A Comparison between CPF Education Scheme and MOE Tuition Fee Loan Scheme

In this illustration, we use a three-year University degree course with total tuition fees of about $21,000. For a like-to-like comparison with the MOE Tuition Fee Loan scheme, we assume the loan quantum is $18,900 which is approximately 90% of the total course fees.

The illustration shows that besides interest rates, you should also consider when the interest starts to accrue and how long the intended repayment period is.

Scenario 1

If full repayment is made within two years from graduation at a monthly instalment of about $830 and $840, the MOE Tuition Fee Loan will be the cheaper option.

Upon graduation

<table>
<thead>
<tr>
<th>MOE Tuition Fee Loan*</th>
<th>CPF Education Scheme</th>
</tr>
</thead>
<tbody>
<tr>
<td>Principal Only ($18,900)</td>
<td>Principal Only ($18,900)</td>
</tr>
<tr>
<td>Interest rate at 4.75% p.a.</td>
<td>Interest rate at 2.5% p.a.</td>
</tr>
</tbody>
</table>

Accrued interest for 3 years of studies (~$840)

* The interest rate is based on the prevailing prime rates of some local banks. 4.75% p.a. is used in this example.

** The MOE Tuition Fee Loan is interest-free during the course of study. For the CPF Education Scheme Loan, interest starts to accrue at the point when CPF savings are deducted from a member’s account.

After two years

Total amount repaid under Tuition Fee Loan (~$19,800)

Total amount repaid under CPF Education Scheme (~$20,300)
**Scenario 2**

If full repayment is made within six years from graduation at a monthly instalment of about $300, the CPF Education Scheme will be the cheaper option.

**Upon graduation**

### MOE Tuition Fee Loan

- **Principal Only** ($18,900)
- Interest rate at 4.75% p.a.

### CPF Education Scheme

- **Principal Only** ($18,900)
- Interest rate at 2.5% p.a.
- **Accrued interest for 3 years of studies (~$840)**

**After six years**

- **Total amount repaid under Tuition Fee Loan (~$21,700)**
- **Total amount repaid under CPF Education Scheme (~$21,300)**
Scenario 3

If full repayment is made within four years from graduation at a monthly instalment of $430, the total amount paid under both options works out to be almost the same.

Upon graduation

Total amount repaid under Tuition Fee Loan (~$20,800) ≈ Total amount repaid under CPF Education Scheme (~$20,800)

Principal Only (~$18,900)

Accrued interest for 3 years of studies (~$840)

Principal Only (~$18,900)

Interest rate at 4.75% p.a.

Interest rate at 2.5% p.a.

After four years

Students can use the CPF Education Loan Repayment Period Calculator to compute how long it will take to repay the loan or the Monthly Instalment Rate Calculator to work out a suitable loan repayment plan.