

Legacy Planning

The 4 Must-Knows of helping your child own a property



CONTENTS

1

Enjoy Higher LTV Ratios &
No ABSD Payable

2

A Good Investment for
Your Child's Future

3

Tap On Rental Income as
Savings for Your Child

4

Things to Look Out For if
Buying Under Child's Name

1ST MUST KNOW

ENJOY

Higher 

LTV RATIOS

& *No ABSD*

PAYABLE

No ABSD

PAYABLE AS

YOUR *Child**

IS A

1ST Timer

*Child used in the eBook refers mainly to those **above 21 years old**. For minor child, additional rules will apply.

Note: ABSD - Additional Buyer's Stamp Duty. Only for Singapore Citizens. Permanent residents need to pay 5% ABSD as first timers.

Source: Inland Revenue Authority of Singapore

ABSD PAYABLE

Couple A (You)

Both 50 years old

Buy Under
Own Name



1st Home

0%

Buy Under
Child's Name



2nd Home

0%

Couple B

Both 50 years old

Buy Under
Own Name



1st Home

0%

Buy Under
Own Name



2nd Home

17%

Source: Inland Revenue Authority of Singapore

BY DOING SO,
YOU CAN SAVE

17%
— or —
\$170,000

IF IT IS A
\$1,000,000 HOME!

YOU ALSO

Do Not

NEED TO
DISPOSE OF
YOUR

First Property



**THE BEST TERMS
COUPLE B
CAN ENJOY ON THEIR 2ND LOAN IS**

15 Years
Tenure
— at —
45% LTV

**SINCE THEY ARE BUYING UNDER THEIR
OWN NAME**

Note: Based on Monetary Authority of Singapore's rule.

IF COUPLE B
TAKES A
25-Year Loan,
THEIR LTV
Falls To
25% 

*Note: Based on Monetary Authority of Singapore's rule.
Subject to respective banks' underwriting criteria.*

IN CONTRAST, THE BEST TERMS
COUPLE A (YOU)
CAN ENJOY IS

30 Years
Tenure
— at —
75% LTV

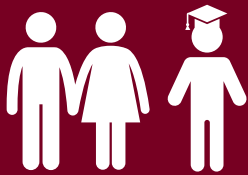
AS YOU ARE BUYING UNDER
CHILD'S NAME

Note: Based on Monetary Authority of Singapore's rule

CASE STUDY

Couple A (You)

Buy Under Child's Name



Bought
3BR Condo Unit
\$1,000,000

SOLD AFTER
10 YEARS



Sold
3BR Condo Unit
\$1,500,000

Purchase Assumptions (Best Terms)

Loan (75%)	\$750,000
Downpayment (25%)	\$250,000 (Cash + CPF)
Loan Tenure	30 years
Interest	2% p.a.
BSD Payable	\$24,600
ABSD Payable	\$0

Sale Assumptions

Upfront Costs and Total Interest Incurred	\$405,239
Net profit	\$546,780
Return On Equity	134.9%

Note: Based on assumptions.

Source: Inland Revenue Authority of Singapore

CASE STUDY

Couple B

Buy Under Own Name



Bought
3BR Condo Unit
\$1,000,000

SOLD AFTER
10 YEARS



Sold
3BR Condo Unit
\$1,500,000

Purchase Assumptions (Best Terms)

Loan (25%)	\$250,000
Downpayment (75%)	\$750,000 (Cash + CPF)
Loan Tenure	25 years
Interest	2% p.a.
BSD Payable	\$24,600
ABSD Payable	\$170,000

Sale Assumptions

Upfront Costs and Total Interest Incurred	\$986,422
Net profit	\$398,913
Return On Equity	35.4%

Note: Based on assumptions.

Source: Inland Revenue Authority of Singapore

**UPFRONT PAYMENTS
&
INTEREST INCURRED
OVER 10 YEARS ARE**

59%
Lower

FOR
Couple A (You)

\$405,000

VS

\$986,000

**WHY NOT CHOOSE AN OPTION
THAT CAN *Reduce* YOUR PAYMENT
REQUIREMENTS AND
*Free Up Your Funds?***

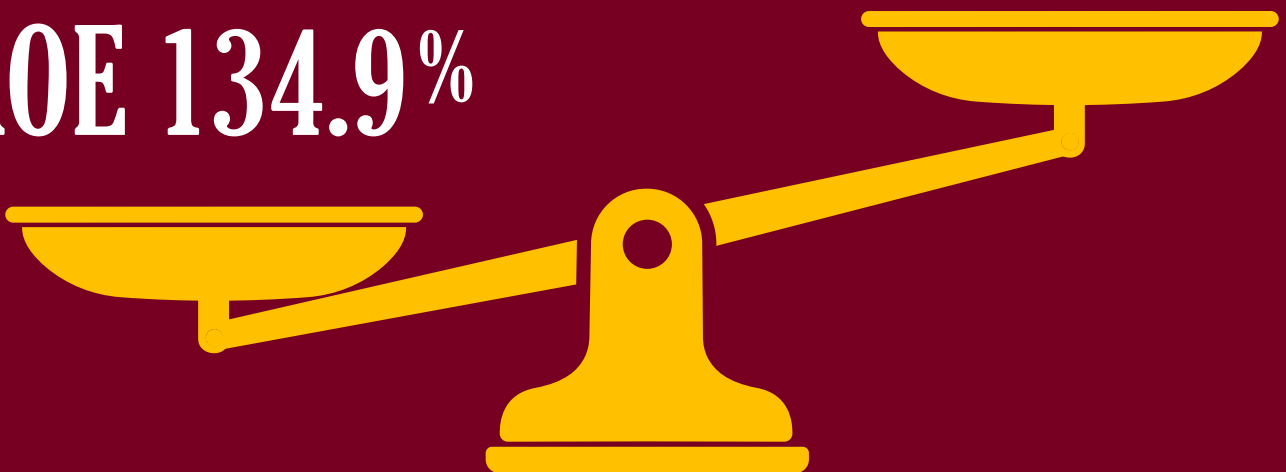


IF THE PROPERTY IS SOLD AT
\$1,500,000
IN 10 YEARS, YOU WILL BE ABLE TO

— *Achieve a* —
Much Better Return!

Couple A (You)
ROE 134.9%

Couple B
ROE 35.4%

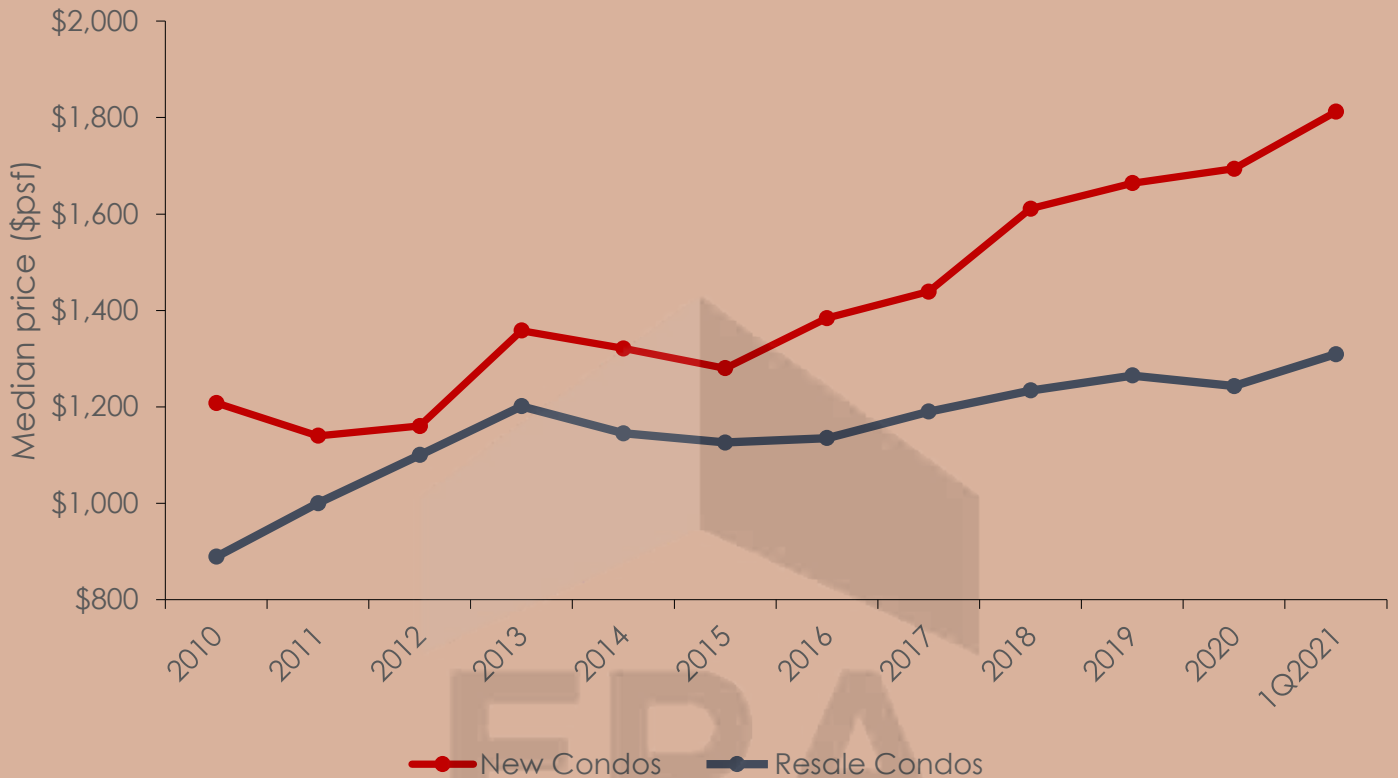


2ND MUST KNOW

A Good
Investment
FOR YOUR
Child's
Future



NEW LAUNCHES & RESALE CONDOS



*Getting
More
Expensive*

Note: Based on all condos and apartments
Source: Urban Redevelopment Authority



SHOULD YOU BE
CONCERNED
THAT *Rising*
Home Prices
WILL AFFECT YOUR
Children's
Ability
TO OWN PROPERTIES
IN THE *Future?*



WHY NOT
Buy Now 
UNDER YOUR
Child's Name
TO ENJOY FUTURE
Capital
Appreciation?

BENEFITS

Child can avoid paying much higher price for his home in the future



Parents can help their child buy a home with better terms

Financing Recommendations

Child A



Child alone can finance the home loan

> 21 years old

(Income can afford installments)

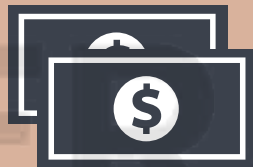
Child B



> 21 years old

(Cannot afford installments)

Parents B



Parents will support the loan application (with pledged/unpledged funds) since child could not meet TDSR requirements

Child C



< 21 years old*
(No Income)

Parents C



Parents to set up trust, pay for the property in full cash, face higher costs

Note: Subject to respective banks' underwriting criteria. Pledged or unpledged funds will have to be in the child's name.

**Subject to anti-avoidance rule under Section 33A of the Stamp Duties Act.*

3RD MUST KNOW

TAP ON
Rental
Income
AS SAVINGS
FOR YOUR
CHILD

YOU MAY
Rent Out
THE PROPERTY
YOU BOUGHT
UNDER YOUR
Child's
Name

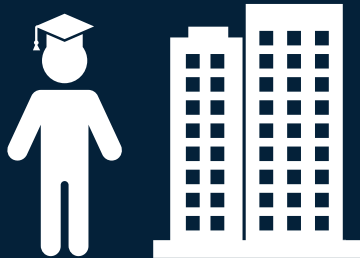


YOUR
Rental
Income
CAN POTENTIALLY
COVER THE MONTHLY
MORTGAGE
Repayments
IN FULL

CASE STUDY

Park Place Residences

2017 launched, T.O.P 2019



Parents Buy
Resale Studio Unit
Under Child's Name

2021: \$968,000

RENT TO
TENANTS



Rent to Tenants
\$3,000/month

Park Place Residences	
Studio Unit	\$968,000
BSD	\$23,640
Loan (75%)	\$726,000
Downpayment (25%)	\$242,000 (Cash + CPF)
Loan Tenure	30 years
Interest	1.5% p.a.
Monthly repayments	\$2,505.57

Note: Price and rental are based on caveats from URA
Source: Urban Redevelopment Authority



Rental Income

\$3,000/month

Mortgage

\$2,505/month

**YOU ONLY NEED
TO FORK OUT**

\$0

**For Your
Monthly Repayments**

**SINCE YOUR MORTGAGE IS
FULLY COVERED BY RENTAL INCOME**

NOT ONLY CAN
MORTGAGE PAYMENTS BE
Fully Covered,

SIT BACK AND
ENJOY EXTRA

\$6,025

SAVINGS IN 5 YEARS



THE
AMOUNT
Saved
CAN BE USED
FOR YOUR
Child's
Future



4TH MUST KNOW

THINGS TO
Look Out
FOR IF
BUYING UNDER
Child's
Name

**YOU MAY LOSE
CONTROL OF YOUR
PROPERTY SINCE
IT IS NOT HELD IN
YOUR NAME**

Legal Disputes

**MAY ARISE
AS A RESULT**

YOUR CHILD'S
CREDIT RATING
MAY BE AFFECTED
IF YOU
FREQUENTLY
END UP IN
Arrears

IF YOUR CHILD DECIDES TO BUY PUBLIC HOUSING IN THE FUTURE...



BTO Flat

Not until 30 months
after disposal of
private property

Resale Flat

Dispose private
property within 6
months of collecting
key of HDB flat

HOWEVER,
AS LONG AS
MARKET PRICES
ARE HIGHER
AT THAT TIME,
YOU WILL BE
ABLE TO MAKE
Profit



CONCLUSION



**BUYING PROPERTY
UNDER CHILD'S NAME
BRINGS MANY
BENEFITS, ESPECIALLY
IF YOU TRULY INTEND
TO GIFT THE PROPERTY
TO YOUR CHILD**



WHY NOT USE
THIS APPROACH
TO BUY
PRIVATE PROPERTY,
WHEN YOU CAN
ENJOY BETTER
TERMS?

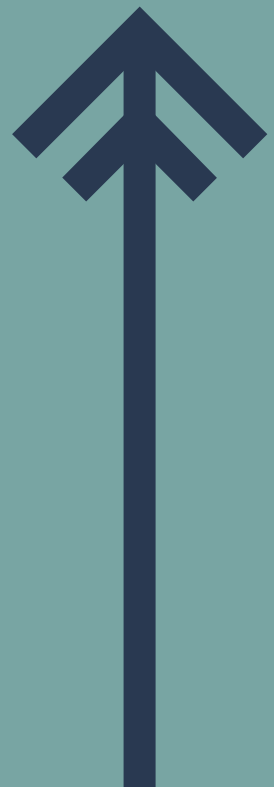


**DON'T YOU THINK
IT IS BETTER IF
YOUR CHILD
CAN AVOID PAYING
A MUCH HIGHER
PRICE FOR HIS
HOME IN
THE FUTURE?**

**DON'T YOU THINK
IT IS GOOD TO
TAP ON
RENTAL INCOME
TO INCREASE
SAVINGS FOR
YOUR CHILD?**



**WOULD IT BE BETTER
TO PLAN
BY YOURSELF
OR LEVERAGE ON
ERA'S WEALTH OF
EXPERTISE?**



ERA'S
TRUSTED ADVISORS

WILL HELP YOU
PLAN AND FIND
A PROPERTY WITH
FINANCIAL
PRUDENCY





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