

# 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



\$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 (that is in 8 years).

## Benefits of RAS

Assume the credit card facilities charge an interest rate of 25% per annum and require monthly minimum repayment of 3% or \$S\$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 \$S\$5,000 (ie, 12 times his monthly income is \$S\$60,000)**

PETER'S TOTAL UNSECURED DEBT IS (\$S)	PETER'S UNSECURED DEBT (\$S) 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 (\$S)				
		PLAN	MONTH 1	MONTH 2	MONTH 3	MONTH 12
100,000	40,000	Current	1,200	1,188	1,176	1,077
		<b>RAS</b>	<b>507</b>	<b>507</b>	<b>507</b>	<b>507</b>

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