

MONETISATION OPTIONS FOR THE ELDERLY

1. Together, CPF and homeownership form twin pillars of retirement adequacy for Singaporeans. Today, about 302,000 HDB flats are owned by Singaporeans aged 55 or older; 80% are fully paid up, with no outstanding mortgage loan.
2. Elderly households have various options to monetise their housing asset for additional retirement income should they need or choose to. These include a) renting out a room, b) renting out the whole flat and moving in with their children, c) selling their flat and moving to a smaller flat or Studio Apartment with the option of the Silver Housing Bonus (SHB)¹, and d) the Lease Buyback Scheme (LBS).

Enhancements to the LBS

3. In Sep 2014, MND and HDB announced four enhancements to the LBS that will take effect from 1 Apr 2015.² The enhancements will avail the LBS to more elderly households, and provide greater flexibility to suit different preferences and needs:
 - a) First, the LBS will be extended to 4-room HDB flats. 4-room households will receive a \$10,000 cash bonus per household when they participate in the LBS.
 - b) Second, the income ceiling for participating in the LBS will be raised to \$10,000, from \$3,000 per month. The income ceiling for the SHB scheme will be raised from \$3,000 to \$10,000 correspondingly.
 - c) Third, for households with two or more owners, each owner will only be required to top up his or her CPF Retirement Account (RA) to the age-adjusted prevailing Basic Retirement Sum (BRS), instead of the age-adjusted prevailing Full Retirement Sum (FRS) currently. See Table B1.

¹ SHB: Eligible household: (i) at least one Singapore Citizen (SC) owner aged 55 or older; (ii) income of \$3,000 (\$10,000 with effect from 1 Apr 2015) or less; and (iii) right-sizing from an HDB flat or private property with Annual Value of \$13,000 or less to a smaller HDB flat (up to 3-room) or Studio Apartment. Households have to top up \$60,000 of net proceeds into one or more owner's CPF RA to get the \$20,000 SHB. If they have more than \$160,000 of net proceeds, they will make a further top-up into the CPF RA of the owner with the lowest RA balance, up to the prevailing Full Retirement Sum.

² LBS: Eligible household: (i) all owners at CPF Payout Eligibility Age (currently 64) or older, and at least one SC; (ii) income of \$3,000 (\$10,000 with effect from 1 Apr 2015) or less; (iii) met 5-year Minimum Occupation Period; (iv) does not own another property; and (v) has at least 20 years of lease to sell to HDB (with effect from 1 Apr 2015).

**Table B1: Change in CPF Top-Up Requirement*
for Households with Two or More Owners**

Owner's Age	Current (Age-Adjusted FRS)	New (Age-Adjusted BRS)
CPF Payout Eligibility Age (now 64) to 69	\$155,000	\$77,500
70 to 79	\$145,000	\$72,500
80 or older	\$135,000	\$67,500

* Based on prevailing CPF FRS of \$155,000. The CPF FRS will be revised to \$161,000 with effect from 1 Jul 2015.

- d) Fourth, elderly households will have the flexibility to choose the length of lease to retain, based on their age and preferences, instead of having one standard 30-year lease for all. See [Table B2](#).

Table B2: Options for Lease Retained

Age of Youngest Owner	Lease Retained	
	Minimum	Other Options
CPF Payout Eligibility Age (now 64) to 69	30	35
70 to 74	25	30, 35
75 to 79	20	25, 30, 35
80 or older	15	20, 25, 30, 35

4. As at Dec 2014, 170 households have taken up the SHB (introduced in Feb 2013) and 880 households have taken up the LBS (introduced in Mar 2009).