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RETRENCHMENT REGULATION AND WORKFORCE TRANSFORMATION

During a recent parliamentary debate on 4 February 2026, certain employment-related issues were raised, specifically concerning retrenchment regulations and workforce transformation initiatives. While no legislative amendments were introduced, the Government's responses to the queries provide useful insight into its current policy direction and regulatory intent.

The first question raised was whether the Government would mandate notification for all retrenchments, regardless of company size.

The Government clarified that:

(a) the current requirement remain unchanged;

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- (b) employers must notify the Ministry of Manpower of any retrenchment if the company employs at least ten (10) employees. Even if only one employee is retrenched, notification must be made to the Ministry of manpower within five (5) working days; and
- (c) there is no requirement to obtain prior approval before carrying out a retrenchment exercise.

Accordingly, the existing post-notification regime continues to apply, and no expansion of the mandatory reporting thresholds has been introduced.

- (a) legally mandate retrenchment benefits; or
- (b) impose differentiated benefit requirements based on company size.

The Government clarified that it does not intend to impose statutory retrenchment benefit obligations. It expressed concern that legally mandating specific compensation levels could adversely affect financially distressed companies and potentially increase insolvency risk, thereby negatively impacting both exiting and remaining employees. The Government emphasised that its policy position remains that retrenchment benefits should be guided by prevailing norms and tripartite advisories.

The parliamentary sitting reaffirmed that:

- (a) in unionised companies with collective agreements, the prevailing norm is approximately one (1) month's salary per year of service; and
- (b) in non-unionised companies, market practice may range from two (2) weeks per year of service or higher, depending on company policy and circumstances.

There was no indication during the parliamentary sitting that a differentiated statutory framework providing higher mandatory benefits for larger employers is under consideration.

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SINGAPORE'S RETIREMENT AGE TO INCREASE

Singapore's retirement age will be raised to 64 on 1 July 2026, and the re-employment age will also be raised to 69 on 1 July 2026.

To support employers who continue to hire senior workers, the Senior Employment Credit will be extended until December 2027. This credit scheme will allow the Government to provide wage offsets to help employers adjust to the higher retirement and re-employment ages. A higher level of support will be provided for workers in the older age bands.

The Central Provident Fund ('CPF') will also be enhanced to boost senior workers' retirement adequacy. CPF contribution rates for workers aged above 55 to 60 will be increased by 1.5 percentage points from 2027, while the rates for those aged above 60 to 65 will be increased by 1 percentage point from 2027. The Government will also extend the CPF Transition Offset by one year to December 2027. This initiative will cover 50% of the increase in employer CPF contributions in 2027.

Should you have any queries as to how this update may affect you or your organisation or require further information, please do not hesitate to email us.



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This newsletter is intended to discuss the Employment Law Updates, and it is not intended to be comprehensive nor should it be construed as legal advice. This newsletter is updated as of 01 March 2026.

ABOUT GATEWAY LAW CORPORATION:

Gateway Law is an Asia-Pacific regional full service legal practice with strengths in the areas of intellectual property, franchising, technology, media (and entertainment), telecommunications, data protection and cybersecurity as well as employment and immigration. In addition to our niche areas, Gateway also provides services in the general areas of litigation and dispute resolution, corporate and commercial law, real estate conveyancing and advisory, medical and family law.

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