Questions about CPF on Property related matters

Extract from www.cpf.gov.sg

1. I may be selling my whole Property to another Party. If so, how much do I need to refund to my CPF Account?

The amount to be refund to your CPF account depends on your age at the time of sale of your property.

**Below 55 years old**
You will need to refund the **CPF principal amount withdrawn plus the accrued interest** (“P+I”).

**55 years old and above**
You will need to refund the **CPF principal amount withdrawn plus accrued interest** (“P+I”). If you have pledged your property to withdraw your Retirement Account (RA) savings in cash, you will need to refund the pledged amount on top of the P+I.

The amount refunded will be used to top up your RA, up to your **Full Retirement Sum**. After this, any balance housing refunds will be paid to you in cash.

2. I am 55 and above. I have set aside my Retirement Sum. Do I still need to refund the CPF Principal Amount & Accrued Interest when I sell my Property?

You will need to **refund the CPF principal amount withdrawn and the accrued interest** even though you are aged 55 and above and have set aside your Retirement Sum.

The amount refunded will be used to meet your retirement savings up to the **Full Retirement Sum** (FRS) in your retirement account.

Thereafter, any balance will be paid to you in cash.

You can request to only refund up to your FRS if you wish to receive the balance housing refund without waiting for the pay-out by writing to CPF at least 2 weeks before the completion of the sale of your property.
3. Upon sale of my Property, what happen to my Sales Proceeds?

The distribution of sale proceeds depends on the type of your property and loan taken.

For private properties bought on or after 1 September 2002 or refinanced on or after 1 September 2002 and Housing and Development Board (HDB) flats.

Generally, the selling price will be used to pay the following in this order:

1) Outstanding housing loan
2) Required CPF refund

If the selling price after paying the outstanding housing loan is not enough to make the required CPF refund, you do not need to top up the shortfall in cash, provided the property is sold at market value. The refunded amount will be returned to your co-owner’s and your CPF accounts in the following proportions:

Amount returned to owner A’s CPF Account:

\[
\text{Required CPF refund for A} \times \text{Refunded amount} \\
\text{Required CPF refund for owner A & B} \\
\text{Required CPF refund for owner A & B} \\
\]

Amount returned to owner B’s CPF Account:

\[
\text{Required CPF refund for B} \times \text{Refunded amount} \\
\text{Required CPF refund for owner A & B} \\
\text{Required CPF refund for owner A & B} \\
\]
3. Upon sale of my Property, what happen to my Sales Proceeds? (Cont…)

For private properties bought after 1 September 2002 and not refinanced after 1 September 2002.

The selling price will be used to pay the following in this order:

1) CPF principal amount withdrawn up to 80% of the Valuation Limit (VL) plus the CPF savings used for the legal and stamp fees.
2) On equal ranking:
   - CPF principal amount withdrawn for the remaining 20% of the VL
   - Bank’s outstanding housing loan and interest
3) CPF principal amount withdrawn beyond the VL and the accrued interest.

If the sale proceeds (including the option monies) are not enough to make up the required CPF refund and the outstanding housing loan, the sale proceeds will be used to settle the required CPF refund and the outstanding housing loan in the order agreed by you, your bank and the Board.

The Valuation Limit is the lower of the purchase price or the market value of the property at the time of purchase.
4. After I have sold my Property, can I use the refunded CPF savings to buy the next Property or redeem another Housing Loan with my CPF Savings?

You can use the refunded CPF savings to buy the next property or redeem another housing loan with your CPF savings.

If your age is:

**Below 55 years old**
You can use your Ordinary Account, including the refunded amount, to buy the next property or redeem another housing loan.

**55 years old and above**
You can use your CPF savings in the following accounts to buy the next property or redeem another housing loan:

- **Ordinary Account (OA) savings.** The refunds from the sale of your earlier property will be used to top up your Retirement Account (RA), up to your Full Retirement Sum. After this, any balance housing refunds will be paid to you in cash within one week after the CPF refunds are paid into your CPF account. Alternatively, you can request (at least 2 weeks before the completion of the sale of your property) for the balance housing refunds to remain in your OA to pay for the next property or redeem another housing loan.

- **RA savings in excess of your Basic Retirement Sum.**
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Extract from www.cpf.gov.sg

5. I have pledged my property to withdraw my Retirement Account savings. How much must I refund upon the sale of my pledged property?

When your property is sold, you would need to refund the pledge amount as well as the CPF principal amount that you had withdrawn for the property including the accrued interest. The refunds will be used to restore your Retirement Account up to your Full Retirement Sum.

6. How much retirement sum do I need? And what are the future changes to the retirement sum?

For members who turn 55 in 2018, their Basic Retirement Sum (BRS) and Full Retirement Sum (FRS) are $85,500 and $171,000 respectively.

To help you better plan for your retirement, your BRS will be made known to you ahead of time. For members turning 55 from 2017 to 2020, the BRS will be increased by 3% from the cohort in the previous year to cater for long term inflation and increase in standard of living. Correspondingly, the FRS and Enhanced Retirement Sum will be set at two times and three times the BRS respectively.

Here is a table showing the respective retirement sum from year 2018 to 2020.

<table>
<thead>
<tr>
<th>Year</th>
<th>Basic Retirement Sum (BRS)</th>
<th>Full Retirement Sum (FRS) 2 x BRS</th>
<th>Enhanced Retirement Sum (ERS) 3 x BRS</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>$85,500</td>
<td>$171,000</td>
<td>$256,500</td>
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<tr>
<td>2019</td>
<td>$88,000</td>
<td>$176,000</td>
<td>$264,000</td>
</tr>
<tr>
<td>2020</td>
<td>$90,500</td>
<td>$181,000</td>
<td>$271,500</td>
</tr>
</tbody>
</table>
7. How much CPF refund can I use from the sale of my existing property to pay for my next property?

In addition to your Ordinary Account savings, you can use your Retirement Account savings (excluding interest earned, any government grants received and top-ups made under the Retirement Sum Topping-up scheme) above your Basic Retirement Sum to pay for your next property.

**Examples illustrating the amounts that can be used for the next property**

**Note:** ‘Retirement Account (RA) balance’ below refers to the savings that the member has set aside in his Retirement Account (RA). It excludes interest earned, any government grants received and top-ups made under Retirement Sum Topping-up Scheme.

**SCENARIO A**

Where the RA balance is above the Basic Retirement Sum after the refund arising from the sale/transfer of the property is credited to the member’s CPF account.

Example A1:

<table>
<thead>
<tr>
<th>Assumptions:</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Member’s Full Retirement Sum and Basic Retirement Sum are $161,000* and $80,500* respectively</td>
</tr>
<tr>
<td>• Upon sale/transfer of property, $80,500 was refunded to his RA</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>RA balance</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Before refund</td>
<td>$ 80,500</td>
</tr>
<tr>
<td>After refund of $80,500</td>
<td>$ 161,000</td>
</tr>
</tbody>
</table>

*The Retirement Sum for members who turn 55 between July 2015 and December 2016

In example A1 above, member can use $80,500, being the amount above his Basic Retirement Sum for the purchase of his next property.
7. How much CPF refund can I use from the sale of my existing property to pay for my next property? (Cont…)

Example A2:

Assumptions:
• Member’s Full Retirement Sum and Basic Retirement Sum are $161,000 and $80,500 respectively
• Upon sale/transfer of property, $100,000 was refunded to his RA

<table>
<thead>
<tr>
<th>RA balance</th>
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</tr>
</thead>
<tbody>
<tr>
<td>Before refund</td>
<td>$ 20,000</td>
</tr>
<tr>
<td>After refund of $100,000</td>
<td>$ 120,000</td>
</tr>
</tbody>
</table>

In example A2 above, member can use $39,500 (i.e. $120,000 – 80,500), being the amount above his Basic Retirement Sum for the purchase of his next property.

SCENARIO B
Where the RA balance is below the Basic Retirement Sum after the refund arising from the sale/transfer of the property is credited to the member’s CPF account.

Example B1:

Assumptions:
• Member’s Full Retirement Sum and Basic Retirement Sum are $161,000 and $80,500 respectively
• Upon sale/transfer of property, $20,000 was refunded to his RA

<table>
<thead>
<tr>
<th>RA balance</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Before refund</td>
<td>$ 50,000</td>
</tr>
<tr>
<td>After refund of $20,000</td>
<td>$ 70,000</td>
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</tbody>
</table>

In example B1 above, member does not have any savings above his Basic Retirement Sum for the purchase of his next property.
8. What is Joint-Tenancy?

A joint-tenancy is a form of property ownership where all co-owners have an equal interest in the property, regardless of the individual owner’s contribution to the property purchase.

This means that upon the death of a joint-tenant, his interest in the property will automatically pass on to the remaining co-owner(s), regardless of whether he has made a will.

9. What is Tenancy-in-Common?

A tenancy-in-common is a form of property ownership where each co-owners holds a separate and definite share in the property. However, all co-owners are entitled to the enjoyment of the whole property regardless of their share in the property.

The tenant-in-common’s share in the property does not automatically pass on to the remaining co-owner(s). Upon the death of a tenant-in-common, his interest in the flat will be distributed according to his will or if he has no will, it will be distributed according to the provisions of the Intestate Succession Act.

10. How do I check the amount be refunded to my CPF Account upon the sale of my Property?

You can:

- Login to CPF website with your SingPass
- Select “My Statement”
- Look under Section C and select “Property”
- Select “My Public or Private Housing Withdrawal Details”
Financing your home with CPF

A guide to the CPF Housing Scheme
A roof over your head

Buying a home may be one of the largest financial commitments you will make, and many of us may use our CPF savings to finance it. Even as you choose an ideal home that best suits you, remember to balance your current needs against future ones.

3 basic needs in retirement

Your CPF savings support you in meeting your 3 basic needs so that you can retire with greater peace of mind.

#1 ROOF OVER YOUR HEAD

A fully paid up home gives you the security to age in place, without having to worry about rent. Your house can also supplement your retirement income.

#2 BASIC HEALTHCARE COVERAGE

Basic healthcare coverage is essential not just in old age but also when you are young. Large medical bills can easily wipe out your retirement nest egg.

#3 CASH FOR DAILY EXPENSES

A steady stream of lifelong income to meet your daily expenses in your golden years so you don’t have to worry about outliving your savings.

As you work, you start saving for these 3 basic needs in dedicated accounts with your CPF contributions. When you turn 55, a Retirement Account (RA) is created for you.

* This interest rate includes an extra 1% interest paid on the first $60,000 of your combined CPF balances, with up to $20,000 from the OA. This does not include an additional 1% extra interest that CPF members aged 55 and above also earn on the first $30,000 of their combined balances, which is paid over and above the current extra 1% interest that is earned on the first $60,000 of their combined balances.
As you plan ahead, here are some key points to note when using your CPF savings to finance your home.

01 What can my CPF savings be used for?

You can use your OA savings to help finance your home purchase, including:

- Stamp duties, legal fees
- Down payment for the property purchase
- Housing loan taken for the property purchase
- Home Protection Scheme premiums (for HDB flats only)
- Loan taken for the construction of your house or the purchase of vacant land (for private properties only)

Your CPF savings cannot be used to pay for:

- the purchase price that is above market valuation for resale properties;
- the minimum cash down payment for taking bank loans;
- the cost of renovation; and
- your agent’s commission.

Tip: Before buying a property, consider how it will impact your finances over time. As a guide, keep your Total Debt Servicing Ratio (TDSR) and your monthly housing instalment within 60% and 30% of your gross monthly income respectively.1

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1 For more information, please visit Monetary Authority of Singapore’s website at mas.gov.sg.
How much CPF savings can I use to finance my property?

Since your CPF savings are important for your retirement, housing limits are in place to help you set aside savings for your golden years. The remaining lease on the property you are buying can also affect the amount of CPF savings that you can use to finance it.

- **If you are buying a property with a remaining lease of at least 60 years:**

  The housing limits applicable – Valuation Limit (VL) and Withdrawal Limit (WL) – depend on the type of property you are buying and the type of loan you are taking to finance this purchase.

<table>
<thead>
<tr>
<th>Type of property</th>
<th>Type of housing loan</th>
<th>Applicable limits</th>
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</thead>
<tbody>
<tr>
<td>New HDB flat</td>
<td>HDB loan</td>
<td>No limit.</td>
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<tr>
<td>Resale HDB flat/ DBSS</td>
<td>HDB loan</td>
<td>• No limit after setting aside the Basic Retirement Sum (BRS)².</td>
</tr>
<tr>
<td></td>
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<td>• Up to VL if you cannot set aside the BRS.</td>
</tr>
<tr>
<td>HDB flat/ DBSS/ Private property</td>
<td>Bank loan</td>
<td>• Up to the WL after setting aside the BRS.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Up to the VL if you cannot set aside the BRS.</td>
</tr>
</tbody>
</table>

**What is the VL/WL? What happens when they are reached?**

- **VL** = the purchase price or market value of the property at the time of purchase, whichever is lower
- **WL** = 120% of VL (the maximum amount of CPF savings that can be used for a property)

**Example**

- Purchase price of the property = $550,000
- Valuation price of the property = $500,000
- VL of the property = $500,000, i.e., lower of $500,000 and $550,000
- WL of the property = $600,000, i.e., 120% of $500,000

**Tip:** Use a combination of cash and CPF to finance your housing instalments. This way, your OA savings can continue to earn risk-free interest of 2.5% p.a.

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² Setting aside a retirement sum ensures that you will receive a regular stream of income from your payout eligibility age to support a basic standard of living. You may refer to the CPF website (cpf.gov.sg) for more information on the retirement sum to set aside.
When you have withdrawn your CPF savings up to the VL, you can continue to use your OA savings for your housing needs, after meeting these conditions:

**If you are below 55 years old**

SA* + OA > BRS

Have set aside the current BRS in your SA* and OA.

**If you are 55 years old and above**

RA + SA* + OA > BRS

Have set aside your BRS in your RA, SA* and OA.

*Including amount withdrawn for investment.

When the WL is reached, you will have to use cash to finance your housing loan.

### If you are buying a property with a remaining lease of less than 60 years:

Use this guide to check if you can use your CPF savings to finance it.

1. **Does the property have more than 30 years of lease left?**
   - Yes
   - No

2. **What is your age plus the remaining lease of the property?**
   - Less than 80 years
   - 80 years or more

There is a limit on the amount of CPF savings that you can use to finance a property with a remaining lease of less than 60 years but at least 30 years. In the event that the property is sold, this improves the likelihood that the CPF withdrawn can be refunded to your CPF account to support your retirement needs.

**Example**

Mr Tan (32 years old) and his wife (28 years old) are buying a property with a remaining lease of 50 years.

As Mr Tan's age plus the remaining lease of the property is more than 80 years, he will be able to use his CPF savings for the property. However, as his wife's age plus the remaining lease of the flat is less than 80 years, she will not be able to use her CPF savings for the property.
Calculate the amount of CPF savings you can use to finance a property with a remaining lease of less than 60 years but at least 30 years.

The maximum amount of OA savings you can use to finance such a property is capped at a percentage of the purchase price or value of the property, whichever is lower. To determine this percentage, you can refer to the table below.
You may also use this formula to calculate the maximum amount of OA savings you can use to finance a property with remaining lease of less than 60 years but at least 30 years.

\[
\text{Remaining lease when the youngest eligible owner using CPF turns 55} \times \text{Remaining lease at the point of purchase}
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Figures are in percentages
You can also use our online calculator at cpf.gov.sg to determine the maximum amount of CPF savings that can be used to buy a property with a remaining lease of less than 60 years but at least 30 years.

Example

Mr Ng (40 years old) and his wife (30 years old) are buying a property with 55 years of lease remaining. His wife is the younger owner using her CPF savings for the purchase.

When his wife turns 55 years old, the property will have a remaining lease of 30 years.

Using the formula, the maximum amount of CPF savings that they can use is set at $30/55 = 0.55$ (or 55%) of the purchase price or value of the property, whichever is lower.

Using the table on the previous page would also give the same value.
What happens to my CPF savings when I sell my property?

Your CPF savings are meant to support your needs when you retire. Hence, when you sell your property, you will need to refund the amount that you would have accumulated in your CPF account if you had not used it for your housing needs. This includes:

- the principal CPF amount which you have withdrawn for the property;
- the accrued interest computed based on the prevailing OA interest rate; and
- the pledge amount, if you are above age 55 and have pledged your property to withdraw your RA savings. This will be used to help you meet your Full Retirement Sum to provide you with higher monthly payouts. If there are any remaining amounts, they will be paid to you in cash.

Watch our video at po.st/housingvideo or scan the QR code below to learn more.

Tip: Log in to my cpf Online Services at cpf.gov.sg to check how much you will have to refund to your CPF account and the CPF savings that you can use for your next property purchase, after you sell your current property.
1. Pay off your housing loan by age 55

While you can continue to use your OA savings, including future working contributions, as well as your savings in your RA that is above the BRS to pay for any outstanding housing loans beyond age 55, you should aim to pay it off earlier. This is because contributions to your OA will reduce after age 55 and you may need to fork out more cash to service your monthly instalment in your later years. In addition, the earlier you are mortgage-free, the sooner you can start looking forward to retirement.

2. Protect your home

A mortgage-reducing insurance will help you pay your housing loan in the event of unforeseen circumstances, thus protecting your family from losing a roof over their heads. If you are using your CPF savings to service your monthly instalments for your HDB flat, you are required to be covered under the Home Protection Scheme (HPS).

HPS is a mortgage-reducing insurance that helps to pay off the outstanding housing loan, up to the insured sum, in the event of death, terminal illness or total permanent disability of the owner. HPS insures you up to age 65 or until your housing loan is fully paid up, whichever is earlier.
3. Plan the distribution of your assets that are not covered under your CPF Nomination

Properties bought with your CPF savings are not covered under your CPF nomination and will be distributed according to the manner of holding:

- joint tenancy, where the ownership of the property will be transferred to the surviving owner(s); or
- tenancy in common, where your share of the property will form part of your estate.
Email us at member@cpf.gov.sg to tell us how we can serve you better.
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