

REPAYMENT ASSISTANCE SCHEME

WHAT IS THE REPAYMENT ASSISTANCE SCHEME?

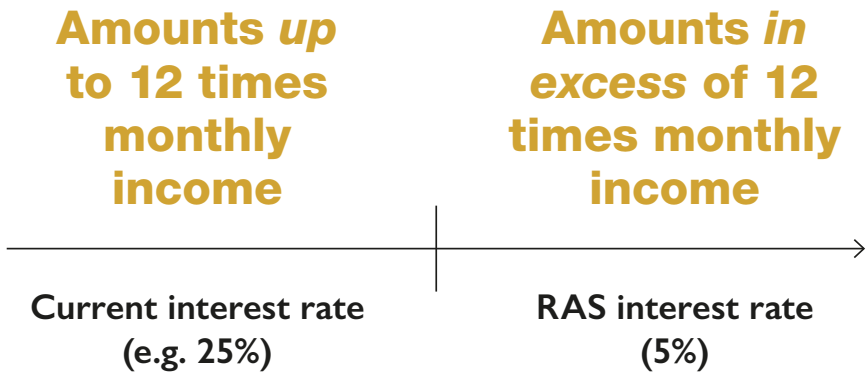
The Repayment Assistance Scheme (RAS) is a new centralised repayment solution administered by Credit Counselling Singapore (CCS). It assists individuals who have accumulated interest-bearing unsecured debt¹ in excess of 12 times their monthly income before June 2015. The leading retail banks and credit card issuers in Singapore² are part of this centralised repayment solution and have agreed to offer RAS through CCS.

HOW DOES THE RAS WORK?

The RAS is a monthly instalment plan that helps you pay down the amount of interest bearing debt in excess of 12 times your monthly income.³ RAS is offered at a lower interest rate of 5% per annum and over a period of 8 years to help reduce your debt servicing burden.

A borrower who is on RAS will have his debt divided into two portions:

- Amounts up to 12 times his monthly income**
Amounts up to 12 times his monthly income are to be repaid in accordance with the respective terms and conditions of the borrower's existing facilities. Financial institutions will inform their customers of the monthly payment that needs to be made.
- Amounts in excess of 12 times his monthly income**
Amounts in excess of 12 times his monthly income will be managed under RAS and repaid in accordance with the terms and conditions of RAS (i.e. 5% per annum over 8 years).



1 Interest-bearing unsecured debt includes amounts rolled over on credit cards and balances outstanding on unsecured loans that accrue interest. Such balances do not include amounts charged to credit cards that are fully repaid by their due dates, and amounts outstanding on interest-free instalment payment plans. If, however, interest is imposed on a particular instalment due to late payment, the instalment amount will be included.

2 American Express International Inc, Australia & New Zealand Banking Group Ltd, Bank of China Limited, CIMB Bank Berhad, Citibank Singapore Ltd, DBS Bank Ltd, Diners Club (Singapore) Pte Ltd, The Hongkong and Shanghai Banking Corporation Ltd, Industrial and Commercial Bank of China Ltd, Standard Chartered Bank (Singapore) Ltd, Malayan Banking Berhad, Oversea-Chinese Banking Corporation Ltd, RHB Bank Berhad, and United Overseas Bank Ltd.

3 To be in line with the industry-wide borrowing limit of 12 times of monthly income that will come into effect on 1 June 2019.

ILLUSTRATION OF HOW RAS WORKS



**Peter's
monthly
income**

S\$5,000



**Therefore,
his annual
income**

S\$60,000

He has credit cards with the following banks

CREDIT CARD WITH BANK



S\$15,000



S\$15,000



S\$15,000



S\$15,000



S\$20,000



S\$20,000

TOTAL INTEREST-BEARING UNSECURED BALANCES ACROSS THE BANKS

S\$100,000

Hence, Peter's outstanding debt is above 12 times his monthly income.

If Peter applies for RAS and his application is successful, CCS will help Peter to work out a centralised debt reduction plan, such that the debt in excess of 12 times his monthly income will be managed under RAS and will be repaid over 96 monthly instalments (i.e. 8 years period).

BANK	Facility	Outstanding Balance under current repayment terms (i.e. amounts up to 12 times monthly income)	Pro-rated Outstanding Balance to be put under RAS (i.e. amounts in excess of 12 times monthly income)	Total Outstanding Balance
A	Credit Card	\$9,000 ⁴	\$6,000 ⁵	\$15,000
B	Credit Card	\$9,000	\$6,000	\$15,000
C	Credit Card	\$9,000	\$6,000	\$15,000
D	Credit Card	\$9,000	\$6,000	\$15,000
E	Credit Card	\$12,000	\$8,000	\$20,000
F	Credit Card	\$12,000	\$8,000	\$20,000
All Banks	All credit facilities	\$60,000	\$40,000	\$100,000
		Peter continues to pay the unsecured debt owing to each bank based on current repayment terms.	Each bank will put the respective amounts listed above under RAS accounts. Peter will pay down the amounts under RAS with each bank over 96 months (i.e. 8 years).	

While this example is limited to credit cards, the RAS will cover other unsecured credit facilities as well. Loans for needs-based purposes (e.g. business, medical, education) will be excluded from RAS as they are exempted from the new MAS rule.

ILLUSTRATION OF BENEFITS OF RAS

Extending the example above, assume the credit card facilities charge an interest rate of 25% per annum and require monthly minimum repayment of 3% or \$50 (whichever is higher). For the borrowings in excess of 12 times his monthly income, the RAS monthly repayment amount is lower than what Peter has to pay under current terms and conditions.

PETER'S GROSS MONTHLY INCOME IS \$5,000 (I.E. 12 TIMES HIS MONTHLY INCOME IS \$60,000)							
Peter's total unsecured debt is (\$)	Peter's unsecured debt (\$) in excess of 12 times his monthly income is*:	Comparison of monthly repayment of the amounts in excess of 12 times of Peter's monthly income, under current terms and RAS terms					
		Plan	Mth 1	Mth 2	Mth 3	...	Mth 12
100,000	40,000	Current	1,200	1,188	1,176		1,077
		RAS	507	507	507		507

* This is the difference between Peter's total unsecured debt and 12 times his monthly income of \$60,000.

4 Outstanding balance with Bank A x (12 times monthly income/Total outstanding balance across banks) = \$15,000 x (\$60,000/\$100,000) = \$9,000.

5 Outstanding balance with Bank A x (Total outstanding balance in excess of 12 times monthly income/Total outstanding balance across banks) = \$15,000 x (\$40,000/\$100,000) = \$6,000.

AM I ELIGIBLE?

To be eligible for RAS, you need to:

- Be a Singapore Citizen or Permanent Resident,
- Earn less than S\$120,000 per annum,
- Have net personal assets that are S\$2 million or less,
- Have total interest-bearing unsecured debt on all credit cards and unsecured credit facilities with financial institutions in Singapore that exceeds 12 times your monthly income before June 2015; and
- Have good repayment records with your financial institutions (e.g. prompt in making monthly repayments under your unsecured credit facilities)

HOW DO I APPLY FOR RAS?

To apply, you simply need to fill up the attached RAS application form, and mail it back to CCS with the documents listed below: -

Documents

1. Copy of NRIC (front and back); **and**
2. Latest Credit Bureau report⁶ ; **and**
3. Income Documents (please submit any one of the income documents below as applicable to you)

Salaried Employee

- Latest computerised payslip; **or**
- Latest Income Tax Notice of Assessment (YA2014 or later); **or**
- Latest 12 months' CPF Contribution History Statement (only applicable for income earner of S\$5,000 or less per month)

Commission-based Earner

- Latest Income Tax Notice of Assessment (YA2014 or later); **or**
- Commission Statement from the company for the last 3 months

Self-employed

- Latest Income Tax Notice of Assessment (YA2014 or later)

Please ensure that the information and documentation provided to CCS is complete to avoid delay in processing. Kindly allow 15 calendar days for the processing of your application.

Only one RAS application is required to cover all your credit cards and/or unsecured credit facilities with multiple financial institutions.

⁶ Please obtain the credit report from Credit Bureau (Singapore) Pte Ltd (www.creditbureau.com.sg)

RAS APPLICATION PROCESS

Once an application is submitted with supporting documents, CCS will process the application and if the conditions are met, CCS will prepare a draft Repayment Proposal that is addressed to your financial institution(s) for your acceptance.

If you accept this Repayment Proposal, CCS will send your application form and supporting documentation to your financial institution(s) for approval.

Once your RAS account is approved, your respective financial institution(s) will send the details of your RAS account to you.

CLOSING DATE FOR APPLICATION

Applications must reach CCS by **31 December 2015** to be considered.

ENQUIRIES

To find out more, please call CCS or visit their website.

 **6996 6006**

 **www.ccs.org.sg**

We encourage you to take action as soon as possible to relieve your debt servicing burden.

WHAT IS THE NEW MAS RULE?

MAS has introduced measures to help individuals avoid accumulating excessive debt and to enhance the lending practices of financial institutions. One of these measures is the industry-wide borrowing limit.

From June 2015, if your interest-bearing unsecured debt on all credit cards and other unsecured credit facilities with financial institutions in Singapore exceed the industry-wide borrowing limit for 3 consecutive months, you will not be able to:

- a. charge new amounts to your existing credit cards and/or other unsecured credit facilities;
- b. obtain credit limit increases on your existing credit cards and/or other unsecured credit facilities; and
- c. obtain new credit cards or other unsecured credit facilities from any financial institution.

To give sufficient time for borrowers to adjust, the borrowing limit will be phased in:

- i. 24 times of monthly income with effect from 1 June 2015;
- ii. 18 times of monthly income with effect from 1 June 2017; and
- iii. 12 times of monthly income with effect from 1 June 2019.

Exceptions: This new rule does not apply to:

- a. loans for needs-based purposes (e.g. business, medical, education);
- b. individuals with annual income of \$120,000 or more; or
- c. individuals with net personal assets exceeding \$2 million.

FREQUENTLY ASKED QUESTIONS

I received multiple invitation letters from multiple financial institutions, should I complete all forms?

You need to submit only one application for RAS even though you may receive letters from multiple financial institutions.

Do I need to pay any service fee to CCS for RAS?

No, you will not be charged for this service.

I do not have any income document as I am no longer working. How can I apply for RAS?

Unfortunately, you need to have a source of income to apply for RAS. We encourage you to contact your financial institutions or CCS for other debt relief solutions.

Can I continue using my unsecured facilities after entering into the RAS?

No. You will not be able to utilize your existing credit cards and/or other unsecured credit facilities as long as you are on RAS.

When your interest-bearing unsecured debt is reduced to below your 12 times your monthly income, you may approach your financial institution at any time, to reinstate your credit cards and other unsecured credit facilities. Your financial institution would first assess your financial standing and credit worthiness, taking into account your income and credit bureau records, before lifting the suspension of your credit cards and other unsecured credit facilities.

Please note that if you exit RAS, you will not be able to apply for it again. You are therefore encouraged to bring your interest-bearing unsecured debt below 12 times your monthly income.

I am granted the RAS which has tenure of 8 years. Can the financial institution or CCS revise the tenure and/or instalment amounts under the RAS when my income increases during the 8 year period?

No. The standard terms and conditions of the RAS cannot be revised to take into account individual circumstance. With your increased income, you can choose to make additional payments to pay off more of your interest-bearing unsecured debt on your existing credit cards and/or other unsecured credit facilities with the financial institutions. (The interest rates charged on these credit cards and/or other unsecured credit facilities will continue to be the current rates.)

This will help to reduce your outstanding balances faster.

If your interest-bearing unsecured debt is reduced to below 12 times your monthly income, you may approach your financial institution at any time, to reinstate your credit cards and other unsecured credit facilities. Your financial institution would first assess your financial standing and credit worthiness, taking into account your income and credit bureau records before lifting the suspension of your credit cards and other unsecured credit facilities.

Please note that if you exit RAS, you will not be able to apply for it again. You are therefore encouraged to bring your interest-bearing unsecured debt below 12 times your monthly income.

I have unsecured debts owing to 4 financial institutions. To reduce my total outstanding debt, can I take up the RAS with only 2 financial institutions and convert the outstanding balances with the other 2 financial institutions into a normal Term Loan?

No. The RAS is an industry-coordinated solution and will apply to all your creditor financial institutions participating in the RAS.

How do I retrieve my Credit Bureau report?

You can obtain a copy of your report in-person either at CBS office or any SingPost branches, or through www.creditbureau.com.sg with your SingPass. A transactional fee of \$6.42 (inclusive of GST) applies.

CBS mobile booth service will also be available for a limited period from 20th to 24th April 2015 at the following banks' locations near you.

Branch Operating Details

Bank	Branch	Address	Operating Hours
DBS	Alexandra	60 Alexandra Road, #02-33 & #02-34 Singapore 119963	8.30AM to 4.30PM
DBS	Bedok	Blk 210, #01-707, New Upper Changi Rd Singapore 460210	8.30AM to 4.30PM
DBS	Buona Vista	Blk 43 Holland Drive, #01-59 Singapore 270043	8.30AM to 4.30PM
OCBC	City Square Mall	180 Kitchener Road #02-01/02 City Square Mall Singapore 206539	11AM to 6PM
OCBC	Woodlands	Blk 303 Woodlands St 31, #01-159/161 Singapore 730303	9AM to 4PM
UOB	Ang Mo Kio	53 Ang Mo Kio Ave 3, #B1-34 Ang Mo Kio Hub Singapore 5669933	11AM to 6PM
UOB	South Bridge	531 Upper Cross Street, #01-07, Hong Lim Complex Singapore 050631	9.30AM to 4PM

For more information, please contact Credit Bureau Singapore (CBS) at 6565 6363.
