

How you stand to benefit

Individual with loss of income, applies for unsecured credit relief (four-year loan)



40 years old
Cabin crew*
 More than 50% reduction of
\$6,000 average monthly income

	Ordinary repayment terms	Special Financial Relief Programme
Revolving unsecured credit facility	CREDIT CARD AMOUNT OWED = \$15,000	
	<p>If borrower does the following:</p> <ul style="list-style-type: none"> • Monthly repayment = \$500. Remaining unpaid balances will accrue interest at 26%. • Time to fully repay outstanding: 4 years • Total amount paid = \$23,600 	<p>Borrower converts outstanding debt to a four-year term loan at effective interest rate of 8%:</p> <ul style="list-style-type: none"> • Revised monthly repayment = \$370 (Lower monthly repayment) • Time to fully repay outstanding: 4 years • Total amount paid = \$17,600 (Less interest paid)

Business owner, applies for personal unsecured credit relief (two-year loan)



30 years old
Self-employed*
 Total loss of income

	Ordinary repayment terms	Special Financial Relief Programme
Revolving unsecured credit facility	TOTAL OUTSTANDING UNSECURED REVOLVING DEBT = \$11,000	
	<p>If borrower does the following:</p> <ul style="list-style-type: none"> • Monthly repayment = \$580. Remaining unpaid balances will accrue interest at 26% for credit card, and 21% for revolving credit line. • Time to fully repay outstanding: 2 years • Total amount paid = \$13,600 	<p>Borrower converts outstanding debt to a two-year term loan at effective interest rate of 8%:</p> <ul style="list-style-type: none"> • Revised monthly repayment = \$500 (Lower monthly repayment) • Time to fully repay outstanding: 2 years • Total amount paid = \$12,000 (Less interest paid) <p>For comparison, if borrower had opted for five-year loan period, the monthly repayment amount would reduce to \$220 but the total amount to be repaid would increase to \$13,400.</p>

Tip: You can choose a longer loan tenure if you wish to make smaller monthly repayments, but you should always be aware of the additional interest to be repaid with longer loan tenure. As a general guidance, you should pay down your unsecured credit outstanding balances as quickly as possible. The longer the tenure of the loan, the more interest you will need to pay.

Individual who has suffered loss of income



40 years old
Private-hire driver**
 Monthly income on average
\$4,000, fell to \$1,000

	Ordinary premium payment plan	Deferred premium payment plan
Life Insurance Policy	Example 1: Premium = \$100 /month (Monthly payment frequency)	
	<ul style="list-style-type: none"> • Monthly premium = \$100 (Premium due date is May 31, 2020) • Premiums payable from May 31, 2020 to Sept 30, 2020 = 5 x \$100 • Total premiums paid by Sept 30, 2020 = \$500 	<p>Insurer and policyholder agree on a premium payment deferment grace period of five months</p> <ul style="list-style-type: none"> • Premiums payable from May 31, 2020 to Oct 30, 2020 = \$0 (Insurance coverage is maintained during the grace period) • Total deferred premiums payable on Oct 31, 2020 = \$500 (no interest charged on deferred premiums during the grace period) <p>The monthly premium cycle will resume from Oct 31, 2020.</p>

Tip: Before considering a payment deferment or other options, a policyholder should contact the insurer(s) or the financial representative(s) to discuss his specific needs and understand the implications on his policy.

NOTE: *These are real-life case scenarios based on information provided by the banks.

** The policyholder profile is purely an illustrative example

SOURCE: MAS SUNDAY TIMES GRAPHICS