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Budget 2025

How far can financial support push the third-child dream?

To create new third-child norms, the writer says policies must convince the average Singaporean family that having one more is a benefit to existing children. ST FILE PHOTO

When we consider why so many people stop at one or two, helping families get to three requires conditions to be right and positive spillovers to families and society.

Tan Poh Lin

Why do people have kids? Most people have the first child because they want to experience parenthood and have a child to love. They may then have another one or two, so that their first child has siblings to play and grow up with, to have children of both genders, or to complete their family.

Although we tend to use the term "ideal family size", it is more accurate to describe most of us as having an ideal range rather than a single fixed number. This can span from two to three for some of us, and from zero to one for others.

Each successive addition to the family comes with challenges as it introduces "disvalues" such as reduced leisure time, divided attention for other family members and financial costs.

For many, two is the happy compromise, with a two-child norm being commonly referenced.

Yet, as parenting norms become more intensive and disvalues become more salient, there is some evidence that even the two-child ideal is facing erosion.

So more support for families of three or more is needed to prevent the rise of smaller family norms.

On Tuesday, Prime Minister and Finance Minister Lawrence Wong's Budget 2025 announcements offered some financial support for parents considering having a third child or more.

Families who have their third child would be eligible to receive a larger Child Development Account First Step grant of $10,000, a $5,000 top-up to the mother's MediSave account and a new $6,000 Large Family LifeSG credits scheme to be disbursed over the first six years of the newborn's life.

The new scheme balances support for short-term and long-term child-related expenses, covering upfront costs ranging from pregnancy to delivery to childcare fees during the pre-school years. These grants also free up cash for everyday essentials like diapers and milk powder, which are further offset by LifeSG credits.

But can the new scheme really convince families to have a third or fourth child?

STARTING POINTS MATTER

If we want families to have three or more children, it's important to recognise why so many do not do so even if it falls within their ideal range for family size.

For some of us, it may be a matter of starting too late. As the median age of first-time mothers crosses 31, couples who may otherwise consider a third child may be deterred by age-related conception and health complications by the time they have two.

While access to elective social egg freezing can help allay those fears, what can also be useful is helping newlyweds aged below 40 develop reproductive life plans. This can be done through resources such as the Marriage Preparation Programme under Families for Life, which guides couples in working out their fertility goals and the contraceptive and preconception strategies, such as choosing optimal birth spacing.

These plans provide couples with a personalised action plan based on reliable medical information, identify roadblocks early on and review options for resolving them.

MAKING IT WORK FOR YOU

Of course, even the best plans can go awry. Fertility decision-making is sequential in nature, with couples deciding to have children one at a time. First and second child experiences matter to whether parents will have a third, so the recent enhancements to parental leave and guidelines to facilitate flexible work arrangements will help in that respect.

It may be too early to expect more changes to leave entitlements and flexible work arrangements, as more time is needed for employers to adjust and resolve pain points. Yet even within the existing measures, parents may be wondering whether they can really count on workplace support if they have three or more closely spaced births.

To normalise taking extended leave for caregiving and reduce costs for employers, the development of a leave cover industry can be the next step. This can be established along with other resources that help companies provide mentorship and career support to employees taking long leave intermittently, in order to help them progress at the same pace as their work peers.

CREATE POSITIVE SPILLOVERS FOR FAMILIES AND SOCIETY

Another key reason that couples do not go on from two to three children is the "disvalue" or competition element. While they may want a big family, they worry that a third child could stretch resources too thin – especially finances and parental attention – putting their current children at a disadvantage.

To create new third-child norms, policies must convince the average Singaporean family that having one more is a benefit to existing children. This can be done through creating positive spillovers, such as moving children in large families to an earlier phase for primary school admission, reserving a fraction of 5-room Build-To-Order flats, or carving out a separate certificate of entitlement category.

Currently, large families already enjoy priority access to flats under the Third Child Priority Scheme. This existing measure can be enhanced to further align flat type with household size on the basis of need, and would also help to tip the fertility calculus by offsetting the competition element.

Taking the logic further, to galvanise social and community support, positive spillovers for workplaces and society as a whole can give all of us reason to celebrate large families. For example, tax benefits earmarked to further enhance worker well-being in companies with workers with three or more children can build goodwill. An increased supply of 5-room resale flats in response to growing household sizes would benefit all home seekers looking for more floor space, not just large families.

Society, in turn, can pay it forward through private and community initiatives such as reserved "large family friendly" parking spots, accommodating larger groups in dining establishments, or volunteering in community mentorship programmes geared at building leadership and peer role modelling skills of older siblings in large families. These efforts create social investment multiplier effects by imparting values, capacities and resources from one to a larger set of downstream beneficiaries.

MAKING SINGAPORE A LARGER FAMILY

All societies are possible today only because of the sharing of resources across generations, with families as the basic building blocks.

By pooling resources to replace notions of resource splitting and competition with cooperation and positive spillovers, we can build a stronger foundation for the generations to come.

Perhaps by then, the third-child dream would have become the norm.

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