income growth in Singapore has been higher compared to other advanced economies [Chart 2].

2.3 Real individual incomes have also risen across the income distribution compared to 10 years ago [Chart 3]. Lower-wage workers experienced higher real income growth than the broad middle, who in turn experienced higher growth than those at the upper end of the income spectrum.

Annualised growth in average real household employment income per member among resident employed households (% p.a.), 2015-2025

CHART 1



Source: Department of Statistics (DOS)

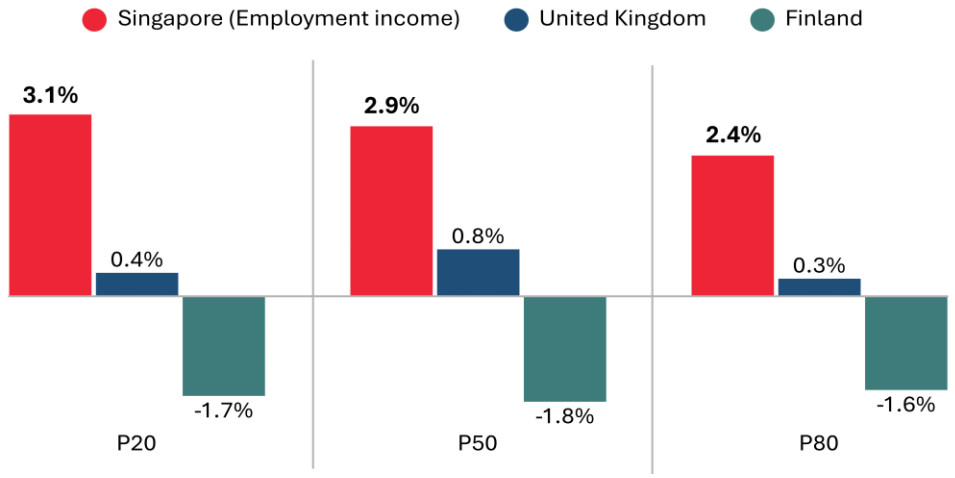
Notes:

1. *Households are ranked by household employment income per member.*
2. *Incomes are deflated using the CPI for All Items for the relevant household income group (bottom 20%, middle 60%, and highest 20%).*

[1] Charts 1, 2 and 3 on income growth are based on cross-sectional comparisons over the time period, and not longitudinal comparison.

International comparison of annualised growth in real household income per member (% p.a.), 2015-2025

CHART 2



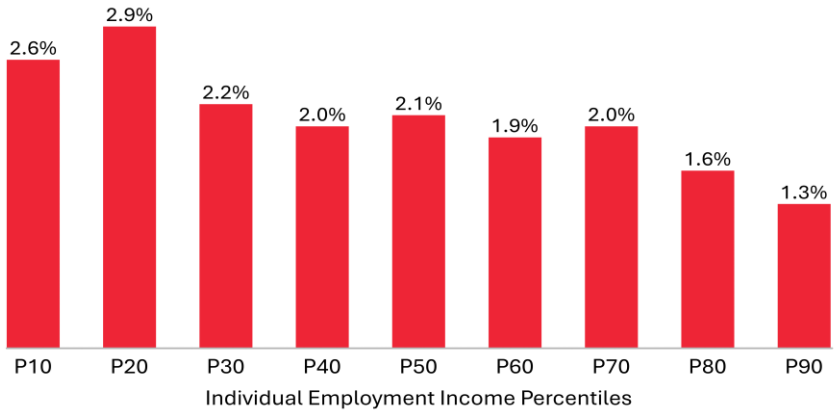
Source: DOS, MOF's estimates using available data from National Statistical Offices

Notes:

1. *The comparator economies were selected based on data availability, consistent with those used in Charts 8, 12, 14, and C3. While average or median income growth is commonly reported, few economies publish income growth data by income percentiles.*
2. *Income growth rates for Finland are computed using the average household incomes of the 2nd, 5th, and 8th deciles, while income growth rates for Singapore and the UK are computed based on household incomes at the 20th, 50th, and 80th percentiles.*
3. *Singapore's data is ranked by household employment income per member among resident employed households.*
4. *Finland's and the UK's data are ranked by disposable income equivalised using the modified-OECD scale among all households, as data ranked by market income is not available.*
5. *Income growth is based on 2015-2025 data for Singapore, and 2015-2024/2025 data for the UK and 2015-2024 data for Finland due to data availability.*
6. *Incomes are deflated by the relevant CPI series. For Singapore, incomes are deflated using the CPI for All Items for the relevant household income group (bottom 20%, middle 60%, and highest 20%).*

Annualised growth in real individual employment income of full-time employed residents (% p.a.), 2015-2025

CHART 3



Source: Ministry of Manpower (MOM)

Labour market interventions

2.4 A strong economy and flexible labour market are critical to achieving inclusive growth. The Government therefore continues to invest in human capital and to update its labour market policies to better equip and support workers.

a. Uplifting the wages of lower-wage workers requires a balanced and sustainable approach. Wage increases must be accompanied by productivity improvements. This is why Singapore adopted the **Progressive Wage Model (PWM)**, which raises wages alongside clear pathways for skills upgrading and career progression.

b. The **Workfare Income Supplement** and **Workfare Skills Support** schemes complement the PWM by topping up the income and Central Provident Fund (CPF) savings of lower-wage workers and supporting their skills upgrading.

c. To help employers adjust to higher wage costs, the Government provides transitional support through the **Progressive Wage Credit Scheme**, which co-funds wage increase while businesses adapt and improve productivity.

Job transitions and unemployment

2.5 Singapore's labour market continues to function well.

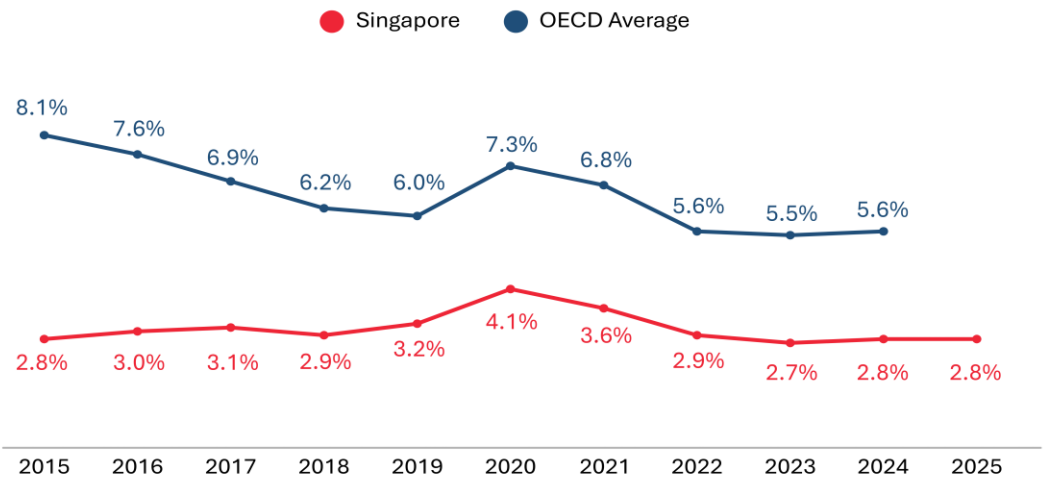
a. The resident unemployment rate has generally remained low and stable outside of periods of economic crises, and has consistently been below the OECD average [Chart 4].

b. An indicator of labour market resilience is the time taken for retrenched residents to return to employment. Compared to past years, there has been a slight decline in the re-entry rate at six months after retrenchment. But the re-entry rate at 18 months has remained broadly stable [Chart 5].

c. Among those retrenched in 2024, 60% continued to receive similar or higher wages in their new role after retrenchment. This was an improvement from 52% in 2018.

Unemployment rate in Singapore and the OECD, 2015-2025

CHART 4



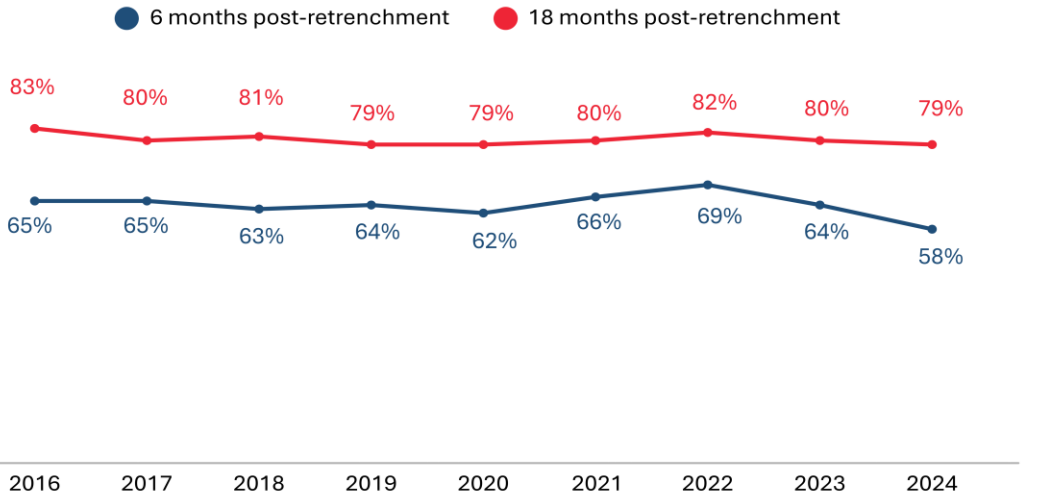
Source: MOM, OECD Data Explorer

Note:

1. *Data for Singapore pertains to the annual average unemployment rate of Singapore residents.*
2. *The OECD Average unemployment rate is available up to 2024.*

Annual rates of re-entry into employment among retrenched residents, 2016-2024

CHART 5



Source: MOM

Notes:

1. *Data pertains to private sector establishments (with at least 25 employees) and the public sector.*
2. *Annual re-entry rate measures the proportion of residents who are in employment in the reference year, six/18 months after retrenchment.*

Building resilience to employment disruptions

2.6 Looking ahead, technological and global economic shifts could result in more frequent employment disruptions. Workers will therefore need to reskill and upskill more regularly over the course of their careers.

2.7 The Government cannot protect every job. But it is committed to helping workers through periods of transition – helping them to recover from setbacks and return to meaningful employment in a timely manner.

a. The Government provides employment facilitation support, such as career coaching and job matching services. This includes coordinated and specialised wrap-around support for lower-income workers, who may face more challenges. The Government also works closely with NTUC and employers to support retrenched workers.

b. To further strengthen support for displaced workers, the Government has introduced the **SkillsFuture Jobseeker Support scheme**. The scheme provides temporary financial support for lower- to middle-income displaced workers, conditional on active job search and participation in training. This helps workers avoid rushing into ill-fitting jobs and supports them in securing roles that are better aligned with their skills and experience.

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03 MITIGATING SOCIAL INEQUALITY

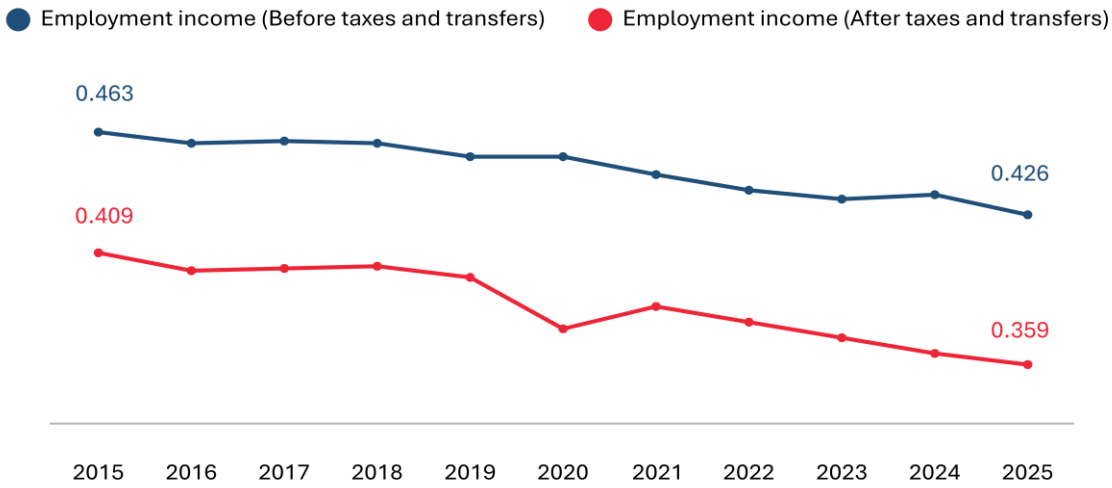
3.1 Singapore is a meritocratic society where citizens are able to progress based on their abilities and effort. While outcomes will inevitably differ, the Government seeks to ensure that all Singaporeans have the opportunity to succeed, and that those who face greater challenges are adequately supported.

Inequality in Singapore

3.2 Overall, Singapore's income inequality, measured using household employment income both before and after taxes and transfers, has decreased over the past decade [Chart 6].

Gini coefficient based on household employment income (per household member scale) among resident employed households, 2015-2025

CHART 6



Source: DOS

3.3 This reflects the combined effects of broad-based income growth, and a significant strengthening of transfers, with a greater share directed towards the lower-income.

a. Key programmes include the **Workfare Income Supplement** and the **Silver Support Scheme**, which provides targeted support to seniors who had lower incomes during their working years.

b. To recognise and honour the contributions of earlier generations to nation building, the **Pioneer Generation and Merdeka Generation Packages** provided them with significant healthcare subsidies and MediSave top-ups.

c. Singaporeans who are unable to meet their basic living needs are supported through various schemes, including **ComCare** and the **Public Rental Scheme**. Coordination amongst **Social Service Offices** and **Family Service Centres** has also been enhanced to improve access to assistance, and ensure more timely and integrated support.

New household market income data and income inequality measures[2]

3.4 In its latest *Key Household Income Trends (KHIT)*, the Department of Statistics (DOS) introduced a new data series on household market income, which includes income from both employment and non-employment sources.[3] Annex A provides more details.

3.5 Consistent with earlier findings (see Charts 1 and 3), the new data series shows similar trends.

a. The average resident household market income increased in real terms across all income deciles compared to 10 years ago, with relatively stronger growth among the lower-income deciles [Chart 7].

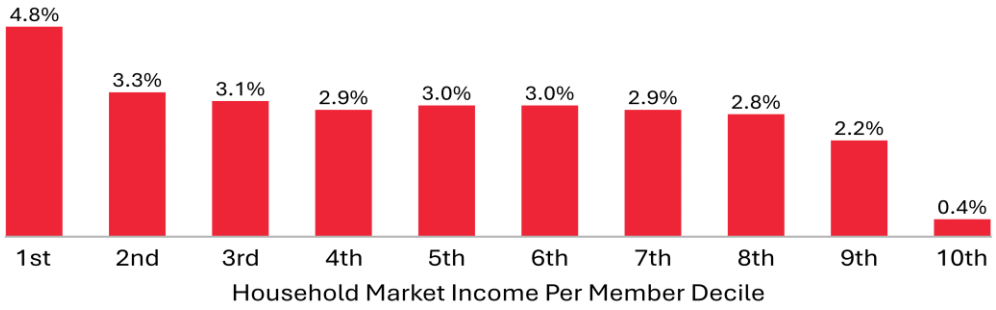
b. Across the income distribution, income growth in Singapore was higher than that of other advanced economies [Chart 8].

[2] Charts 7 and 8 on income growth are based on cross-sectional comparisons over the time period, and not longitudinal comparison.

[3] Market income comprises employment and non-employment income, including investment income, rental income, contributions from other households, pensions, annuities, and regular insurance payouts. Singapore's market income, taxes and transfers data for 2025 will be finalised in the next KHIT 2026 report to be published in 2027.

Annualised growth in average real household market income per member among resident households (% p.a.), 2015-2025

CHART 7



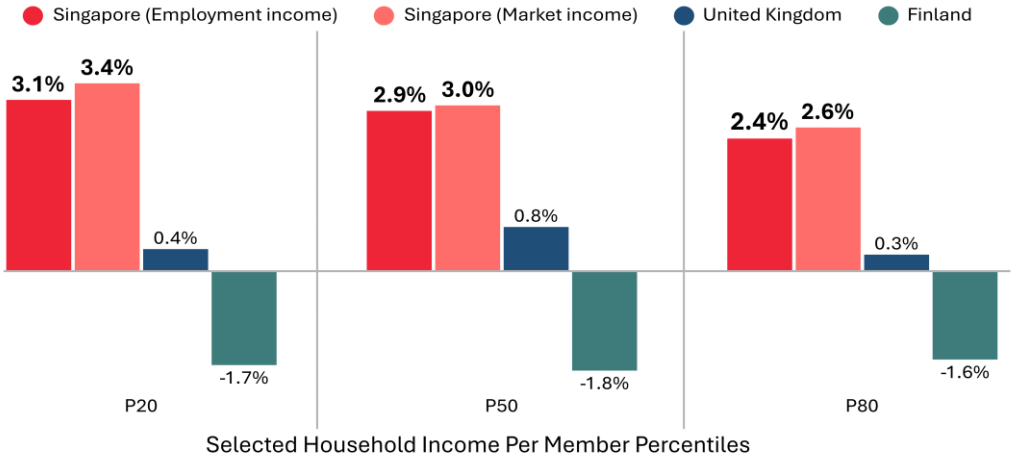
Source: DOS

Notes:

1. *Households are ranked by household market income per member.*
2. *Incomes are deflated using the CPI for All Items for the relevant household income group (bottom 20%, middle 60%, and highest 20%).*

International comparison of annualised growth in real household market income per member (% p.a.), 2015-2025

CHART 8



Source: DOS, MOF's estimates using available data from National Statistical Offices

Notes:

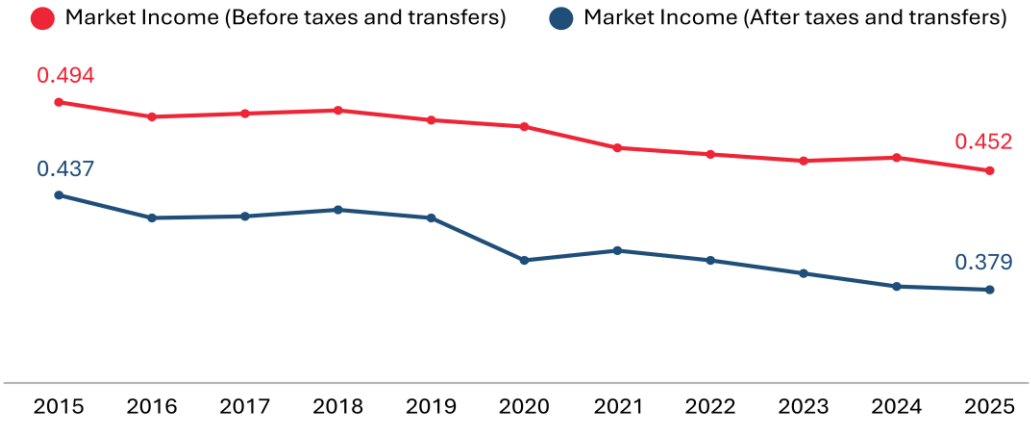
1. *The comparator economies were selected based on data availability, consistent with those used in Charts 2, 12, 14, and C3. While average or median income growth is commonly reported, few economies publish income growth data by income percentiles.*
2. *Income growth rates for Finland are computed using the average household incomes of the 2nd, 5th, and 8th deciles, while income growth rates for Singapore and the UK are computed based on household incomes at the 20th, 50th, and 80th percentiles.*
3. *Singapore's market income data is ranked by household market income per member among all resident households, while Singapore's employment income data is ranked by household employment income per member among resident employed households.*
4. *Finland's and the UK's data are ranked by disposable income equivalised using the modified-OECD scale among all households, as data ranked by market income is not available.*
5. *Income growth is based on 2015-2025 data for Singapore, and 2015-2024/2025 data for the UK and 2015-2024 data for Finland due to data availability.*
6. *Incomes are deflated by the relevant CPI series. For Singapore, incomes are deflated using the CPI for All Items for the relevant household income group (bottom 20%, middle 60%, and highest 20%).*

3.6 The revised Gini coefficient based on market income has also decreased over the last decade, although it is higher than the Gini coefficient based on employment income [Chart 9]. This reflects the broader income base captured under market income. Annex A provides more details on its impact on the Gini coefficient.

3.7 By international comparison, Singapore's level of income inequality before taxes and transfers is at the lower end of the range among advanced economies [Chart 10].

Revised Gini coefficient based on household market income (per household member scale) among resident households, 2015-2025

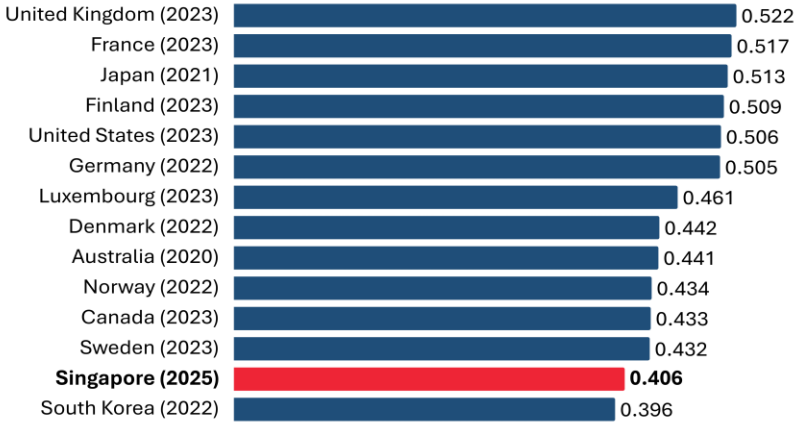
CHART 9



Source: DOS

International comparison of Gini coefficient before taxes and transfers (square root scale)

CHART 10



Source: DOS, OECD Income Distribution Database

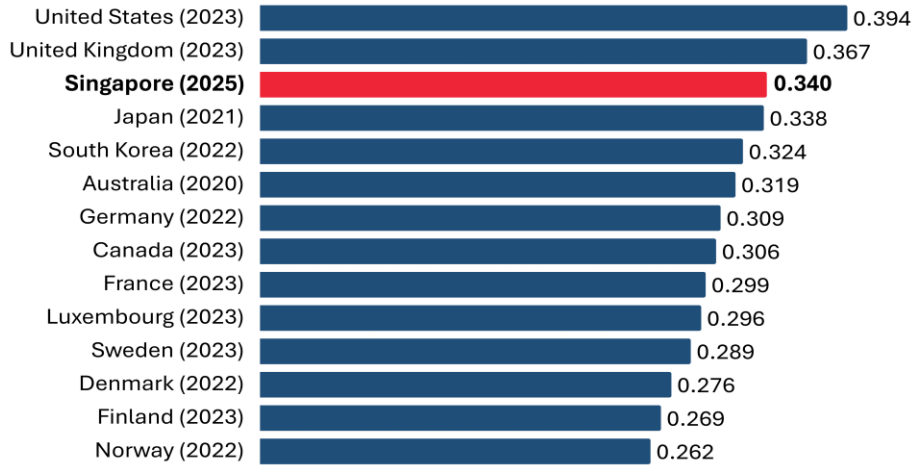
Notes:

1. *Comparison is done using the square root scale as data based on square root scale is most widely available. The square root scale implies greater economies of scale for larger households.*
2. *Gini coefficients are based on household market income among all households for OECD countries, and resident households for Singapore.*

3.8 After taxes and transfers, the Gini coefficients of most advanced economies fall below 0.4. Singapore's income inequality after taxes and transfers is comparable to that of other developed Asian economies [Chart 11]. The larger reduction in the Gini coefficients observed in the Nordic economies (such as Sweden, Denmark and Norway) are associated with higher overall tax burdens on the population and more extensive transfers to the lower-income. Singapore has taken a different approach, maintaining a relatively low overall tax burden for the majority of Singaporeans while providing targeted support to those who need it most. This approach is discussed in more detail later at paragraph 3.16.

International comparison of Gini coefficient after taxes and transfers (square root scale)

CHART 11



Source: DOS, OECD Income Distribution Database

Notes:

1. *Comparison is done using the square root scale as data based on square root scale is most widely available. The square root scale implies greater economies of scale for larger households.*
2. *Gini coefficients are based on household market income among all households for OECD countries, and resident households for Singapore.*

Wealth inequality in Singapore

3.9 The Government has also paid close attention to wealth inequality. Wealth can become entrenched across generations, as households with greater resources are better able to invest in and transfer assets to their children.

3.10 Globally, the measurement of wealth and wealth inequality is challenging. Certain assets, such as equity in private companies and overseas holdings, are difficult to track and value. Financial confidentiality provisions further constrain data collection. To the extent that wealth at the top of the distribution is under-reported, measured wealth inequality is likely to be underestimated.

3.11 For Singapore, wealth data is collected by combining administrative data with household surveys. The Government has progressively improved the quality of data over time and has included the best-available estimate of household wealth in this paper. Nevertheless, data limitations remain and these are set out in Annex B.

3.12 Internationally, wealth inequality tends to be higher than income inequality. Singapore is no exception: the Gini coefficient for wealth is estimated at 0.55, compared to 0.38 for income after taxes and transfers. Cross-country comparisons of wealth inequality are not straightforward because of differences in data availability, asset coverage, and social security systems. But based on the available data, Singapore's wealth Gini coefficient is broadly comparable to that of other advanced economies, including the UK, Japan, and Germany, where wealth Gini coefficients are estimated to be in the range of 0.6 to 0.7.

3.13 Singapore's housing and retirement policies have played an important role in moderating wealth inequality. Through the **Housing & Development Board (HDB)** and **CPF,** households are supported in attaining home ownership and accumulating retirement savings, with policy design tilted towards supporting those with fewer resources.

3.14 As a result, most Singaporean households, including those with lower wealth, hold positive net wealth. This stands in contrast to some other countries where lower home-ownership rates and a larger share of households with low or negative home equity contribute to higher measured wealth inequality. Annex B provides more details.

3.15 The Government has measures in place to moderate wealth inequality, including a progressive system of property taxation, and targeted wealth transfers to lower-income households and individuals. It will continue to monitor developments and review its measures to ensure they remain effective and sustainable, as circumstances evolve.

Taxes and transfers in Singapore

3.16 Singapore's progressive system of taxes and transfers is designed to ensure that everyone contributes, with those who are better off contributing more. This allows the Government to redistribute resources to support those with greater needs, while keeping the overall tax burden low for the broad middle. Annex C provides further analysis.

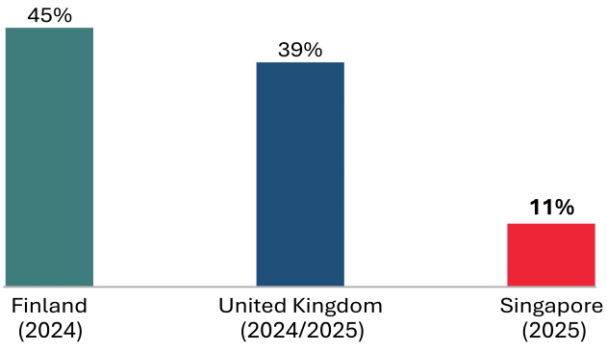
a. Around 35% of Singapore citizen and permanent resident workers do not pay any **Personal Income Tax (PIT)**.

b. Among those who pay, the top 10% of earners account for about 75% of the income tax revenue. The PIT has been made more progressive over the years.

c. Compared with other countries, the Government has kept the tax-to-income ratio low for Singaporeans [Chart 12].

International comparison of average tax-to-income ratio per household member

CHART 12



Source: MOF's estimates using data from National Statistical Offices

Notes:

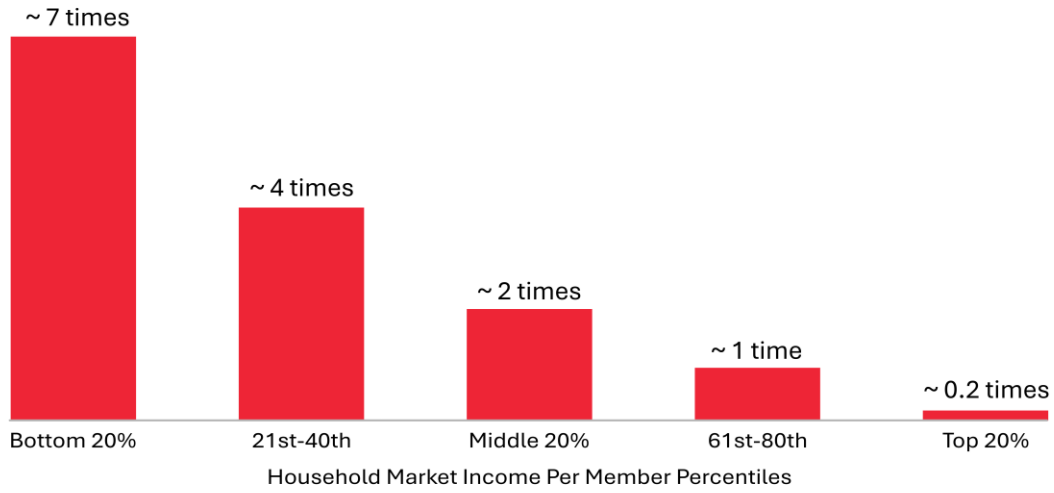
1. *The comparator economies are selected based on data availability, consistent with those used in Charts 2, 8, 14, and C3. Few economies publish income and tax data by income percentiles.*
2. *Singapore's and the UK's taxes include all direct and indirect taxes, while Finland's taxes include all direct taxes and Value Added Tax (VAT) but excludes other indirect taxes.*
3. *Finland's and the UK's estimates include social security contributions. Singapore's CPF contributions are not considered taxes and are thus excluded.*
4. *Singapore's income is based on household market income per member among citizen households, while Finland's and the UK's data are based on household market income equivalised using the modified-OECD scale among all households.*

d. In general, the distribution of taxes and transfers is progressive: for every dollar of tax paid, households in the bottom 20% of earners received around seven dollars in benefits, while households in the top 20% of earners received around 20 cents in benefits [Chart 13].

e. Compared to other advanced economies such as Finland and the UK [Chart 14], Singaporean households in the bottom 20% and middle 20% receive more benefits for every dollar of tax paid. Households in the top 20% receive comparable benefits.

Benefit-to-tax ratio per household member among citizen households, 2021-2025

CHART 13



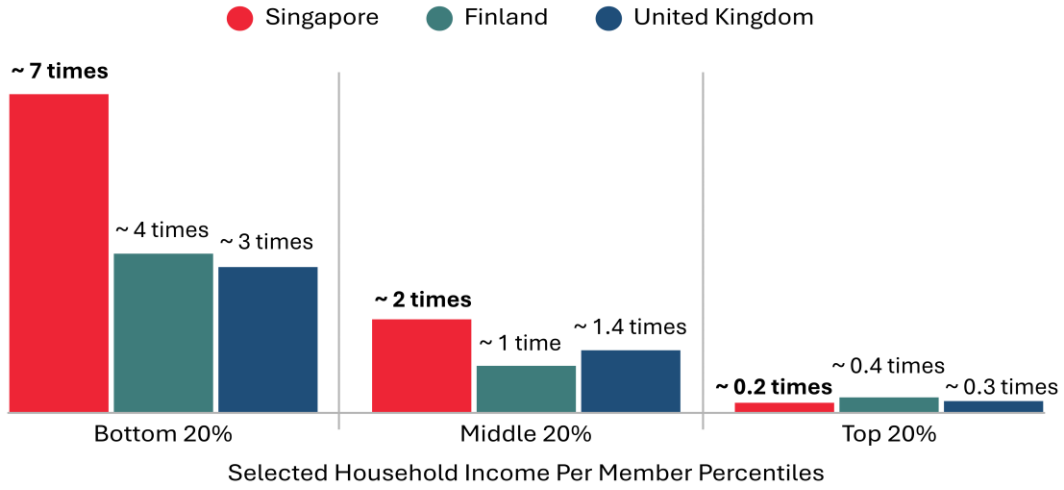
Source: MOF's estimates using data from DOS

Notes:

1. *The benefit-to-tax ratio of ~7 times for the bottom 20% is higher than the ratio of ~4 times previously reported during MOF's 2025 Budget Debate. The change is because households are now ranked by market income instead of employment income. Households in the bottom 20% by market income generally receive higher benefits and pay lower taxes on average, as compared to households in the bottom 20% by employment income, which includes wealthier retiree households.*
2. *The benefit-to-tax ratio of ~0.2 times for the top 20% is lower than the ratio of ~0.3 times previously reported during MOF's 2025 Budget Debate. Similarly, this is due to the change in household ranking. Households in the top 20% by market income generally receive lower benefits and pay higher taxes on average, as compared to households in the top 20% by employment income.*
3. *Households are ranked by household market income per member.*

International comparison of benefit-to-tax ratio per household member

CHART 14



Source: MOF's estimates using data from National Statistical Offices

Notes:

1. *The comparator economies were selected based on data availability, consistent with Charts 2, 8, 12, and C3. Few economies publish benefit and tax data by income percentiles.*
2. *Singapore's and the UK's taxes include all direct and indirect taxes, while Finland's taxes includes all direct taxes and VAT but excludes other indirect taxes.*
3. *Finland's and the UK's estimates include social security contributions. Singapore's CPF contributions and payouts are not considered taxes or benefits and are thus excluded.*
4. *Singapore's data is ranked by household market income per member among citizen households. Finland's and the UK's data are ranked by disposable income equivalised using the modified-OECD scale among all households due to data availability.*
5. *Benefit-to-tax ratios are based on 2021-2025 data for Singapore, 2024/2025 for the UK, and 2024 for Finland.*

04 SUSTAINING SOCIAL MOBILITY

4.1 Beyond addressing inequality, it is important to ensure that life outcomes are not pre-determined at birth, and that Singaporeans are able to progress over the course of their lives through effort, opportunity and support.

a. Sustaining absolute mobility, where incomes and living standards rise across the board, is a key priority, so that Singaporeans continue to advance as the economy grows.

b. Maintaining relative mobility is also important to prevent social stratification and the entrenchment of disadvantage. At the same time, this must be balanced against the risks of fuelling excessive competition. Policy efforts are therefore focussed on uplifting those who are falling behind.

4.2 Overall, Singapore has done relatively well in sustaining social mobility. However, as the economy matures, early signs of slowing relative mobility – similar to patterns observed in other advanced economies – have begun to emerge.

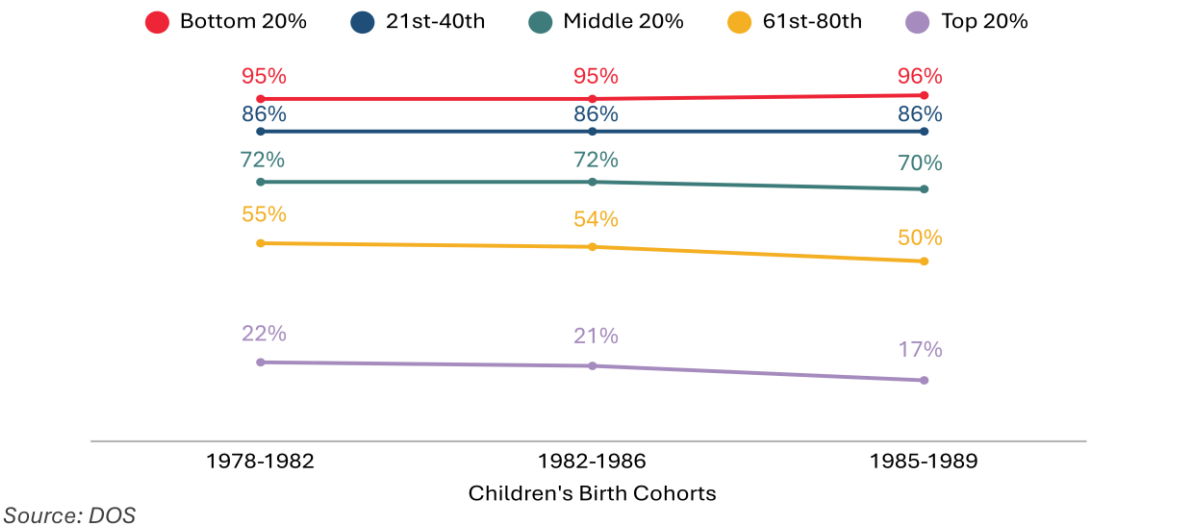
4.3 Singapore has achieved strong outcomes in terms of absolute mobility. Intergenerational progress has been substantial for most Singaporeans. A high proportion of children earned more than their fathers in real terms [Chart 15].[4,5] This pattern holds up to the 60th percentile of the income distribution, and has remained broadly consistent across successive birth cohorts. For those from the 61st to 100th percentiles, generational progress is naturally less pronounced, reflecting higher starting income levels.

[4] MOF's 2015 Occasional Paper on Income Growth, Inequality and Mobility Trends in Singapore studied absolute intergenerational mobility using father-son pairs, in line with literature (e.g., Solon, 1989). The current paper expands the coverage to father-children pairs as females in later cohorts have higher educational attainment and labour market participation. Figures based on father-son and father-children pairs are broadly similar.

[5] For all analysis on intergenerational mobility, only fathers' incomes were considered because there is greater variability in mothers' incomes from temporary or permanent exit from employment arising from life-cycle events such as marriage and childbirth for the generations under study.

Share of children earning more than their fathers in real terms across cohorts, by fathers' income percentiles

CHART 15



Source: DOS

Notes:

1. *The annual employment incomes of fathers and their children were deflated by CPI. Incomes were also averaged over five years to reduce the impact of transitory fluctuations in income, to align with the methodology used in the literature (e.g., Solon, 1989).*
2. *Fathers and children without income in any year of measurement were excluded from the study.*

4.4 Singapore has also maintained relative intergenerational mobility reasonably well when compared to other advanced economies. This reflects, in part, the significant expansion of educational attainment and job opportunities for cohorts entering the workforce in the decades following independence.

a. Relative intergenerational mobility can be assessed using the correlation between the income ranks of fathers and their children. A higher correlation coefficient indicates a stronger influence of family background on a child's eventual income, and therefore lower relative mobility. On this measure, Singapore's correlation coefficient is comparable to that observed in other advanced economies [Table 1].

b. In addition, Singaporean children born to fathers in the bottom 20% of earners have a relatively higher likelihood of moving into the top 20% of earners within their cohort, compared to peers in many other countries [Table 2].

International comparison of income rank correlation coefficient

TABLE 1

Country	Children's birth cohorts	Ages of children during income measurement	Income rank correlation coefficient
Denmark	1973-1975	35-39	0.18
Australia	1978-1982	33-37	0.22
Singapore	**1985-1989**	**30-38**	**0.24**
Canada	1982	27-31	0.24
Sweden	1968-1976	32-34	0.24
United States	1980-1982	29-32	0.34

Source: Australia – Deutscher & Mazumder (2021); Denmark, United Kingdom, United States – Chetty et al. (2014b); Canada – Connolly & Haeck (2024); Singapore – DOS; Sweden – Heidrich (2017)

Note:

1. *For Singapore, relative intergenerational mobility statistics were previously measured when children were aged 26-34. The measurement has been revised to cover children at ages 30-38 where incomes tend to be more stable, and closer to the ages where incomes were measured in other countries.*

International comparison of share of children born to fathers in the bottom 20% of income who earn top 20% income

TABLE 2

Country	Children's birth cohorts	Ages of children during income measurement	Share of children who earned T20 Income amongst those born to fathers in the B20
Sweden	1968-1976	32-34	15.7%
Singapore	**1985-1989**	**30-38**	**13.8%**
Australia	1978-1982	33-37	12.3%
Canada	1985	27-31	~12%
Denmark	1980-1981	28-31	11.7%
United Kingdom	1970	34	11.4%
France	1963-1973	40-50	9.7%
United States	1980-1982	30-32	7.5%

Source: Australia – Deutscher & Mazumder (2021); Denmark, United States – Chetty et al. (2014b); Canada – Connolly & Haeck (2024); France – Kenedi & Sirugue (2023); Singapore – DOS; Sweden – Heidrich (2017); United Kingdom – Alesina et al. (2018)

Note:

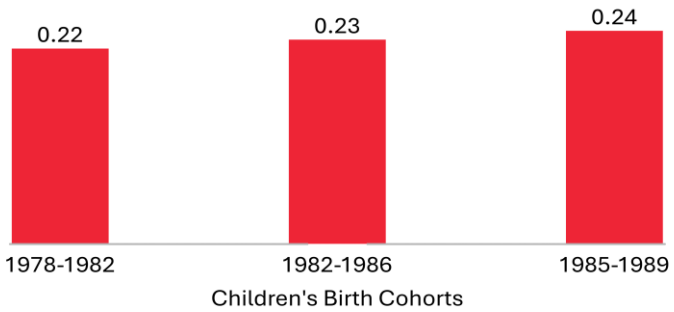
1. *For Singapore, relative intergenerational mobility statistics were previously measured when children were aged 26-34. The measurement has been revised to cover children at ages 30-38 where incomes tend to be more stable, and closer to the ages where incomes were measured in other countries.*

4.5 However, as Singapore's economy matures, relative intergenerational mobility has shown signs of gradual moderation.

a. The income rank correlation coefficient has increased modestly across successive birth cohorts, indicating a somewhat stronger association between parental income and children's income outcomes over time [Chart 16].

b. While around three in four children born to fathers in the bottom 20% of earners continue to move into a higher income tier in adulthood, the share who remain in the bottom 20% has increased over time [Chart 17].

Income rank correlation coefficient across cohorts **CHART 16**



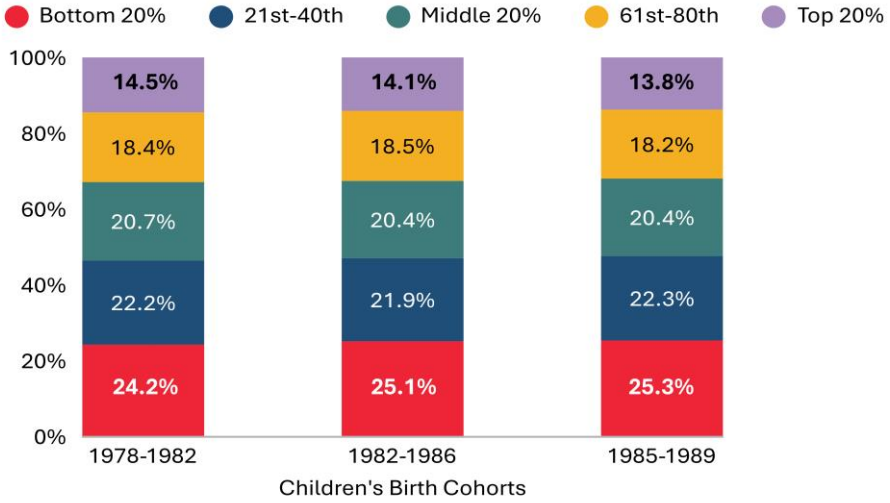
Source: DOS

Notes:

1. *This indicator measures the relationship between the income ranks of children at ages 30-38 within their own birth cohorts and that of their fathers when they were aged 46 on average. A higher correlation implies lower mobility.*
2. *The annual employment incomes of fathers and their children were averaged over five years to reduce the impact of transitory fluctuations in income, following the literature (e.g., Solon, 1989).*
3. *Fathers and children without income in any year of measurement were excluded from the study.*
4. *Relative intergenerational mobility statistics were previously measured when children were aged 26-34. The measurement has been revised to cover children at ages 30-38 where incomes tend to be more stable, and closer to the ages where incomes were measured in other countries.*

Income distribution of children (in their 30s) born to fathers who were in the bottom 20% of earners (in their 40s)

CHART 17



Source: DOS

Notes:

1. *The annual employment incomes of fathers and their children were deflated by CPI to account for inflation. Incomes were averaged over five years to reduce the impact of transitory fluctuations in income, following the literature (e.g., Solon, 1989).*
2. *Fathers and children without income in any year of measurement were excluded from the study.*
3. *Relative intergenerational mobility statistics were previously measured when children were aged 26-34. The measurement has been revised to cover children at ages 30-38 where incomes tend to be more stable, and closer to the ages where incomes were measured in other countries.*

Doing more to strengthen social mobility

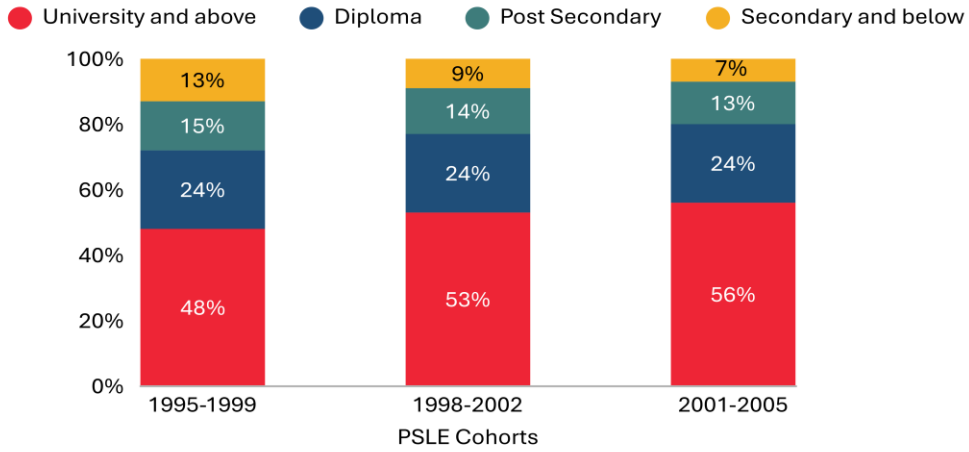
4.6 The Government will continue to invest heavily in education, which remains a key driver of social mobility.

a. Over time, an increasing proportion of each cohort has attained higher levels of education and skills [Chart 18]. This has been matched by the creation of higher-skilled jobs in the economy, reflected in the rising share of Professionals, Managers, Executives, and Technicians (PMETs) in the resident workforce – from 54.4% in 2015 to 64.2% in 2025.

b. Singapore's education system is designed to support students with different starting points. Those from disadvantaged backgrounds receive financial assistance and learning support in school where needed. Notably, students from lower socio-economic status (SES) households do well by international standards, outperforming the OECD average in the 2022 Programme for International Student Assessment (PISA) domains of reading, mathematics, and science [Chart 19].

Proportion of Highest Qualification Attained (HQA) at age 30

CHART 18



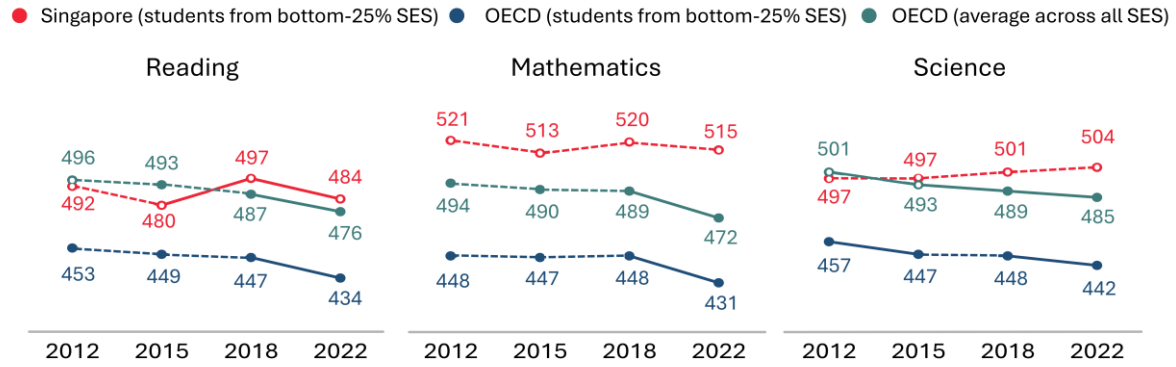
Source: DOS

Notes:

1. *Highest Qualification is at age 30 and as of Jun each year.*
2. *Data covers Singaporean citizen PSLE candidates in Government schools, Government-aided schools, Independent, Specialised Independent and Specialised schools, who have a Highest Qualification record with DOS and are locally residing in Singapore at age 30. HQA information for residents, particularly those aged 25-29 and obtained their qualifications overseas and/or in Singapore private education institutions, may be incomplete as such information is not readily available through administrative sources.*

Mean PISA scores by home SES in Singapore and the OECD, PISA 2012-2022

CHART 19



Source: Ministry of Education (MOE)

Notes:

1. *A solid (dotted) line denotes where the mean score is statistically (not statistically) significantly different between the two PISA cycles.*
2. *A solid (white) circle denotes where the mean score is statistically (not statistically) significantly different from Singapore (bottom-25% SES) within the same PISA cycle.*

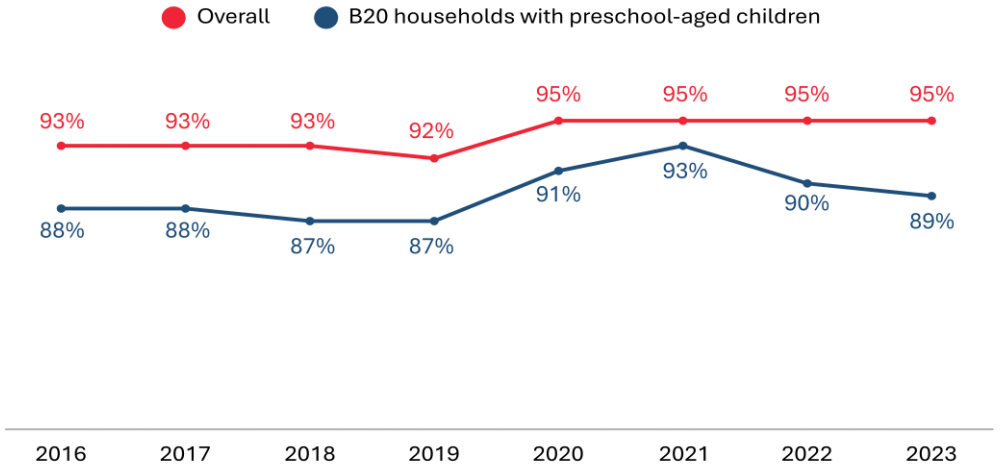
4.7 To give every child a good start in life, the Government will continue to invest in early childhood education.

a. Preschool enrolment rates among children from lower-income families have increased over the years [Chart 20]. The Government will continue to improve the accessibility, affordability, and quality of early childhood education.

b. Children from lower-income families are accorded priority enrolment in preschools. Programmes like **KidSTART** also provide more support for lower-income parents and caregivers.

Preschool enrolment rate of Singapore citizen children aged 5 to 6 years old in B20 households and the overall population, 2016-2023

CHART 20



Source: Early Childhood Development Agency (ECDA), DOS, MOE

Notes:

1. *Enrolment rates are computed based on the number of Singapore citizen children in each age group enrolled in preschools (childcare centres and kindergartens) divided by the total number of Singapore citizen children in the same age group.*
2. *B20 households are estimated based on the monthly total parental employment income (i.e., the sum of Mother's annual employment income and Father's annual employment income divided by 12 months) being at or below the 20th percentile monthly household employment income of citizen households with at least one citizen aged six years and below.*

4.8 As part of broader investments in human capital, the education system has been progressively refined to better develop each student's strengths and potential. For example, the removal of streaming and the introduction of **Full Subject-Based Banding** allow secondary school students to learn each subject at a level suited to their abilities, and to adjust these levels as their strengths and interests evolve.

4.9 With longer working lives and more frequent job transitions, workers will need to reskill and upskill on a continual basis. The Government therefore continues to invest in lifelong learning through **SkillsFuture**, and supports workers to find jobs that better match their aspirations and skills through an integrated ecosystem of career guidance and job matching services.

4.10 Some families face more complex challenges and require additional support. Under **ComLink+**, families work with dedicated family coaches to co-develop customised action plans tailored to each family's unique needs, aspirations, and strengths. Additional financial support is provided through **ComLink+ Progress Packages** to recognise families' efforts in taking active steps to improve their circumstances, such as ensuring their children attend preschool and securing stable employment.

4.11 At the same time, the Government continues to provide broad-based support to Singaporeans across all life stages, especially in key areas like housing and healthcare, to ensure that essential needs remain accessible and affordable.

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05 A WHOLE-OF-SOCIETY EFFORT

5.1 Building a fairer and more inclusive society is a whole-of-society endeavour. It fosters a shared sense of ownership over Singapore's future and helps to develop a culture where success is defined not only by individual achievements but also by contributions to the common good.

Role of family, community and businesses

5.2 Family is the basic unit of society. It plays a central role in shaping values, and in nurturing character and resilience from an early age. Families also serve as the first line of support by pooling resources and providing emotional and social support.

5.3 Communities often have a closer understanding of needs on the ground, and how best to respond to them. By coming together to support one another, community organisations help strengthen trust and solidarity across different segments of society.

5.4 Businesses too can be a force for good. By caring for their employees, practising inclusive hiring, and contributing time, expertise and resources to community efforts, businesses can support social mobility while remaining competitive and sustainable.

5.5 The Government will continue to play its part by:

a. Supporting Singaporeans as they care for their families.

b. Supporting fundraising and coordinated giving efforts.

c. Providing resources and know-how to enable businesses to incorporate social impact into their operations.

Importance of volunteering and philanthropy

5.6 Volunteering and philanthropy are important channels through which individuals and businesses can contribute to society.

a. Under **ComLink+**, volunteers build sustained relationships with families and support them in achieving their goals. Companies are also partnering with the Government to support ComLink+ programmes and activities.

b. Volunteers with the **Silver Generation Office** befriend seniors, understand their needs, and connect them with the relevant programmes and care services.

5.7 The individual volunteering rate increased from 17% in 2008 to 30% in 2023. While volunteering dipped during the height of COVID restrictions, participation has since recovered to around pre-pandemic levels.[6] Individual donation rates are lower than a decade ago, but have remained broadly stable in recent years, at around 60%.

5.8 Corporate giving – defined as participation in either volunteering or donations – has also strengthened from 52% in 2017 to 75% in 2021.[7]

5.9 The Government will continue to encourage volunteering and philanthropy through measures that support participation and sustained engagement.

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[6] Source: National Giving Study 2023.
[7] Source: Corporate Giving Study 2021.

06 CONCLUSION

6.1 This review of Singapore's income, inequality, and social mobility trends shows that Singapore is in a stronger position than many other countries. Nonetheless, we must continue to work hard to address the pressures of inequality and slowing social mobility that many advanced economies grapple with. Building on the moves under Forward Singapore, the Government will work closely with individuals, families, communities, and businesses, to advance our shared objectives, and sustain inclusive growth for the benefit of all Singaporeans.

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ANNEXES

Annex A: Measurement of Market Income

1. DOS's household income statistics were previously based on employment income for resident employed households, as this data is captured comprehensively and regularly. With growing affluence and more retirees, more households may have income from non-employment sources, such as CPF Lifelong Income Fund For the Elderly (LIFE) payouts, rental income, and investment returns.

2. DOS has been working to improve the data on non-employment income and has developed a market income series that encompasses both employment and non-employment income across all resident households. Market income provides a more complete picture of the income distribution and income growth trends of Singapore resident households.

Challenges of measuring non-employment income

3. It is challenging to capture non-employment income comprehensively. For example, data on asset incomes are protected by financial confidentiality provisions and laws in many jurisdictions, including in Singapore. DOS collects non-employment income data through surveys and supplements it with administrative data where available. This approach is consistent with practices in other advanced economies. Survey respondents may under-report, resulting in underestimated asset incomes, particularly for higher-income households that earn more from investments, including overseas assets.

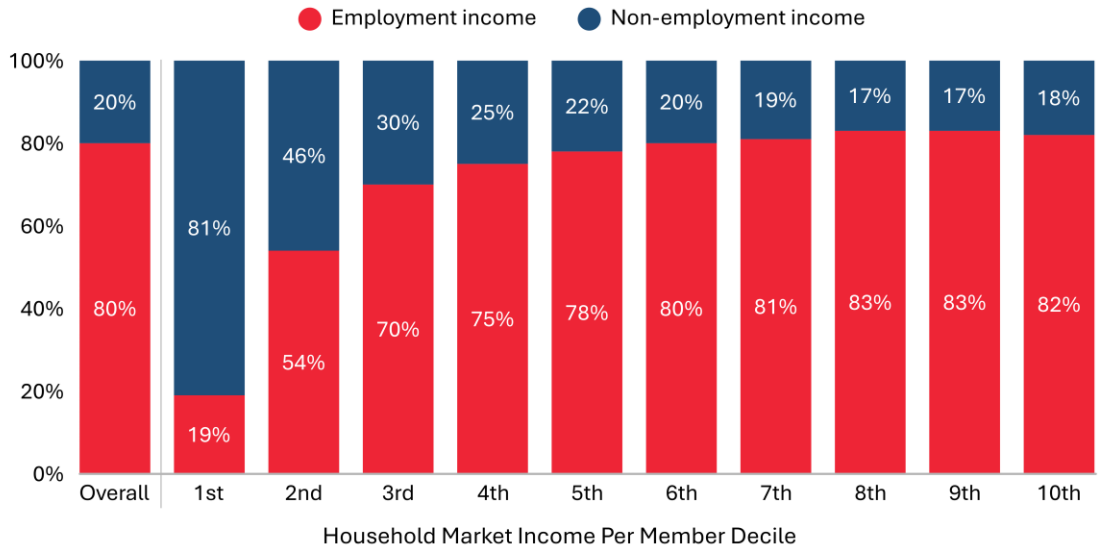
Distribution of non-employment income

4. Available data shows that non-employment income constitutes a larger share of market income for the lower deciles [Chart A1].

5. [Chart A2] shows that for households in the first nine deciles, CPF interest and payouts form the largest source of non-employment income, making up about half or more of their non-employment income. For the top decile, other investment income makes up the largest share of non-employment income.

Average share of household employment and non-employment income per member among resident households, 2025

CHART A1



	Average household market income per member, by household market income per member decile										
	All	**1st**	**2nd**	**3rd**	**4th**	**5th**	**6th**	**7th**	**8th**	**9th**	**10th**
Total market income	$5,579	$506	$1,450	$2,259	$2,977	$3,745	$4,629	$5,672	$7,105	$9,488	$17,958
Employment income	$4,439	$97	$778	$1,586	$2,239	$2,929	$3,713	$4,599	$5,863	$7,889	$14,693
Non-employment income	$1,140	$409	$672	$673	$738	$815	$916	$1,073	$1,242	$1,598	$3,266

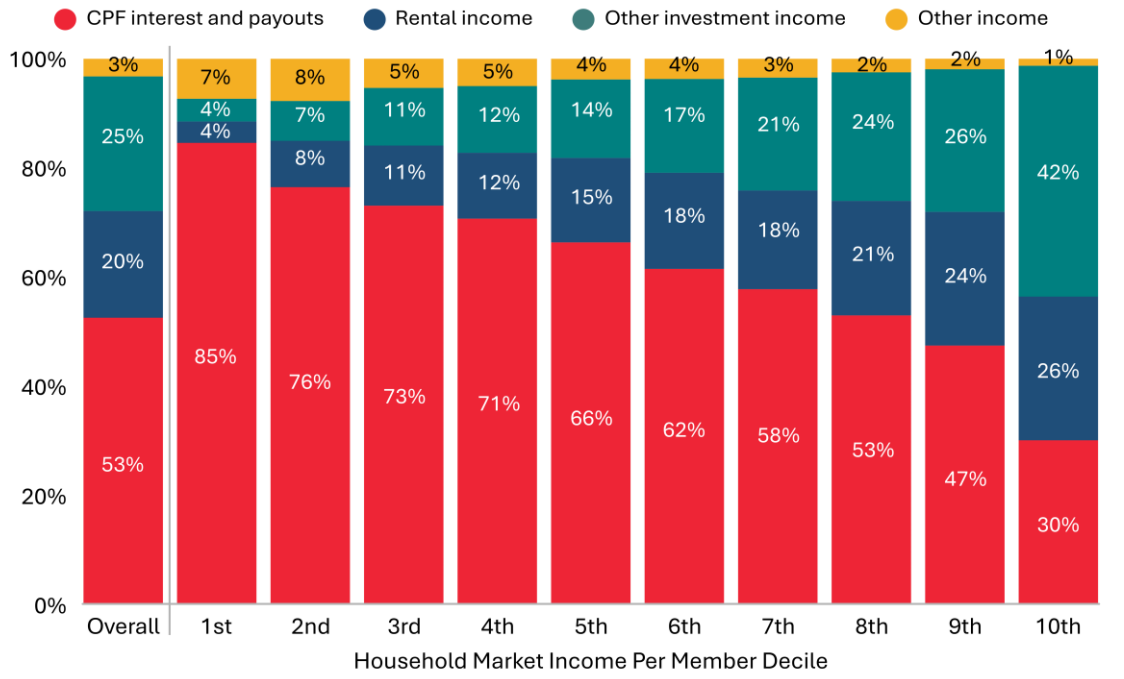
Source: DOS

Note:

1. *Households are ranked by household market income per member.*

Composition of average household non-employment income per member among resident households, 2025

CHART A2



Source: DOS

Notes:

1. *Households are ranked by household market income per member.*
2. *Other investment income refers to interest from savings and dividends from investment.*
3. *Other income comprises annuities from insurance companies, contributions from other households, pensions received under the Pensions Act, payouts from CPF ElderShield and CareShield Life.*
4. *Figures may not add up to 100% due to rounding.*

Impact on Singapore's income Gini coefficient

6. Singapore's Gini coefficient is higher when measured by market income than by employment income [Table A1]. This is the sum of two effects:

    a. Including non-employment income decreases the Gini coefficient among resident employed households, as combining both income sources results in a more even distribution of income.

    b. However, expanding household coverage from resident employed households to all resident households (including non-employed households) increases the Gini coefficient.

Gini coefficient by household income per member and population coverage, 2025 — **TABLE A1**

Household income	Population	Gini coefficient	
		Before taxes and transfers	After taxes and transfers
Employment income	Resident employed households	0.426	0.359
Market income		0.404	0.344
Market income	Resident households	0.452	0.379

Source: DOS

7. While the new market income data provides a more complete picture of income distribution and income growth trends, the challenges in measurement remain. DOS will continue to improve the quality of the data.

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Annex B: Resident Household Wealth Inequality

Data quality and challenges

1. Wealth data in Singapore is collected through the Household Expenditure Survey (HES) conducted by DOS, and supplemented with administrative data where available. This approach is consistent with practices in other countries.

2. Over time, DOS has expanded the coverage and improved the quality of wealth data captured in the HES, allowing us to better estimate Singapore's household wealth distribution. For example, improvements to the HES 2023 allowed us to estimate non-owner-occupied home equity, a significant source of wealth, for the first time.

3. While data quality has improved, the estimates may still be susceptible to under-reporting in surveys. These arise when respondents choose not to provide sensitive financial information or have difficulty recalling details. To the extent that this is more prevalent among the wealthy, the HES estimates are more likely to underestimate wealth at the top of the wealth distribution.

4. Wealth inequality is a topic of significant interest, but wealth data in many countries face challenges. Some studies address them by using statistical methods to estimate wealth inequality. One such study is the UBS Global Wealth Report. Based on available information, it uses regression analysis to map the income Lorenz Curve to the wealth Lorenz Curve for countries that have both and applies this mapping to countries without wealth distribution data. There are potential issues with such methods. For instance, this mapping implicitly assumes that the relationship between the wealth and income distributions is similar across all countries, which may not be the case. In Singapore, CPF and housing policies promote savings and wealth accumulation. These institutions can be material in improving wealth levels especially for households at the lower end of the distribution.

Analysis of household wealth

5. Most resident households have positive wealth [Table B1, Chart B1]. Across all quintiles, home equity and CPF balances are the largest asset components, while liabilities consist mainly of outstanding mortgages.

Average household wealth among resident households ($'000), 2023

TABLE B1

	Overall	Total household wealth percentiles				
		Bottom 20%	21st-40th	Middle 20%	61st-80th	Top 20%
Property Asset Value	$1,121	$221	$500	$634	$861	$3,388
Net CPF Balances	$387	$114	$199	$328	$520	$771
Other Financial Assets	$401	$29	$68	$142	$330	$1,435
Total Assets (A)	**$1,909**	**$365**	**$768**	**$1,105**	**$1,711**	**$5,595**
Mortgages	$146	$64	$97	$105	$146	$317
Other Liabilities	$8	$8	$5	$6	$7	$13
Total Liabilities (B)	**$153**	**$71**	**$101**	**$111**	**$153**	**$331**
Total Wealth (A-B)	**$1,755**	**$293**	**$666**	**$994**	**$1,558**	**$5,264**

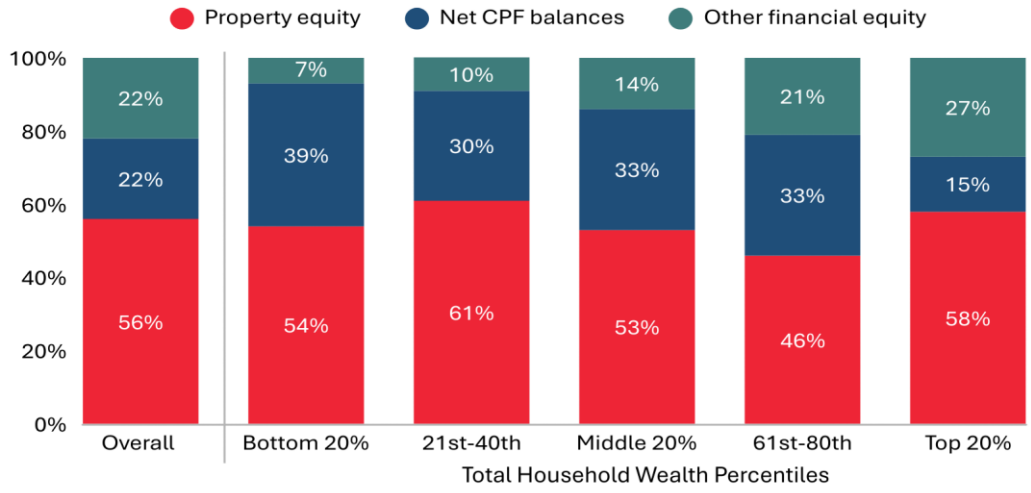
Source: DOS

Notes:

1. *Households are ranked by total household wealth.*
2. *Property values were estimated using the market value of similar properties in 2Q 2023. Outstanding mortgage loans on dwellings were based on a combination of (i) administrative data for loans administered by HDB, and (ii) outstanding bank loans reported by respondents. Net CPF balances refers to CPF balances net of withdrawals as at end-June 2023. It includes annuity premiums in the CPF LIFE and excludes monies invested via CPF Investment Scheme or used to pay for housing.*

Distribution of household wealth components among resident households, 2023

CHART B1



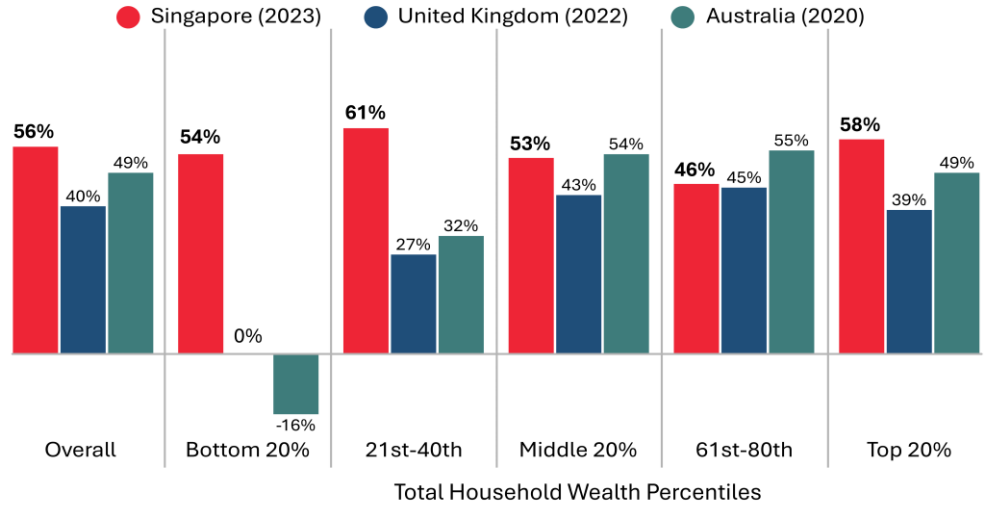
Source: DOS

Notes:

1. *Households are ranked by total household wealth.*
2. *Property values were estimated using the market value of similar properties in 2Q 2023. Outstanding mortgage loans on dwellings were based on a combination of (i) administrative data for loans administered by HDB, and (ii) outstanding bank loans reported by respondents. Net CPF balances refers to CPF balances net of withdrawals as at end-June 2023. It includes annuity premiums in the CPF LIFE and excludes monies invested via CPF Investment Scheme or used to pay for housing.*
3. *Figures may not add up to 100% due to rounding.*

6. Home equity, which is property value less outstanding mortgages, forms over half of average household wealth across all quintiles in Singapore. This is the case even for households in the bottom 20%, unlike countries such as the UK and Australia, where such households have zero or negative home equity on average [Chart B2].

International comparison of home equity as a share of wealth **CHART B2**



Source: DOS, National Statistical Offices

Notes:

1. *The comparator economies were selected based on data availability. Few economies publish detailed portfolio breakdowns of wealth across the wealth distribution.*
2. *Home equity is computed as property asset value less outstanding mortgage liabilities.*
3. *Data for Singapore is based on resident households, while data for all other countries are based on all households. All households are ranked by total household wealth.*
4. *Data for the UK has been aggregated from decile-level to quintile-level. The first and second deciles have average home equity shares of -5% and 1% respectively.*
5. *Home equity shares for Singapore and Australia include non-owner-occupied home equity. The UK only reports home equity as a whole.*

7. Another key wealth component is CPF balances, which constitute about 22% of household wealth for all resident households in Singapore (see Chart B1). As the CPF is a defined contribution pension system, balances can be directly attributed to individuals and captured in Singapore's household wealth estimates.

8. In comparison, state-funded defined benefit systems in other countries operate on a pay-as-you-go basis (i.e., financed by taxpayers) and hence are typically excluded from household wealth estimates. The distinction between defined benefit and defined contribution systems would significantly affect wealth inequality estimates. As an example, a simulation exercise by the Bundesbank suggests that if statutory pensions were capitalised and included as wealth, it would lower Germany's household wealth Gini coefficient in 2023 from 0.72 to 0.58.

9. In summary, this paper introduces Singapore's wealth Gini coefficient and discusses how Singapore's institutional environment may affect wealth inequality measurement. Home ownership and policies that support wealth accumulation have resulted in a very small share of the population with negative wealth. Simulations conducted by other countries show that this is a potentially important reason for Singapore's lower measured wealth Gini coefficient. Measurement challenges at the top of the wealth distribution may result in wealth and wealth inequality being underestimated. These measurement challenges will be an area for continual improvement.

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Annex C: Distribution of Taxes and Transfers in Singapore with Market Income

1. Singapore operates a progressive system of taxes and transfers where lower-income households receive more benefits and pay less taxes than higher-income households on average. In particular, households in the first seven deciles receive more benefits than they pay in taxes on average [Chart C1].

2. While higher-income households pay more taxes in absolute terms, taxes form a higher share of income for lower-income households in the first two deciles. This is primarily due to the following:

    a. The first two deciles include many retiree households who fund their expenses through accumulated savings or other assets rather than current income. Additionally, some of these lower-income households may own high-value assets such as private properties and vehicles, and thus pay high asset taxes.

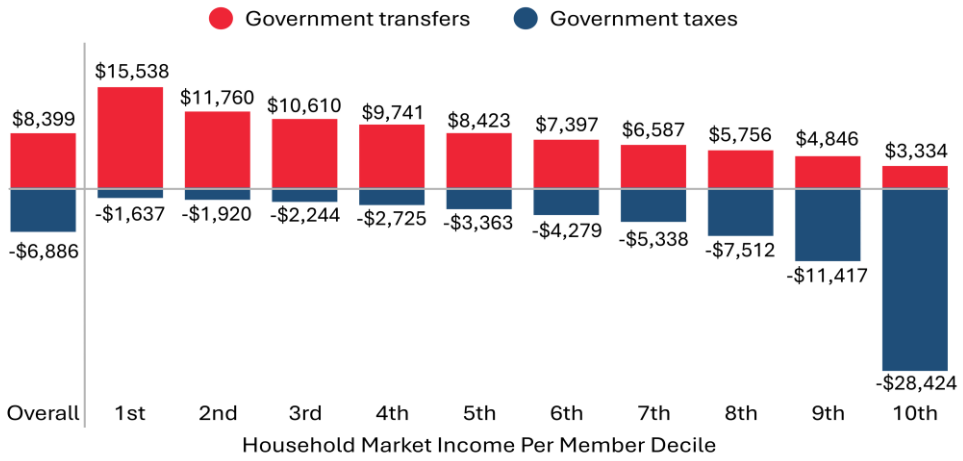
    b. Benefits that are provided specifically to offset taxes (e.g., GST Voucher benefits to offset GST), are reflected as benefits and not as tax reductions.

3. More importantly, benefits as a share of income are substantially higher for lower-income households, far outweighing taxes as a share of income [Chart C2].

4. Furthermore, the higher tax incidence among lower-income groups is not unique to Singapore – it is similarly observed in other advanced economies, such as Finland and the UK [Chart C3].

Average annual Government transfers and taxes per household member among citizen households, 2025

CHART C1



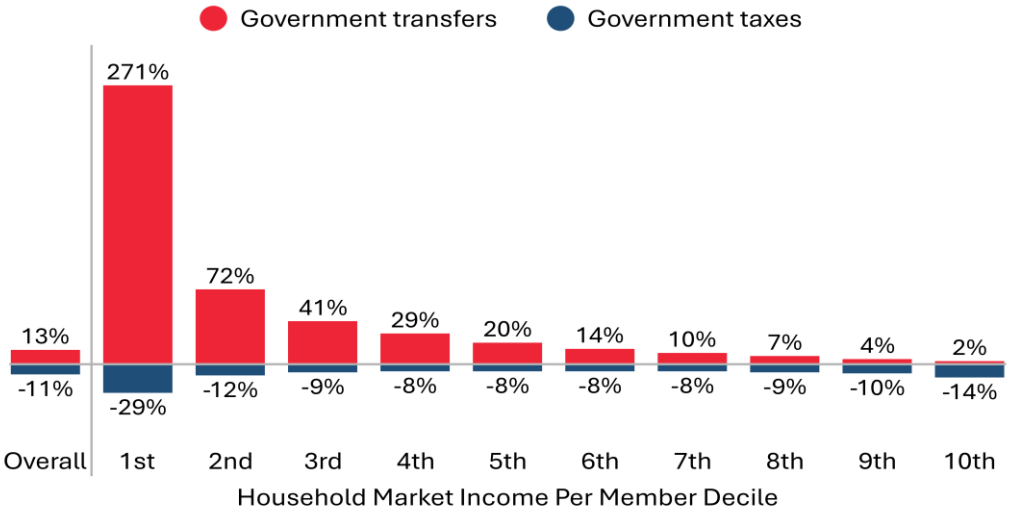
Source: MOF's estimates using data from DOS

Note:

1. *Households are ranked by household market income per member.*

Average annual Government transfers and taxes per household member as a share of income among citizen households, 2025

CHART C2



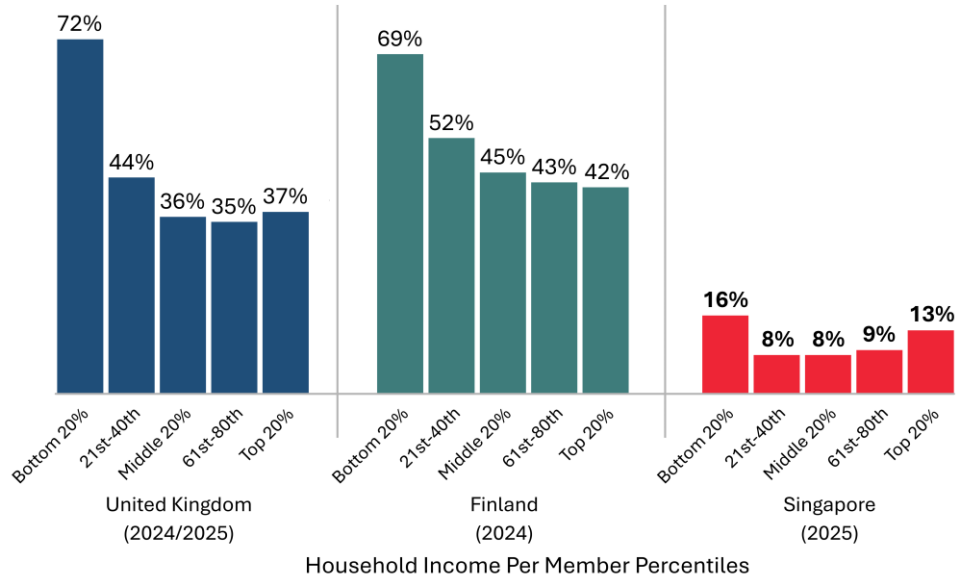
Source: MOF's estimates using data from DOS

Note:

1. *Households are ranked by household market income per member.*

International comparison of tax-to-income ratio per household member

CHART C3



Source: MOF's estimates using data from National Statistical Offices

Notes:

1. *The comparator economies were selected based on data availability, consistent with those used in Charts 2, 8, 12, and 14. Few economies publish income and tax data by income percentiles.*
2. *Singapore's and the UK's taxes include all direct and indirect taxes, while Finland's estimate includes all direct taxes and VAT but excludes other indirect taxes.*
3. *Finland's and the UK's estimates include social security contributions. Singapore's CPF contributions are not considered taxes and are thus excluded.*
4. *Singapore's income and tax data are ranked by household market income per member among citizen households. Finland's and the UK's equivalised market income and tax data are ranked by disposable income equivalised using the modified-OECD scale among all households due to data availability.*

5. In summary, Singapore's tax and transfer system is progressive. Households in the lower-income deciles receive far more in benefits than they pay in taxes, whether measured by market or employment income. This reflects the Government's commitment to inclusive growth, which aims to ensure that economic benefits are shared equitably across all segments of society. The Government will continue to review and refine policies to maintain progressivity in our tax and transfer system and strengthen Singapore's social compact.

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