

LEASE BUYBACK SCHEME WITH EFFECT FROM 1 JAN 2019

Under the LBS, seniors can sell part of their remaining flat lease to HDB, and continue to live in the same flat for the duration of lease retained.

Eligibility Criteria

Age, Citizenship	<ul style="list-style-type: none">All owners must have reached the eligibility age (currently set at age 65) or olderAt least one owner must be a Singapore Citizen
Income	<ul style="list-style-type: none">Gross monthly household income of \$12,000 or less
Others	<ul style="list-style-type: none">No concurrent ownership of second propertyAll owners have been living in the flat for at least 5 yearsAt least 20 years of lease to sell to HDB

CPF Top-up Requirement

For sole-owner households, the owner will have to use the proceeds to top up his/her CPF Retirement Account (RA) to the current age-adjusted Full Retirement Sum (FRS). For households with two or more owners, each owner will use his/her share of proceeds to top up his/her RA to the current age-adjusted Basic Retirement Sum (BRS).

Owner's age	Sole Owner: Full Retirement Sum (FRS) (age-adjusted)	Two or More Owners: Basic Retirement Sum (BRS) (age-adjusted)
Eligibility Age 65 to 69	\$176,000	\$88,000
70 to 79	\$166,000	\$83,000
80 and above	\$156,000	\$78,000

Note: Based on the prevailing CPF FRS of \$176,000 with effect from 1 Jan 2019.

After fulfilling the top-up requirements, households may retain the next \$100,000 of their proceeds in cash. If there are further proceeds (after the CPF top-up and \$100,000 cash), owners have to top up their respective RAs to the prevailing FRS, before retaining the balance in cash.

Lease Options

Households can choose the duration of lease to retain, subject to a minimum based on the age of the youngest owner. The duration of lease retained determines the amount of LBS proceeds that the household will receive.

Age of youngest owner	Lease retained	
	Minimum	Other options
Eligibility Age (currently 65) to 69	30	35
70 to 74	25	30, 35
75 to 79	20	25, 30, 35
80 and above	15	20, 25, 30, 35

CPF LIFE

All owners will use their full CPF RA savings to join CPF LIFE if they have at least \$60,000 in their RA after the top-up. If their RA has less than \$60,000 after the top-up, they have the option to either join CPF LIFE or receive payment from the Retirement Sum Scheme (RSS)¹.

LBS Bonus

Households in 5-room and larger flats will receive a \$5,000 cash bonus if their total CPF top-up is \$60,000 or more. If the total CPF top-up is less than \$60,000, the household will receive a pro-rated bonus of \$1 for every \$12 CPF top-up.

Households in 4-room flats will receive a \$10,000 cash bonus if their total CPF top-up is \$60,000 or more. If the total CPF top-up is less than \$60,000, the household will receive a pro-rated bonus of \$1 for every \$6 CPF top-up.

Households in 3-room and smaller flats will receive a \$20,000 cash bonus if their total CPF top-up is \$60,000 or more. If the total CPF top-up is less than \$60,000, the household will receive a pro-rated bonus of \$1 for every \$3 CPF top-up.

¹ Those aged 80 and above are not eligible to join CPF LIFE. They will get a monthly payout through the CPF Retirement Sum Scheme.

Worked Example

Mr and Mrs Lim are both 65 years old. They own a fully paid-up 5-room flat with 65 years of remaining lease, valued at \$520,000.

Mr and Mrs Lim decide to take up the LBS and opt to retain a 30-year lease. They sell the remaining lease of 35 years to HDB for \$219,300. As Mr and Mrs Lim are joint owners, they will receive an equal split of the sale proceeds, amounting to \$109,650 each.

Mr and Mrs Lim will each use their share of the LBS proceeds to top up their CPF RAs to their current BRS (age-adjusted) of \$88,000. Mr Lim needs to top up \$68,000 as he started with \$20,000 in his RA, while Mrs Lim needs to top up \$83,000 as she started with \$5,000 in her RA.

Mr and Mrs Lim will receive the full cash bonus of \$5,000 as their total CPF RA top-up exceeds \$60,000. After topping up, they have remaining proceeds of \$68,300. They can keep all of this in cash.

In total, Mr and Mrs Lim will receive \$73,300 in cash (including the LBS bonus of \$5,000) and will also receive monthly payouts of \$1,000 under CPF LIFE, for the rest of their lives.

	Cash	Mr Lim's CPF RA	Mrs Lim's CPF RA
Starting Balances	\$0	\$20,000	\$5,000
LBS Proceeds	+ \$68,300	+ \$68,000	+ \$83,000
LBS Bonus	+ \$5,000	-	-
Final Balances	\$73,300	\$88,000	\$88,000
		CPF LIFE monthly payout of \$1,000	

Note: CPF LIFE payouts are based on Standard Plan and rounded off to the nearest \$50.