

CEA Ref: N40-20

Date: 18 September 2020

By Email

To: Key Executive Officers

Dear Sir/Madam,

**[NOTICE 40-20] FOR INFORMATION: TIPS AND RESOURCES FOR
BUDGETING AND MANAGING DEBT DURING THE COVID-19 PANDEMIC**

1. On behalf of the Ministry of Manpower (MOM), we would like to share with key executive officers (KEOs) and real estate salespersons (RESs) on the tips and resources for budgeting and managing debt during the COVID-19 pandemic.
2. The COVID-19 pandemic has taken a financial toll on many Singaporeans. The Government has allocated close to \$100 billion over four Budgets (i.e. Unity, Resilience, Solidarity and Fortitude Budgets) to help Singaporeans and businesses tide over this period of economic uncertainty. During such an unprecedented and challenging time, it is important for Singaporeans to build good financial habits, such as reviewing your expenses and saving when you can. Many Singaporeans are also financing existing loans or may have taken up new loans to finance their expenses. Managing your debt well will make a difference to your financial health and peace of mind.
3. Under MoneySense - Singapore's national financial education programme, MOM has put together two infosheets, viz. (a) Tips on budgeting during COVID-19; and (b) Managing debt during COVID-19. We encourage you to take some time to go through the appended infosheets.
4. Please also disseminate this notice and the infosheets to your RESs. If you or your RESs require any further information on managing personal finances, please visit the MoneySense Financial Resilience page at www.moneysense.gov.sg/financialresilience.

Yours sincerely,

GAVIN NG
DEPUTY DIRECTOR (POLICY & PLANNING)
COUNCIL FOR ESTATE AGENCIES



What can I do to better manage my budget?

TIPS ON BUDGETING DURING COVID-19

It is natural to worry for the future if you experience a reduction in income. One way to maintain control of the situation is to review your spending. Here are some steps to help you with managing your budget in times like these:

1

Assess your current situation. Has there been a change in income? Are you dipping into your savings? Do you need some assistance?



DID YOU KNOW?

You can apply for these assistance schemes to help you tide over this period.

Self-Employed Income Relief (SIRS)

For Singaporean Self-Employed Persons (SEPs) aged 37 and above in 2020 who declared positive SEP income for the Work Year 2018. SEPs who do not automatically qualify to receive SIRS payouts can appeal by submitting an application on support.gov.sg.

Home Access Programme

2 years of subsidised fibre broadband connectivity for HDB households with a monthly gross household income of ≤\$1,900 or per capita income ≤\$650.



You can check out the full list of government payouts that you are eligible for at www.support.gov.sg.

2

Review your spending. Knowing what you are spending on allows you to have more control of your finances. After you have listed down your expenses, you can determine the items that you do not need and remove them. You can also reduce your expenses by selecting cheaper options for necessary items.

For example, you can check out www.openelectricitymarket.sg to see if you can switch your utility provider to one that is charging a cheaper rate than your current provider. You can also review your recurring subscriptions and remove services that you rarely or no longer use.



DID YOU KNOW?

All households with at least one Singaporean member will receive a one-off \$100 Solidarity Utilities Credit to cover their utility bills in July or August. This is on top of the U-Save rebates that is part of the GST Voucher.



3

Record your expenses. When you have sight of how much you are spending, you will be less likely to spend beyond your budget. This also allows you to time your spending and defer certain expenses till your next paycheck.



Scan the QR code to try out the MyMoneySense Expense Manager!



DID YOU KNOW?

You can use free apps/websites to help you keep track of your expenses. Consider using **MyMoneySense Expense Manager** to review your expenditure and set up a budget.

Monthly Expenses



Save when you can. Saving may be a difficult habit to keep up during this period. If your budget allows for it, this is one habit you should not give up.

If saving 10% of your income is not possible after you have worked out your budget, you can start by saving a smaller amount to build up your emergency funds. Increase the amount you save when your financial situation has improved. Generally, an emergency fund of 3 to 6 months of your expenses should be a good buffer.



DID YOU KNOW?

- Setting aside savings first will reduce the chances of overspending.
- By setting up a separate savings account, you can easily set aside money for savings by automating transfers of an appropriate amount to the account each month. You can tap on **MyMoneySense** to work out the savings amount and set up an automated transfer.
- Some savings accounts also have higher interest rates compared to spending accounts.



Scan the QR code to try out MyMoneySense today!

5

Review your budget frequently or whenever there is a change in income. This will help you stay on top of the situation.



Still unsure of how you can review your budget? Join our Online Financial Health Seminar by the Institute for Financial Literacy by scanning the QR code.



I'm already spending most of my income on daily expenses. How can I prevent defaulting on my loans and risk incurring more interest and debt?

MANAGING DEBT DURING COVID-19

You might be concerned with the vicious cycle of debt. Managing your debt well will make a difference to your financial health and peace of mind. If you are facing difficulties in managing your debts, consider the following:

1

Create a payment plan

A List down all your loans with the following details:



Total amount owed
(including late
payment charges)



Interest payable



Whether any
legal action has
been taken



B Prioritise your loan repayments:

Start by paying off the loans which incur the highest interest rates or those which are overdue. This will prevent late payment and interest charges from accumulating.



DID YOU KNOW?

Credit card bills usually incur the highest interest among your loans. If you are unable to pay your outstanding balances on credit cards or revolving credit lines, you can apply to your lenders to convert your balances to low interest term loans between 6 April to 31 December 2020. Quote "Special Financial Relief Programme (Unsecured)" to your bank when requesting for this assistance.



2

Get help. If you face difficulties managing your loans, you can:

- Approach your lender to find out if they can defer your repayment, extend the loan period, or reduce the monthly loan repayment amount during this difficult period.

NOTE

Be aware of the implications of loan deferments. Keep in mind that loan deferments and loan extensions could mean higher interest costs over the course of the loan.



For a list of available government financial assistance, you can visit SupportGoWhere.



DID YOU KNOW?

You can refinance your home loan to one with a lower interest rate. This can help to reduce your monthly instalments. Do look out for any early repayment penalty from your current mortgagee. If you are currently on a bank loan, you can't refinance to an HDB loan.

- Approach Credit Counselling Singapore (CCS) for assistance with restructuring your loans. CCS assists individuals to address their unsecured debts problems (e.g. debts from banks, credit card companies and licensed moneylenders). You can contact CCS via the following modes:



Website: www.ccs.org.sg/debt-management/



Email: enquiry@ccs.org.sg



Hotline: 6225 5227

Consider carefully before taking on a new loan

As far as possible, it is advisable to avoid taking on new loans during times of economic uncertainty. But if you are out of options and need the financial assistance a loan provides, carefully weigh the pros and cons before doing so. These are some things you should consider:

- Consider your ability to service the loan in both the short-term and long-term.
- If paying the full monthly installment is not feasible, consider paying at least the minimum to maintain your credit standing.
- Understand the interest rates applicable and how much interest you will be paying in the long run.

What if I need to take a loan during this period? What do I need to consider?



Use the MoneySense Debt Calculator to estimate your monthly repayments and calculate the total amount you will need to pay per month across your various loans.

Still unsure of how you can review your budget?



Try out our online budgeting tool by scanning the QR code.



Join our Online Financial Health Seminars by the Institute for Financial Literacy by registering at this QR code.