



Managing your unsecured debt

The limit on the total amount of credit card and other unsecured debt you can have will be implemented in phases.

Implementation date	2015 JUNE 1	2017 JUNE 1	2019 JUNE 1
If your total outstanding debt is	>24x your monthly income for three months in a row	>18x your monthly income for three months in a row	>12x your monthly income for three months in a row

YOU WILL NOT BE ABLE TO



Charge new purchases to your credit card



Issue cheques or draw money from your unsecured credit line



Pay recurring charges, such as utility bills, with your credit card



Apply for new credit cards, unsecured loans or increase your credit limit

NOTE: • The unsecured credit limit is placed on the total amount of credit card and other unsecured debt that an individual can have with all financial institutions. This is to help individuals avoid falling deep into debt.
 • The limit does not apply to secured loans, for example, property and car loans, and unsecured loans for business, medical spending and education.
 • This is an MAS regulatory borrowing limit. Financial institutions have discretion to decide on their credit policies, including tighter borrowing limits.



MR SOH
Monthly income \$4,000
Initial debt \$60,000



MISS CHUA
Monthly income \$4,000
Initial debt \$60,000



MR LIM
Monthly income \$4,000
Initial debt \$60,000

Monthly payment	Minimum payment 3% of outstanding balances or \$50, whichever is higher	Minimum payment 3% of outstanding balances or \$50, whichever is higher, and an additional \$200 each month	Minimum payment 3% of outstanding balances or \$50, whichever is higher
Extra monthly borrowings through credit card spending	\$0	\$0	\$200
Amount outstanding after 2 years	\$47,100	\$42,800	\$51,200
Total amount paid before all debt is paid off	\$189,700 (About 37 years)	\$127,800 (About 12 years)	>\$189,700 (Will never be repaid)

NOTE: • Amounts are rounded off and the annual interest rate is assumed to be 25 per cent.
 • It is important to pay more than the minimum each month and stop spending on your credit cards or using your unsecured loans.
 Mr Soh will pay almost 50 per cent more than what Miss Chua pays in total. Mr Lim will never be able to pay off his debt fully unless he pays more or spends less.