Buying Your Next Home: Reconcile CPF Refunds Before Setting the Budget

Description

A selling price is not a reusable next-home budget. Before making an offer, a Singapore homeowner should bridge four separate figures: outstanding housing loan, required CPF refund, cash sale proceeds and CPF Ordinary Account funds that remain usable after the sale. Age 55 and the order of transactions can change that bridge.

The CPF Boardâ??s next-home explanation distinguishes a sell-first sequence from buying while the current property is still owned. That distinction should be explicit in the budget. Otherwise the same CPF balance may be counted once as a refund from the sale and again as funds supposedly available before the sale completes.

Build the funds bridge in this order

Line	What it means	Evidence to collect
Expected sale price	The agreed or modelled consideration	OTP, valuation context and sensitivity range
Less loan redemption	Principal, accrued interest and lender fees due at completion	Current redemption statement
Less CPF refund	Principal CPF used plus accrued interest, subject to sale-proceeds rules	CPF property dashboard estimate
Equals estimated cash proceeds	Cash remaining after completion deductions	Conveyancing completion account
Add reusable OA	OA savings that can legally be used for the next purchase	CPF balance and housing-usage limits

Keep cash and CPF as separate columns. They are both resources, but they do not pay every item in the same way or at the same time. Stamp duty, option money, completion funds and renovation cash each need their own source.

Worked sell-first sequence

Consider a hypothetical sale at S$850,000. The loan redemption is S$260,000 and the required CPF refund shown before completion is S$300,000. Ignoring other completion expenses, the provisional cash proceeds are S$290,000. The S$300,000 refund returns to CPF; it does not also form part of the S$290,000 cash.

If the member is below 55 and has no other restriction, the refunded amount may replenish OA and be considered for the next eligible home. If the member is 55 or older, the routing needs another check. CPF explains that refunds may first be used to meet the required amount in the Retirement Account, up to the applicable retirement sum. The amount visible in OA before sale is therefore not enough evidence for the post-sale budget.

Worked buy-first sequence

Now assume the next property is purchased before the current one is sold. At the date of purchase, the buyer still owns another property. The CPF housing-usage guide explains that additional-property and retirement-sum conditions can restrict the CPF that may be used. The sale refund also has not arrived.

This is the double-counting trap. A planner may add expected cash proceeds, expected CPF refund and todayâ??s OA balance, then assume all three are available for the option and completion. They are not. The buy-first model needs bridging finance, a tax and stamp-duty check, and a scenario where the sale takes longer or closes at a lower price.

Lease and age checks still apply

Even after identifying the money, the next home must satisfy CPF housing rules. Check that the remaining lease meets the minimum requirement and whether it covers the youngest eligible ownerâ??s age to 95. The result affects how much CPF can be used and whether a valuation-based withdrawal limit applies. Do this against the actual property, remaining lease and buyer ages, not a generic example.

For a resale flat, the age-95 test also intersects with loan planning. Our CPF home-purchase limits guide explains the core usage boundaries. If sale proceeds are insufficient to make the full expected refund, read the CPF housing-refund shortfall guide before assuming cash must be found automatically.

Set an offer ceiling, not a hopeful target

1. Obtain a current loan redemption figure and CPF refund estimate.
2. Model sale price at an expected and conservative level.
3. Separate cash proceeds from refunded CPF.
4. Apply age-55, additional-property and lease restrictions.
5. Reserve cash for duties, legal fees, moving and essential works.
6. Set the maximum offer only after the weakest scenario still closes.

The bridge should have dates beside every number. A three-month-old redemption figure or a CPF estimate captured before another instalment is not current. Update the file again before exercising the next purchase.

The decision in one sentence

Do not ask, â??How much will I get from the sale?â?• Ask, â??How much verified cash and eligible CPF will be available on each next-purchase date?â?• That wording prevents the sale price, refund and OA balance from being counted twice, and turns a property aspiration into a completion-ready budget.

Do a date-by-date liquidity test

Create columns for option, exercise, sale completion and next-home completion. On each date, show verified cash, eligible CPF and borrowing capacity separately. A resource that arrives after the payment date belongs in a later column, even if the overall transaction eventually produces enough money.

Then add a conservative case: sale price 5 per cent lower, completion four weeks later and one unplanned moving cost. This is not a prediction. It tests whether the household must accept an unsafe loan, forfeit an option or sell investments at short notice.

Keep these figures out of the same cell

- Estimated sale price and confirmed cash proceeds
- Required CPF refund and OA amount reusable for housing
- Current mortgage balance and final redemption amount
- Maximum bank approval and comfortable household debt
- Renovation wish list and essential completion cash

Each pair answers a different question. Combining them creates a precise-looking budget that cannot be reconciled at completion.

Update the bridge at three control points

Refresh it before granting an option on the sale, before exercising the next purchase and when both completion dates are fixed. Save the CPF and lender evidence used each time. If the next purchase depends on a sale completing first, write that dependency into the legal and financing timetable rather than leaving it as a family assumption.

The right offer ceiling may be below the maximum CPF or loan amount. Preserve a cash buffer for the interval after moving, when repairs, temporary accommodation or delayed refunds can become real.

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