

UPDATED!

HOW TO TURN YOUR HDB INTO AN INCOME GENERATING ASSET

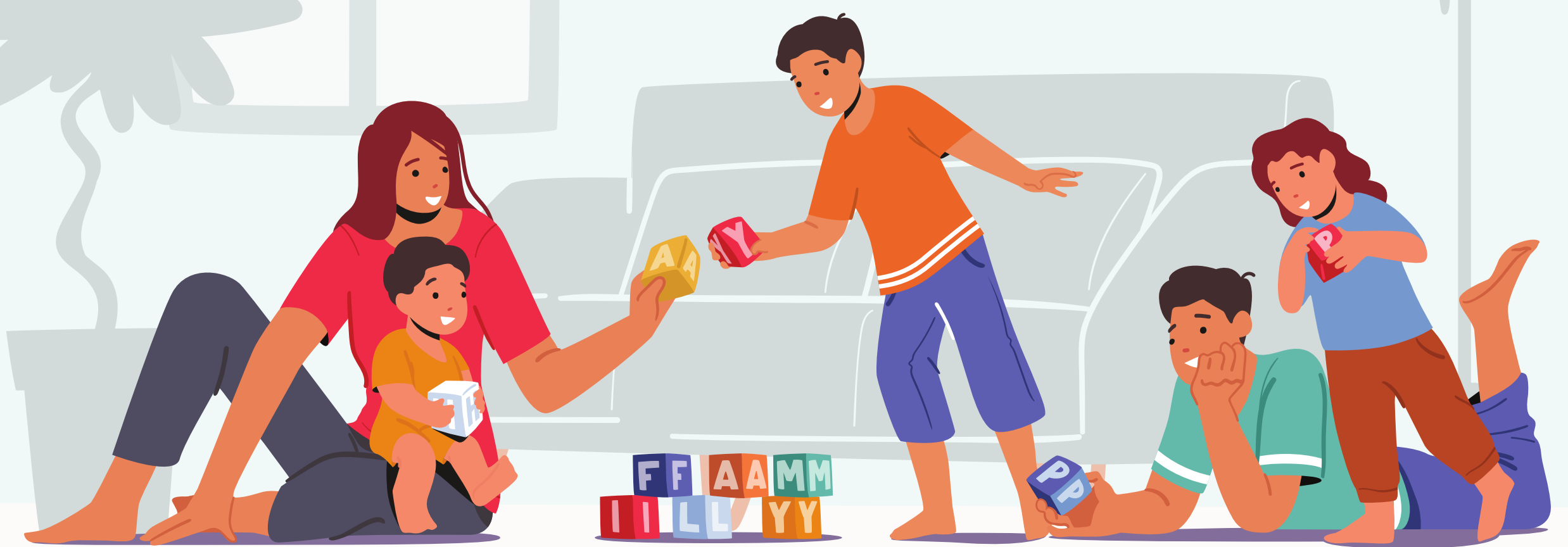
PROPERTY WEALTH PLANNING
STRATEGIES FOR HDB OWNERS



A COMMON SINGAPOREAN STRUGGLE

John Tan, like many Singaporeans, has been working hard and long hours for many years.

After settling down and starting a family, he found it harder to keep up with rising costs, saving for his children's education and planning for his retirement.



WHAT IF THERE'S A QUICKER WAY?

Now, John wonders whether there is an easier way to provide for his family and achieve his life goals.

Instead of continuously exchanging his time for money, are there smarter ways to make his funds and property work for him?



1ST

THE BASICS OF PROPERTY INVESTMENT



WHAT IS AN ASSET?

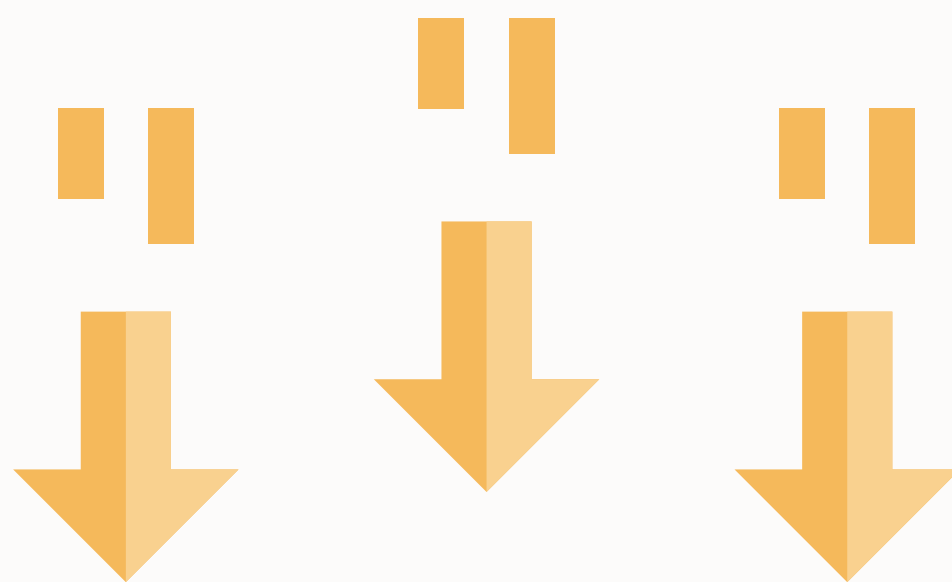
An asset puts money into your pocket every month.

It generates an income for you while you sleep.



WHAT IS A LIABILITY?

A liability takes money from your pocket every month.



LET'S TAKE A LOOK AT JOHN

John stays in a HDB flat worth \$600K.
Consider for a moment, is his HDB an asset?



A HOME IS NOT AN ASSET

While we can agree that our home is not a liability (We all need a roof over our heads), it is certainly not an asset that puts money into our pockets.

Even with a fully paid property, it does not produce any returns.



SO NOW....

**What can John do to start owning
a 2nd stream of passive income soonest?**



TO START OWNING A PASSIVE INCOME GENERATING ASSET,

John can save up to buy an investment property,
but how long would he take?

Remember that he will need to have at least **25-55%**
for downpayment and another **17% for ABSD**.

(That can work out to a whopping \$720K in cash/CPF
for a \$1M property)

And if he manages to save this much:

1. How old would he be by then?
2. Would bank loans still be available to him?
3. Would property prices have increased even more?



INTRODUCING...



**PROPERTY
WEALTH PLANNING**

PROPERTY WEALTH PLANNING STRATEGIES

Helping HDB Owners to understand better options, and maximise and deploy their funds to work for them.



HOW DOES PWP WORK?

HDB flat owners have equity in the form of Cash and CPF in their flats.

These are referred to as “Dormant Capital”.

Over time, despite their flats being fully paid, dormant capital does not create any passive income.



UNLOCKING YOUR RESOURCES

The secret is to unlock your Dormant Capital
and convert them into:

Active Capital
(Income Generating Capital).



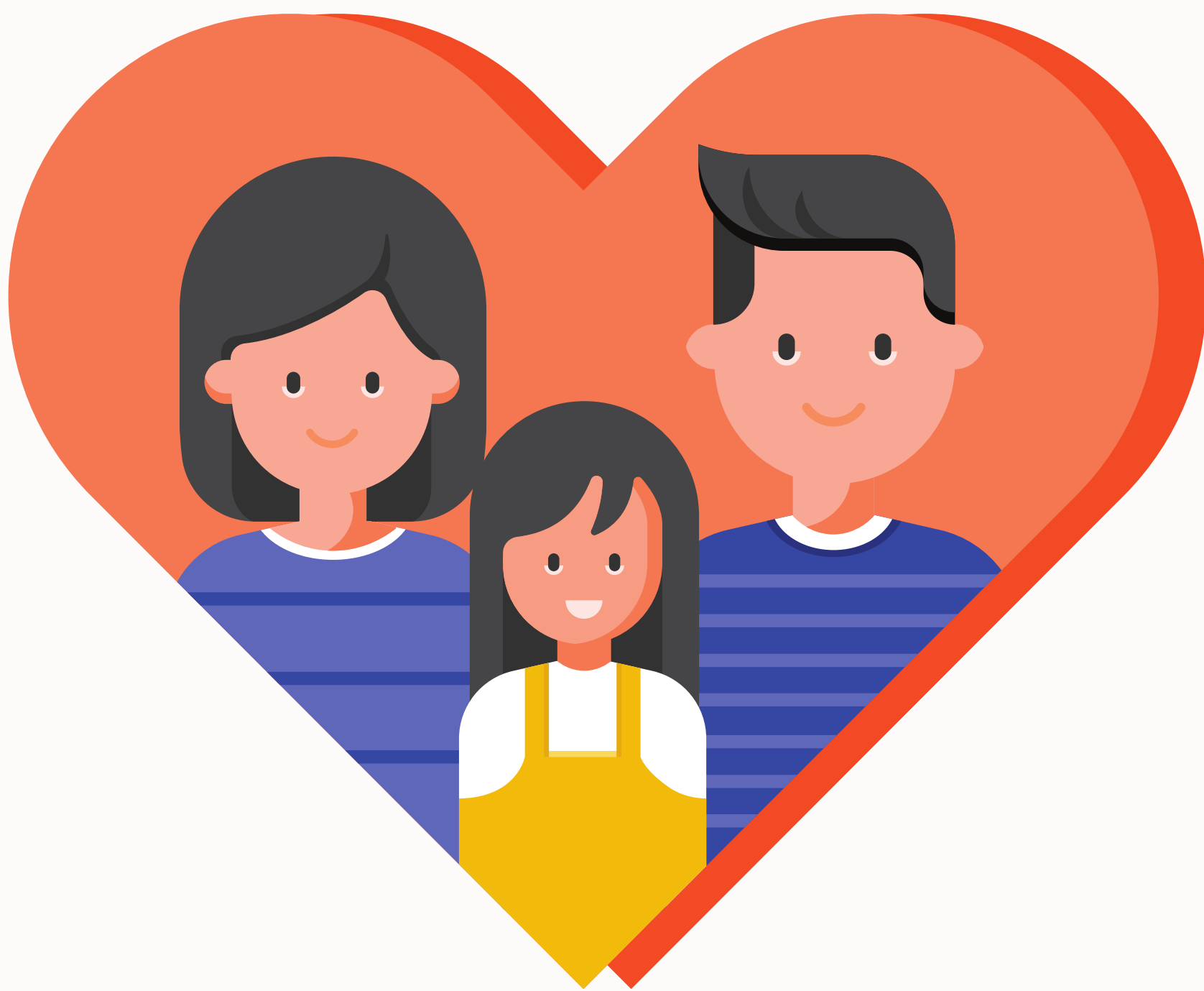
PUTTING DORMANT CAPITAL TO WORK

Active Capital deployed into real estate helps HDB owners start accumulating wealth quicker and save for retirement with greater certainty by riding on the inevitable effects of inflation.



SCENARIO

**JOHN AND WIFE ARE BOTH 40 YEARS OLD
WITH A \$15K HOUSEHOLD INCOME**



Flat Value: \$650K

Outstanding Loan: \$100K

Sales Proceeds: \$550K (\$350K CPF & \$200K Cash)

**Current Instalments: \$1815/month
(HDB loan @ 2.6% interest over 25 years)**

EXAMPLE OF CAPITAL REDEPLOYMENT

ASSUMING JOHN ALLOCATES DORMANT CAPITAL IN HIS HDB TO A PRIVATE HOME & AN INVESTMENT PROPERTY



Own Stay
(John's name. Income \$7500)
Purchase Price: \$1M
Loan: \$750K
Cash: \$100K
CPF: \$150K



Investment
(Wife's name. Income \$7500)
Purchase Price: \$1M
Loan: \$750K
Cash: \$100K
CPF \$150K

*In line with TDSR 55%. For illustration only. Figures do not include taxes, stamp duties and miscellaneous fees.

MONTHLY CASH FLOW (NORMAL)



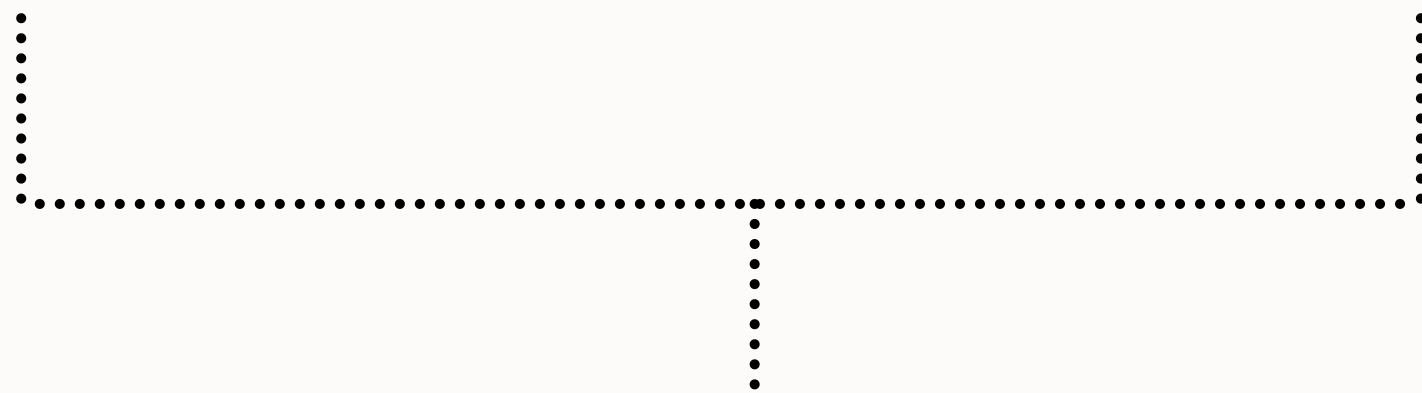
Home

**Monthly Instalment (MI):
\$3479**



Investment

**Monthly Instalment: \$3479
Monthly Rent Received: \$3300**



Previous Instalment: \$1815/month

**New Monthly Instalments:
\$3658
(Total MI - Rent received)**

\$2521 comes from CPF O/A

**\$1137 Cash top up per month
to own 2 private properties.**

*For illustration only. Avg rental yield 4% in today's market..
Figures do not include taxes, stamp duties and miscellaneous fees.

Assuming loan Interest 2.8%, 25 years tenure.

PWP STRATEGY EXAMPLE

MONTHLY CASH FLOW
(STRETCH TENURE METHOD)



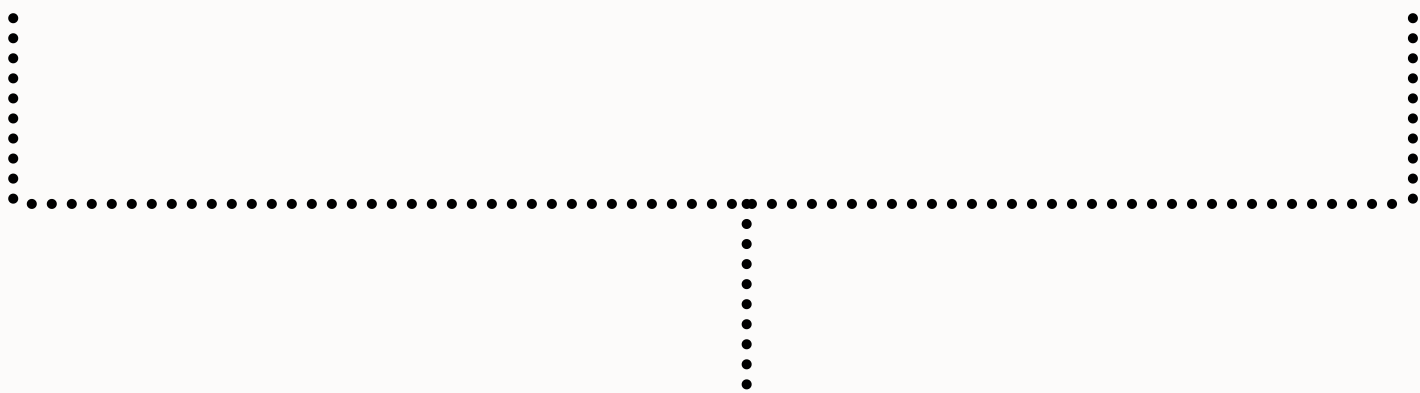
Home

Monthly Instalment (MI):
\$2852



Investment

Monthly Instalment: \$2852
Monthly Rent Received: \$3300



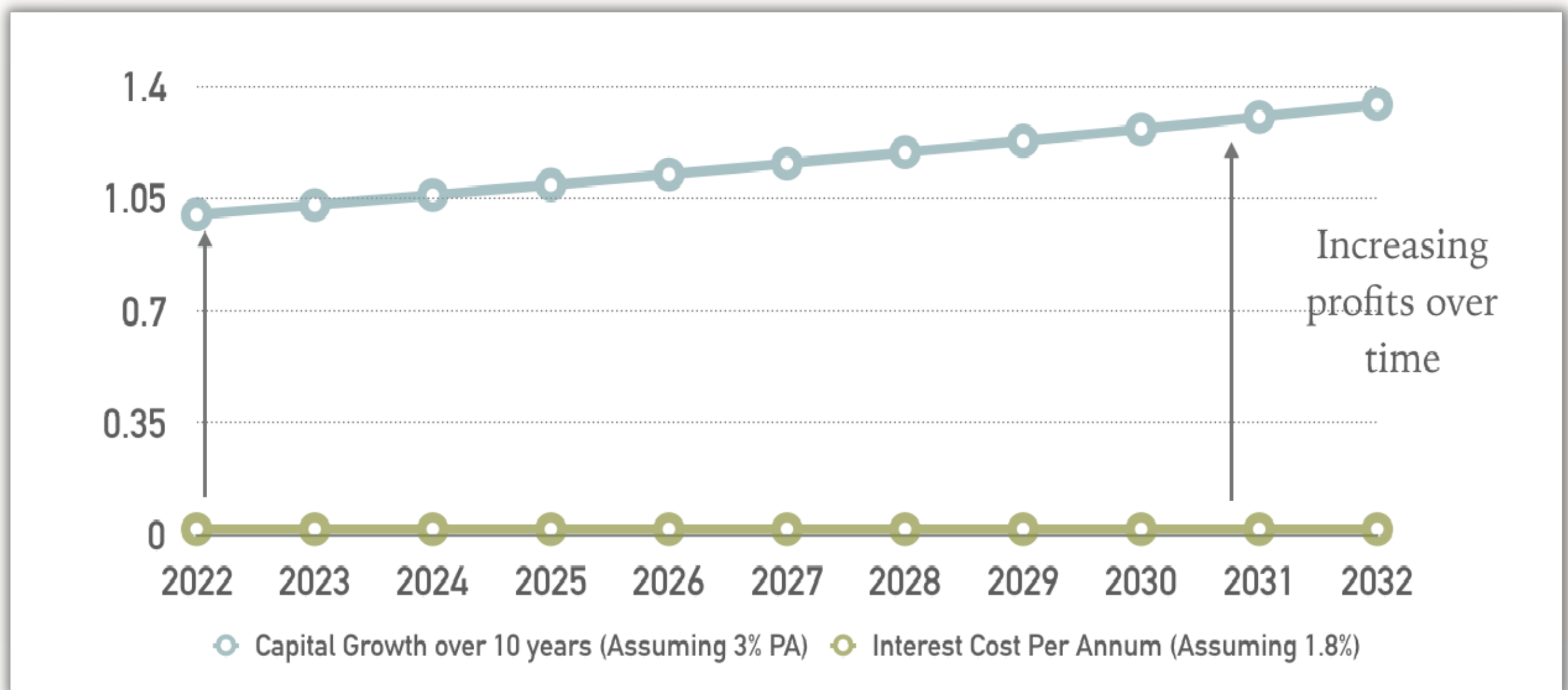
With the stretch tenure strategy applied,
new monthly instalments for 2 properties are \$2404,
fully covered with their monthly CPF O/A and no
cash top up is required.

*For illustration only. Avg rental yield 4% in today's market..
Figures do not include taxes, stamp duties and miscellaneous fees.

Assuming loan Interest 2.8%, stretched to 34 years tenure.

YOU MIGHT BE THINKING..

IS STRETCHING TENURE AND PAYING MORE INTEREST A GOOD IDEA?

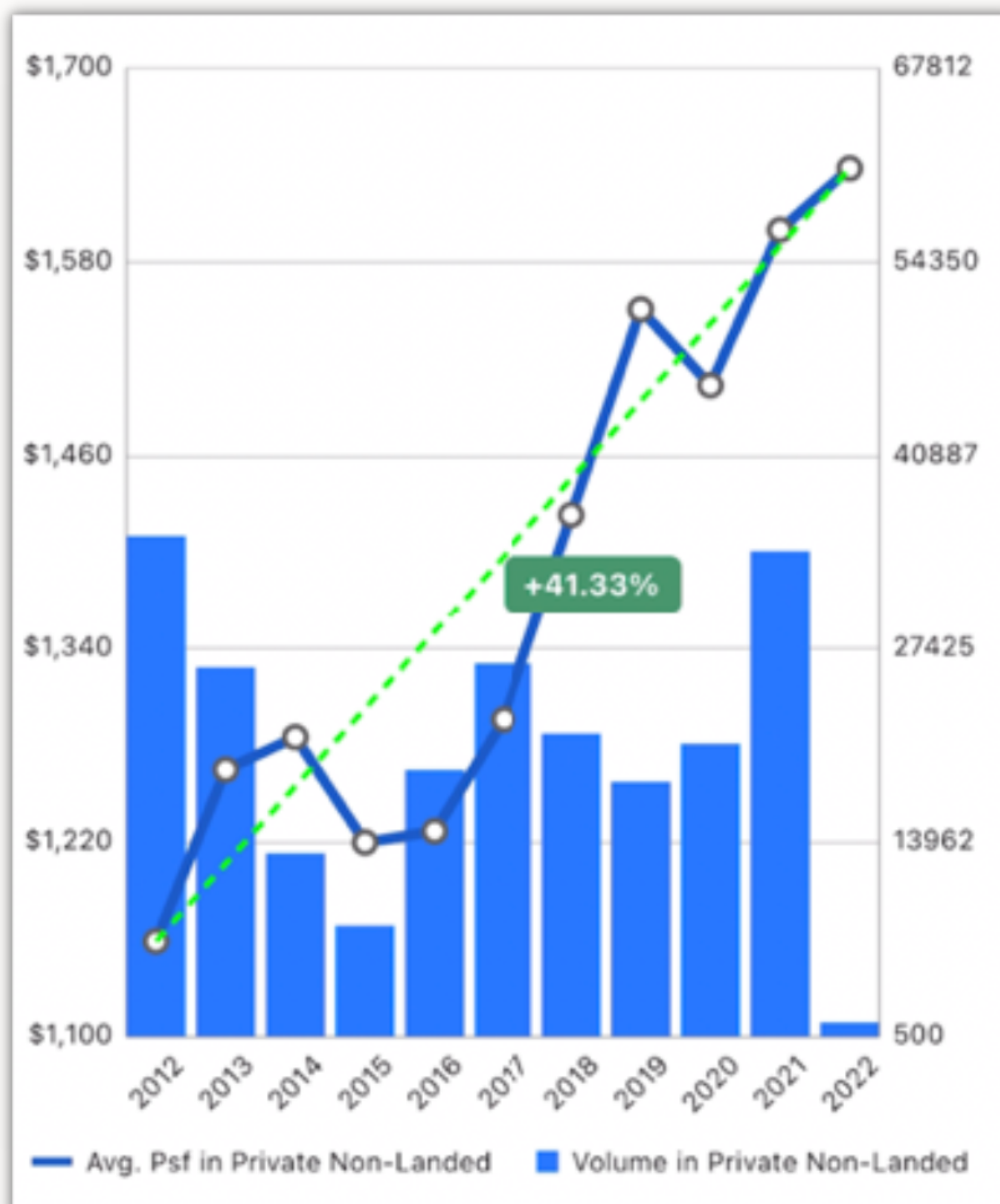


If a property's growth per annum is more than the costs of funds (Interest), paying interest results in "positive carry".

It means your profits are more than your costs of ownership.

Positive carry helps increase returns for a property investor and one of the reasons why savvy investors love leverage.

HISTORICAL GROWTH OF PRIVATE HOUSING BEATS INFLATION HANDS DOWN



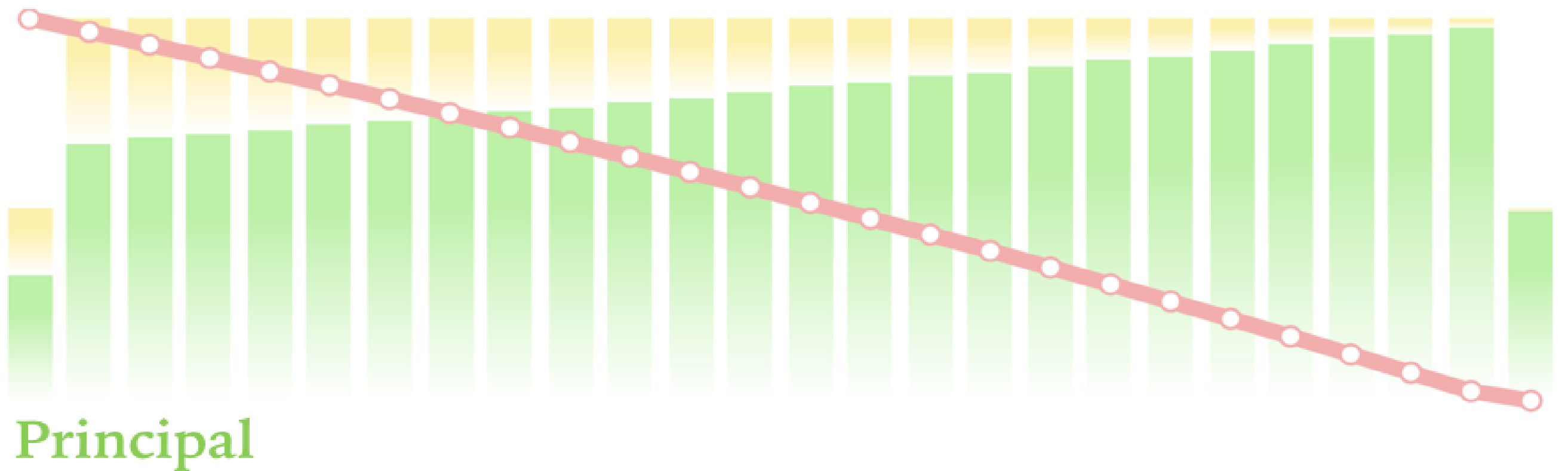
Source: Huttons Analyzer with data from URA

Over the past decade, Singapore private non-landed properties grew at 4.1% per annum (41%). Assuming history repeats itself, in 10 years, an average \$1m property investment* can be worth \$1.41m.

*Choosing the right property according to our 7 Steps Framework matters.
Pls enquire with your NAVIS realtor.

MONTHLY INSTALMENTS HELPS YOU TO SAVE DISCIPLINELY

Interest



Over the loan's life-span, around 2/3 of instalments go to Principal Repayments otherwise known as your home equity.

*When the property is sold,
equity returns to your pocket.*

Instalments are like savings that you set aside every month in your "property bank account" with the option to draw it out through various methods.

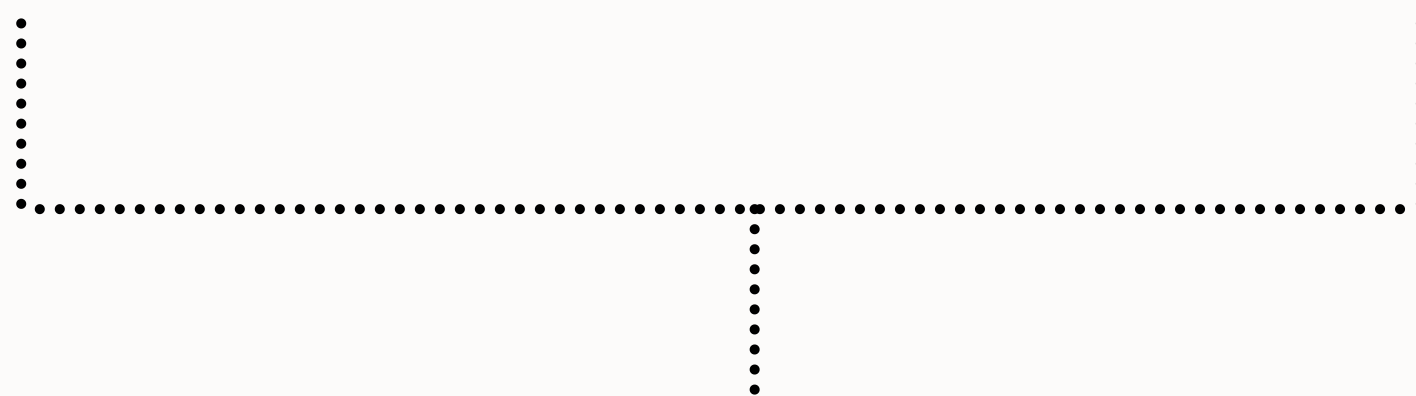
BY DEPLOYING THIER FUNDS ACTIVELY, AND FULLY UTILISING CPF FOR INSTALMENTS, JOHN CAN HAVE 2 FULLY PAID PROPERTIES WORTH \$4.2M BY 65.



**Own Stay Property
(Worth \$2.1M*)**



**Investment Property
(Worth \$2.1M*)**



Rental Passive Income: \$5250/Month*^

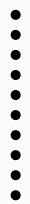
*Value in 25 years time based on assumed growth rate of 3% per annum.

^ Rental yield of avg 3% per annum over the long term.

JOHN CAN CHOOSE TO CASH OUT...



Sell Investment Property



\$2.1M*
To fulfil his dreams

*Value in 25 years time based on assumed growth rate of 3% per annum.

OR CASH OUT ANYTIME...



Sell/Gear Up Investment Property



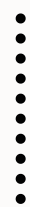
Up To \$2.1M*
To finance his children's education

*Value in 25 years time based on assumed growth rate of 3% per annum.

OR RENT BOTH OUT FOR HIGHER PASSIVE INCOME WHILE RENTING A SMALLER HOME



Rent Smaller Property (Annual Rent Cost \$30K)



Rent out Both Properties
(Annual Rent Income: \$126K (\$5250 per month each))

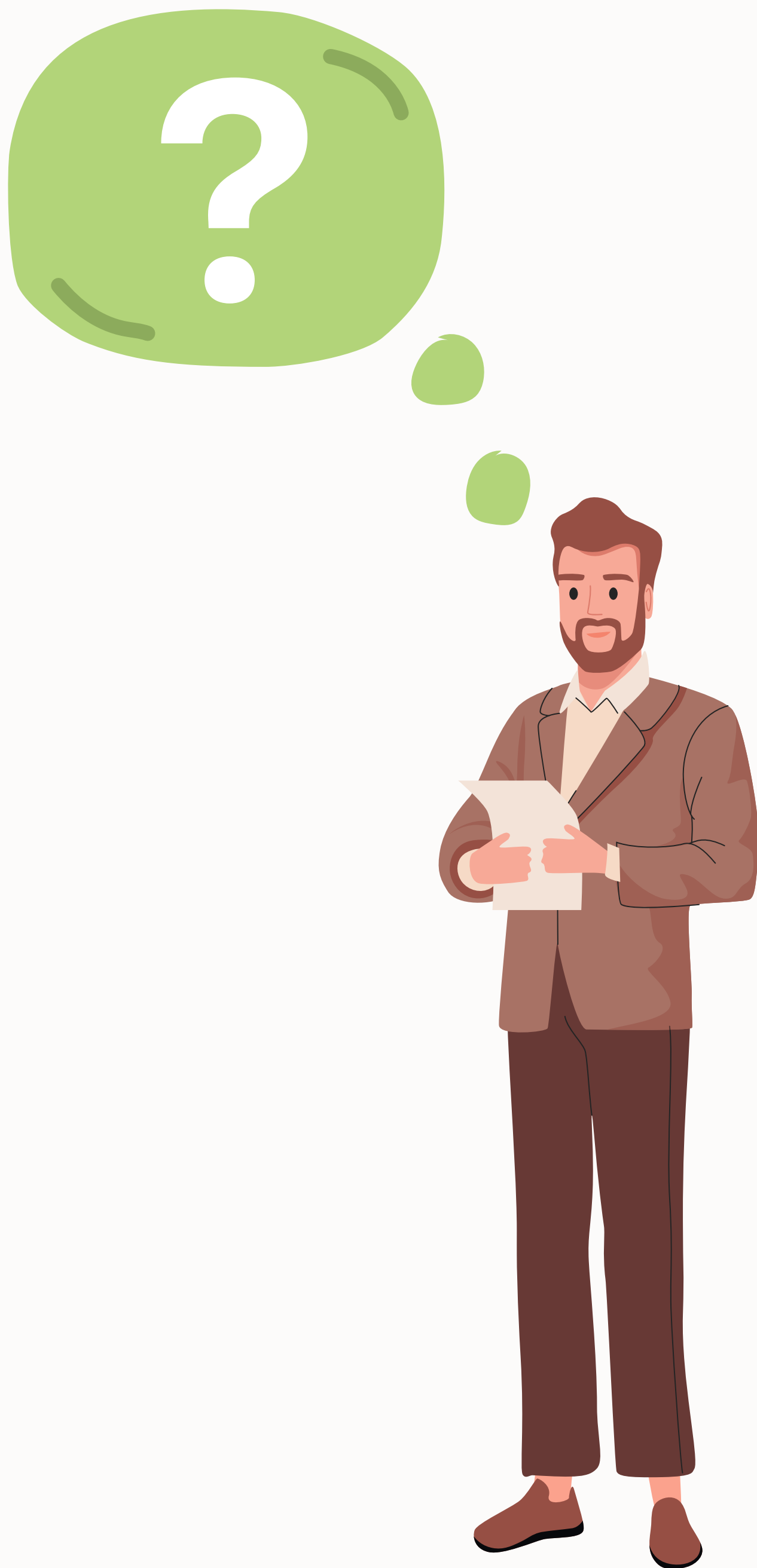


Passive Income: \$8000/Month*^

*Value in 25 years time based on assumed growth rate of 3% per annum.

^ Rental yield of 3% per annum.

**NOW, WHAT IF JOHN HAD NOT
APPLIED PROPERTY WEALTH
PLANNING FOR HIS FAMILY?**



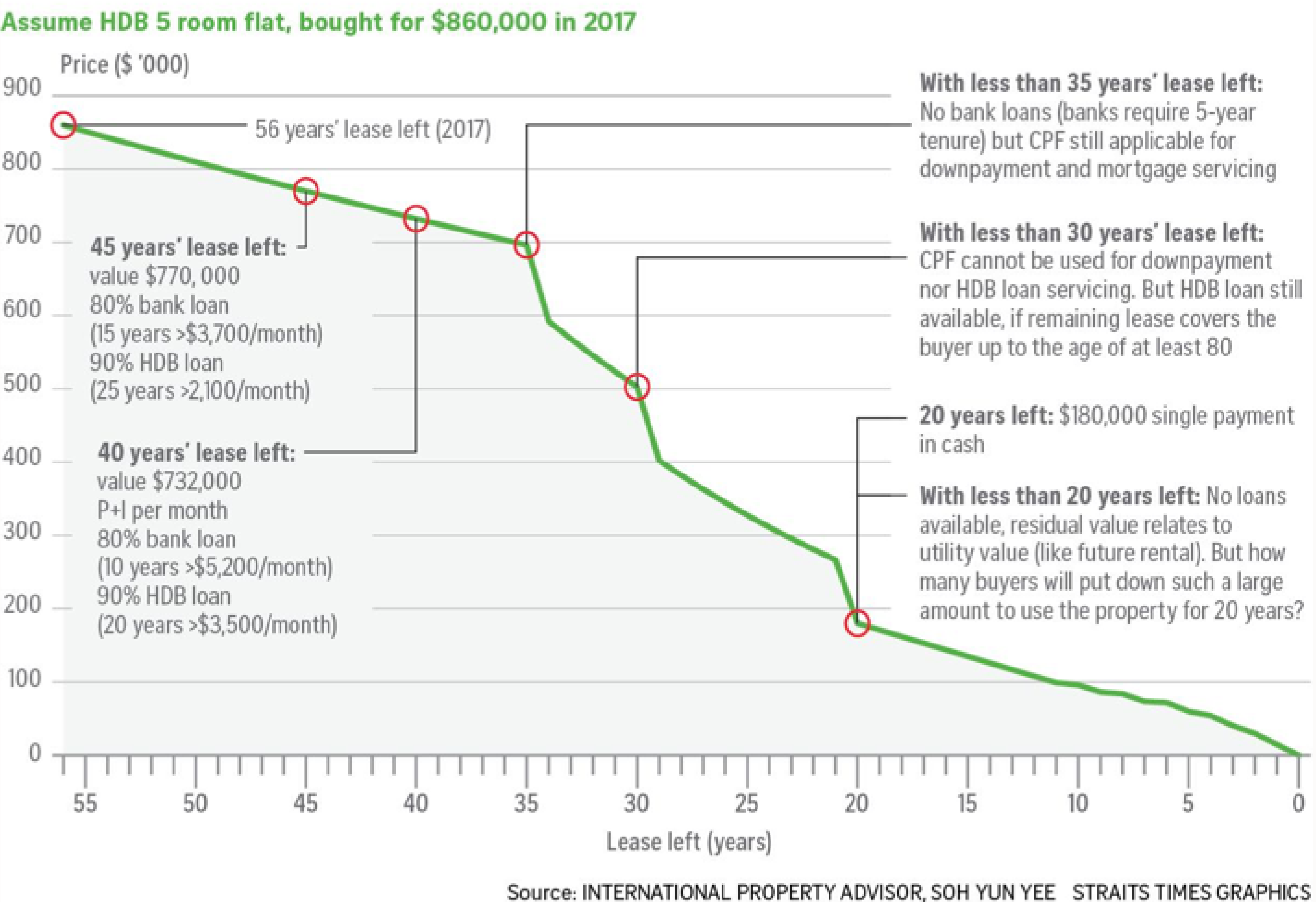
HDB VALUE OUTCOME



**In 25 years time, John's HDB flat has a remaining lease of less than 60 years.
Let's assume it is still worth \$600K.**

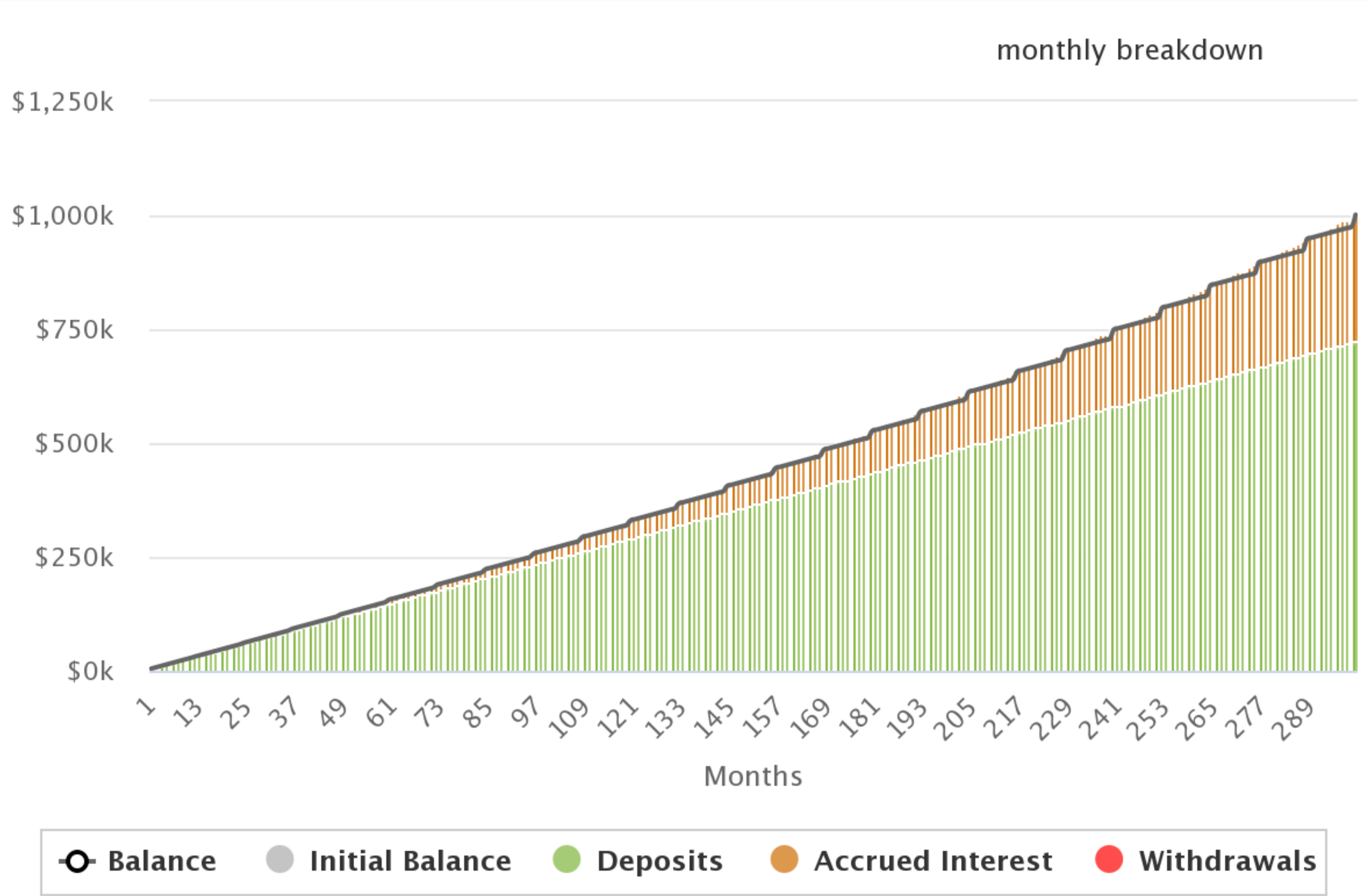
REDUCING HDB TENURE AFFECTS PRICE

How a HDB flat might depreciate over time



According to prevailing policies, old flats will significantly drop in value as their lease runs out.

CPF SAVINGS OUTCOME



Assuming he diligently keeps the \$2404/month into his CPF account over 25 years (2.5% interest) instead of using it to own 2 private properties, his capital would have grown to \$1M by the time he is 65 years old.

FUTURE WEALTH PROJECTION COMPARISON

CHOICE	ASSET VALUE	RETIREMENT PASSIVE INCOME	INFLATION HEDGE	MORE RETIREMENT OPTIONS
WITH PROPERTY WEALTH PLANNING (PWP)	\$4.2M	YES	YES	YES
WITHOUT PWP	\$1.6M	NO	NO	NO

With PWP active deployment of his equity in his HDB flat today, John will enjoy a passive income stream from collecting rent from his investment property on top of higher assets value at retirement.

He has benefited from inflation and will likely enjoy more retirement options.

HOW HAS PWP HELPED JOHN ACHIEVE HIS FINANCIAL FREEDOM?



PWP APPLIES THE THE INVESTMENT PRINCIPLES OF:



1. **Deploying Dormant Capital To Work As Active Capital**
2. **Leveraging To Obtain Positive Carry**
3. **Riding On The Compounding Effects Of Inflation Over Time**

NOW... HAVE YOU STARTED PLANNING FOR YOUR FAMILY WITH PWP?



**“Don’t wait to invest in real estate. Invest and wait.
And let time and PWP strategies work to your
advantage.”**