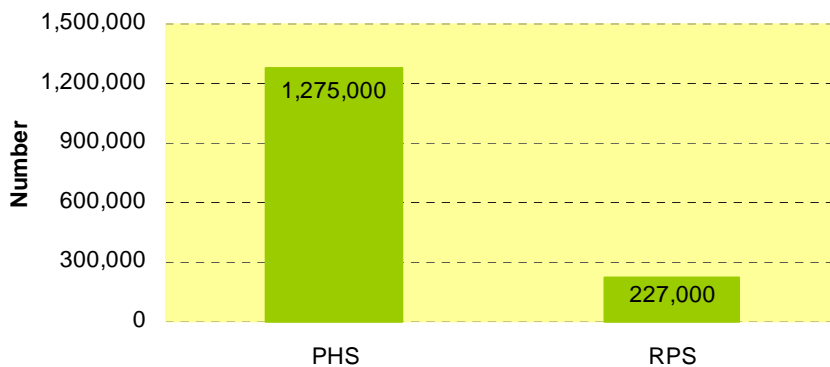


## CPF Public Housing & Residential Properties Schemes

The CPF Public Housing Scheme (PHS) and Residential Properties Scheme (RPS) were introduced in 1968 and 1981 respectively. The schemes allow CPF members to use their CPF savings to finance the purchase of their homes (HDB flat and private residential properties) and to repay mortgage loans.

Over the years, the number of members who use their CPF savings for their homes has increased steadily. CPF members who used their CPF savings under the PHS grew from 2,900 in 1968, when the scheme was introduced, to 1,275,000 in 2006. In contrast, only 1,000 members used their savings under the RPS at inception in 1981. This figure multiplied to 227,000 in 2006 (refer to Chart 1).

**Chart 1: Membership under Public Housing Scheme and Residential Properties Scheme as at end of 2006**



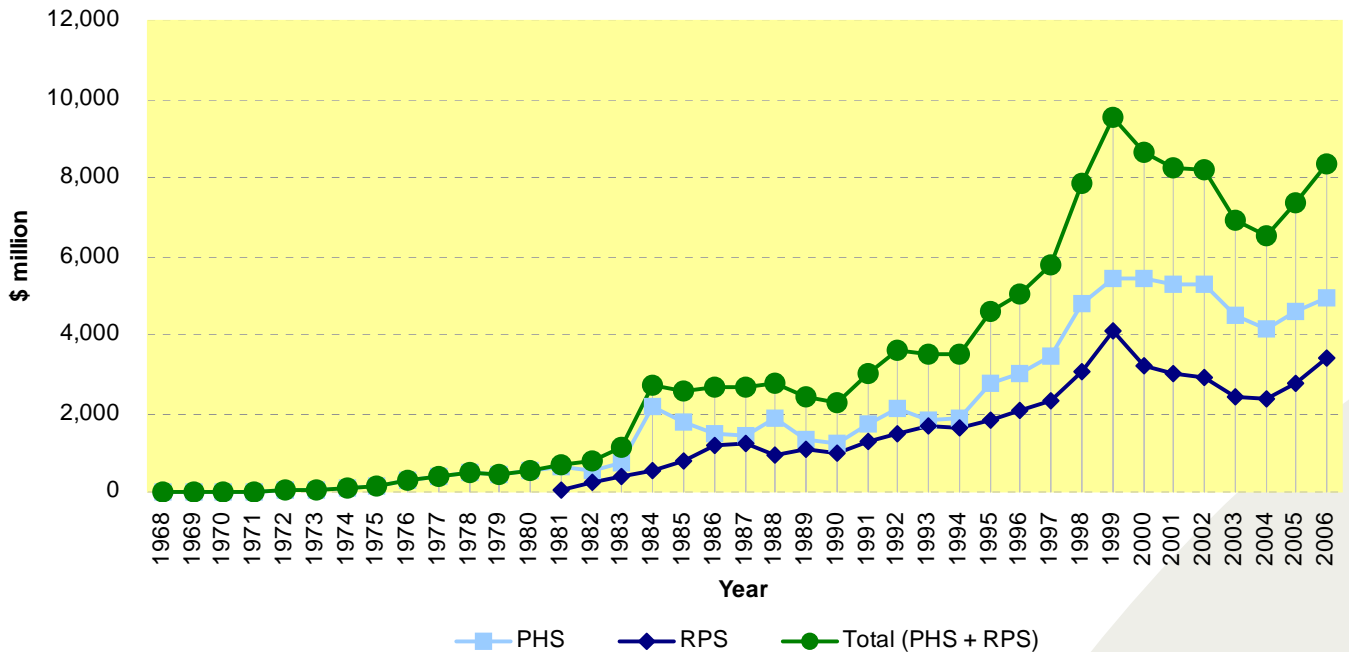
Next, we look at the net amount<sup>1</sup> of CPF withdrawn under the two schemes. Chart 2 shows the trend of net amount withdrawn from 1968 to 2006. The steepest rate of sustained increase occurred between 1995 and 1999. In 1998, there was a 35% increase in total net amount withdrawn over 1997. In comparison, the period between 2000 and 2004 saw a decreased withdrawal of CPF savings with the end of 2004 hitting the lowest mark. Statistics show that the net amount withdrawn is rising again in the recent few years.

Several milestones were recorded in the net amount withdrawn under the PHS and RPS.

For the PHS, the net amount withdrawn broke the \$2 billion mark to reach \$2.2 billion in 1984. In 1997, the net amount withdrawn increased beyond \$3 billion to hit \$3.5 billion. In 1998, the net amount withdrawn reached \$4.8 billion. It peaked at \$5.4 billion in 2000 before easing off.

<sup>1</sup> Net amount withdrawn refers to withdrawals net of refunds.

**Chart 2: Net Amount withdrawn under Public Housing and Residential Properties Schemes, 1968-2006**



The net amount withdrawn under the RPS has been on an upward trend since the inception of the scheme. In the period following the economic downturn in 1987, CPF monies withdrawn under the RPS dipped in 1988 and 1990. Since 1990, the net amount withdrawn under the RPS went up steadily and peaked at \$4.1 billion in 1999. Subsequently, this figure dropped (2000–2004) amidst the bursting of the dot com bubble, economic slowdown, unemployment, SARS, and poor consumer sentiments.

The use of CPF savings to finance homes picked up after 2004. The net amount withdrawn under both schemes went on the rise from 2004 onward with PHS up 20% from \$4.1 billion in 2004 to \$5.0 billion in 2006, while RPS leapt 42% from \$2.4 billion in 2004 to \$3.4 billion in 2006. The increase in net amount withdrawn under these schemes seems to mirror the thriving property market, fuelled fundamentally by the robust performance of the Singapore economy in the last few years.

Looking at the trends above, we note the increasing use of CPF savings by Singaporeans to own their homes. However, we must be reminded that the CPF is a social security scheme that aims to help Singaporeans save for their retirement. While we make major commitments to finance the purchase of our homes with CPF savings, it is necessary to ensure that we continue to set aside sufficient CPF savings for our retirement nest egg.