

Singapore Centre for Applied and Policy Economics (SCAPE)

Policy Forum

Title	Generating Income for Retirement: Lease Buyback Scheme or Other Options?
Speaker	Assoc Prof Chia Ngee Choon Department of Economics National University of Singapore
Date	16 April 2009, Thursday
Time	4 – 5.30pm
Venue	<u>Lim Tay Boh Seminar Room (AS2 03-12)</u> <i>National University of Singapore 1 Arts Link, Singapore 117570</i>
Chairperson	Assoc Prof Tsui Ka Cheng, Albert Department of Economics National University of Singapore

Abstract

While reverse mortgage (RM) is an attractive instrument to monetize housing asset which allows retirees to age in place, the market has remained thin. Indeed, both RM providers (NTUC and OCBC) have stopped issuing RM. What are other alternatives? By simulating the future cash flow, we compare the present value of retirement income generated from three available options - Lease buyback scheme (LBS), downsizing and subletting. Our studies indicate that the LBS is most attractive although it compromises on leaving a bequest. In contrast, subletting releases housing equity and allows the elderly to retain the house. Reverse mortgage is the least attractive as it yields the lowest present value of retirement income due to high loading factors.

About the Speaker



Dr Chia Ngee Choon is an Associate Professor and Deputy Head at the Department of Economics at the National University of Singapore. She has acted as a consultant for the World Bank on tax policy reforms for Ivy Coast and for the International Development Research Centre on the Microeconomic Impacts of Macroeconomic Adjustment Programs for Vietnam. She was the resource person for the Asian Development Bank Annual Tax Training Workshops for tax administrators from 1995 to 2001. More recently, she provided consultancy services to Central Provident Fund Board and was a member of the National Longevity Insurance Committee.

She specializes in public finance. Her current research interests include pension economics, health economics, generational accounting, reverse mortgages, retirement adequacy issues and the fiscal impacts of ageing. More information on her research can be found at: <http://www.fas.nus.edu.sg/ecs/people/profile/ecscnc.html>

Seating is on a first-come-first-served basis and admission is free.

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