How they compare

The tables below illustrate the options available to Mr and Mrs Tan after they sold their DBSS flat for $700,000 in November last year. After paying off their housing loan and returning the money used for the flat to their CPF accounts, they are left with $286,000 cash.

Scenario 1

- Mr and Mrs Tan jointly purchase a brand-new property.

Cost of a new three-bedroom unit	$1.3 million
Bank loan	$1.04 million
Monthly loan instalment for 30 years	$3,844
Monthly joint CPF contribution	$2,185
Monthly cash top-up for loan	**$3,844 - $2,185 = $1,659**

Scenario 2

- Mr and Mrs Tan buy one property each.
- Mr Tan, 34, earns a gross income of $7,000 a month, and purchases one property for the family to stay in.

Cost of a resale three-bedroom condominium	$980,000
Bank loan	$784,000
Monthly loan instalment for 30 years	$2,897
Monthly CPF contribution	$1,150
Monthly cash top-up for loan	**$2,897 - $1,150 = $1,747**

- Mrs Tan, 32, earns a gross income of $4,500 a month, and purchases one property for investment.

Cost of one-bedroom apartment	$600,000
Bank loan	$480,000
Monthly loan instalment for 30 years	$1,774
Monthly CPF contribution	$1,035
Monthly cash top-up for loan	$739
Monthly rental income	$2,200
Monthly passive income after paying for bank loan	**$2,200 - $739 = $1,461**

Conclusion

- Mr and Mrs Tan own two properties with a monthly cash top-up of $286 ($1,747 - $1,461), instead of $1,659 for one jointly purchased property.
- They would still have a cash balance of $207,000 from the sale of their DBSS flat after paying the cash down payment for the two properties.

ST GRAPHICS