

Mandatory Comparison Rate

From July 1, 2003 the Consumer Credit Code requires that:

- a comparison rate must be included in any advertisement for a fixed term credit product that contains an annual percentage rate; and
- a credit provider must display a comparison rate schedule.

What is the Comparison Rate?

The comparison rate is an indicative interest rate that combines the nominal interest rate with any foreseeable fees and charges associated with the loan, to help consumers to compare one loan against another on a cost basis.

Comparison Rate Schedule – APS Benefits (Date of issue: October 2004)

1-10 Year Members		Comparison Rate*		
Amount	APS Benefits Nominal % Rate	Year 1	Year 2	Year 3
\$1,000	12.40%	12.40%	12.40%	12.40%
\$2,000	12.40%	12.40%	12.40%	12.40%
\$3,000	12.40%	12.40%	12.40%	12.40%
\$4,000	12.40%	12.40%	12.40%	12.40%
\$5,000	12.40%	12.40%	12.40%	12.40%
\$6,000	12.40%	12.40%	12.40%	12.40%
\$7,000	N/A	N/A	N/A	N/A
\$8,000	N/A	N/A	N/A	N/A
\$9,000	N/A	N/A	N/A	N/A
\$10,000	N/A	N/A	N/A	N/A

* The Comparison Rate is calculated using the following:

- A \$1,000 - \$6,000 unsecured loan,
- 1-3 year term,
- Fortnightly repayments,
- Less than 10 year member rate of 12.40% p.a.

Warning

The comparison rate applies to the loan examples above and changes in terms will result in changes in the comparison rate.

Method of Calculation

The Comparison Rate is calculated in accordance with a standard formula, which takes into account:

- the amount of the loan;
- the term of the loan;
- the repayment frequency;
- the interest rate; and
- the fees and charges connected with the loan, except for government and statutory fees that are event based and may not apply throughout the life of your loan i.e. top-up fees.

+10 Year Members		Comparison Rate*		
Amount	APS Benefits Nominal % Rate	Year 1	Year 2	Year 3
\$1,000	10.40%	10.40%	10.40%	10.40%
\$2,000	10.40%	10.40%	10.40%	10.40%
\$3,000	10.40%	10.40%	10.40%	10.40%
\$4,000	10.40%	10.40%	10.40%	10.40%
\$5,000	10.40%	10.40%	10.40%	10.40%
\$6,000	10.40%	10.40%	10.40%	10.40%
\$7,000	10.40%	10.40%	10.40%	10.40%
\$8,000	10.40%	10.40%	10.40%	10.40%
\$9,000	10.40%	10.40%	10.40%	10.40%
\$10,000	10.40%	10.40%	10.40%	10.40%

* The Comparison Rate is calculated using the following:

- A \$1,000 - \$10,000 unsecured loan,
- 1-3 year term,
- Fortnightly repayments,
- More than 10 year member rate of 10.40% p.a.