

Eligibility and Lease Conditions for Purchase of 3-room and Larger New Replacement Flat on Short Lease by Eligible Flat Owners Who Take up Lease Buyback Scheme (LBS) for Their SERS Flat After SERS Announcement

- a) Flat owners who wish to take up LBS on their current SERS flat, and purchase a new flat on short lease at the designated replacement site must meet the prevailing eligibility conditions as follows:

| Conditions | Eligibility |
|---|--|
| (A) To Take up LBS for SERS Flat (After SERS Announcement) | |
| Age | All owners and their spouses must have reached the eligibility age (currently set at age 65) or older, at the point of SERS announcement. |
| Citizenship | At least one owner must be a Singapore Citizen. |
| Monthly household income | Gross monthly household income of \$14,000 or less. |
| Flat type of SERS flat | Any flat type |
| Ownership of private property | No concurrent ownership of private property. |
| Minimum occupation period of SERS flat | All owners have been living in the SERS flat for at least 5 years*. |
| Minimum lease for SERS flat | <ul style="list-style-type: none"> • 15 to 35 years (in 5-year increments) but must cover the owners and spouses till the age of at least 95. • At least 20 years of lease to sell to HDB. |
| Mandatory CPF Retirement Account Top-Up and Participation in CPF LIFE | SERS flat owners need to top up their Retirement Account and take up a mandatory CPF LIFE plan [^] to support retirement adequacy. |
| Eligibility for LBS cash bonus | Up to \$30,000 for 3-room or smaller flat, up to \$15,000 for 4-room flat, and up to \$7,500 for 5-room flat, if eligible [^] . |
| (B) To Buy New Replacement Flat on Short Lease After Taking Up LBS of Existing SERS Flat | |
| Flat type of new flat | 3-room or larger flat, up to the <u>same flat type</u> as the SERS flat, at the designated SERS replacement site. ⁺ |
| Lease of new replacement flat | Equivalent to lease of the current flat after the LBS. |
| SERS Grant | SERS grant of \$15,000 for singles or \$30,000 for joint singles and families, if eligible. |

| | |
|---------------------------------------|---|
| Eligibility for EHG | Up to \$80,000 for eligible first-timers [@] |
| Housing Loan for new replacement flat | No housing loan will be offered. |
| Liability for resale levy/premium | Second timers [#] need to pay resale levy/premium pro-rated based on the lease chosen. |

Note: * As the new replacement flats would take about 5 years to build, flat owners would have met the MOP for their SERS flats by the key collection to their new replacement flat.

+ If the SERS flat is a 3-room flat with a floor area that is at least 10% larger than the new 3-room flats offered at the designated replacement site, the flat owner may buy up to a 4-room flat at the designated replacement site.

^ Full Retirement Account (RA) savings will be used to buy a CPF LIFE plan if applicant has at least \$60,000 in RA after the top-up. Applicants aged 80 and above are not eligible to join CPF LIFE. Applicants will be eligible for the LBS bonus if the total top-up to the applicants' RA is \$60,000 or more.

@ The lease has to cover all owners and spouses till the age of at least 95.

Refers to those who have previously sold a subsidised flat elsewhere and have opted to pay a deferred resale levy/premium.

b) The following ownership conditions will apply to the new replacement flats:

| Ownership | Conditions |
|--------------------------------|---|
| Resale of flat | Not allowed. Owners who do not need the flat will have to return it to HDB to receive a refund for the remaining lease, pro-rated on a straight-line basis. |
| Investment in private property | Allowed after Minimum Occupation Period (MOP)* |
| Renting out of whole flat | Not allowed |
| Renting out of spare rooms | Allowed |

Note: *MOP is 5 years after key collection, excluding any period of non-occupation or renting out of whole flat.

Example

Scenario:

- Married couple, both 65-year-old Singapore Citizens, and joint owners of a fully-paid SERS flat
- Husband has \$20,000 balance in his Retirement Account (RA) while wife has zero balance
- Take up LBS for SERS flat, retaining a 30-year lease.

| Items | <u>Example 1</u> | | <u>Example 2</u> | |
|---|---|-----------------------|--|-----------------------|
| | 3-room (68 m ²) flat owners purchasing a 30-year lease 3-room (65 m ²) replacement flat | | 4-room (92/93 m ²) flat owners purchasing a 30- year lease 4-room (90 m ²) replacement flat | |
| Estimated market value of SERS flat on 6 th storey (A) | \$315,000 | | \$415,000 | |
| <u>Less:</u> Retain 30-year lease (B) | \$192,600 | | \$253,700 | |
| LBS Proceeds [(C) = (A) – (B)] | \$122,400 | | \$161,300 | |
| | Husband (50%) | Wife (50%) | Husband (50%) | Wife (50%) |
| Apportionment of Net Proceeds [(D) = (C) X 50%] | \$61,200 | \$61,200 | \$80,650 | \$80,650 |
| Age-adjusted Basic Retirement Sum (BRS) (E) [#] | \$96,000 | \$96,000 | \$96,000 | \$96,000 |
| Initial CPF RA Account balance (F) | \$20,000 | \$0 | \$20,000 | \$0 |
| Top-Up CPF RA with net proceeds [(G) = (E) – (F), or (D) whichever is lower] | \$61,200 | \$61,200 | \$76,000 | \$80,650 |
| Buy CPF LIFE Plan [(H) = (F) + (G)] | \$81,200 | \$61,200 | \$96,000 | \$80,650 |
| Estimated Monthly Payout for life | \$490 | \$350 | \$570 | \$450 |

| | | |
|--|-----------------|-----------------|
| Balance Net Proceeds [(I) = (D) – (G)] | \$0 | \$4,650 |
| LBS Cash Bonus^ (J) | \$30,000 | \$15,000 |
| Take Home Cash in 2022 [(K) = (I) + (J)] | \$30,000 | \$19,650 |
| Estimated market value for LBS SERS flat (L) | \$192,600 | \$253,700 |
| Estimated subsidised selling price of new 30-year lease flat on the 6 th storey after \$30,000 SERS grant (M) | \$139,000 | \$220,000 |
| Total Net Proceeds in 2027 [(N) = (L) – (M)] | \$53,600 | \$33,700 |

Note: # Subject to changes in prevailing full retirement sum as at date of LBS application.

^ Cash bonus is \$15,000 for 4-room, and \$30,000 for 3-room flats since total top-up is more than \$60,000.