Mortgage

Asset Protection Account (APA)

Get the protection your family needs

Mortgage Planning – Budget Allocation

Subject	Down Payment	Sales & Purchase Agreement	Mortgage Loan Agreement	Asset Protection Account	
Rough Calculation	% of purchase price	% of purchase price	% of Loan Amount	% of Loan Amount	
Budget Allocation	10%	3%	2%	1%	Able to shorten the loan tenure by 3 to 5 years*
				2%	Able to shorten the loan tenure by 6 to 10 years*
				3%	Able to shorten the loan tenure by 11 to 15 years*

*Note * : Depends on age*

What are the differences?

MRTA	Asset Protection Account
✓Total cost incurred	✓Total Asset planning
✓Perceive cheaper	✓Customer can choose diff mode of payment
✓Customer can choose either finance in or lump sum payment	✓Cover Death, Disability or Critical illnesses
✓Cover Death and Disability	✓Level coverage
	✓Sum insured paid to family members
	✓Recycle usage for future properties even refinance
	✓Offset outstanding loan

10 Reasons Why must engage APA instead of MRTA

No	Subject	APA (Asset Protection Account)	MRTA
1	Premium **Payment**	Can be yearly or **other mode of payment** half yearly, quarterly or monthly	Normally request for **lump sum** premium. If the amount is blended into the entire loan, eventually the borrower pay even more (including interest)
2	Time value of Money **(TVM)**	Paying in yearly basis that means you are paying on **Future Value**; More cash for other opportunity or current use.	Have to pay lump sum which is the **Present Value**; Less cash for other opportunity or current use
3	**Level** Coverage	**Level Sum Assured** towards the duration of coverage; means the sum assured is the same towards the tenure.	**Decreasing Sum Assured** towards the duration of coverage
4	**Type** of Coverage	Can cover for **Death, Disability and Dread Disease**; upon diagnosis of critical illness, there will be a lump sum payable to settle the outstanding loan.	Usually the coverage confine to **Death and Disability only**. Upon diagnosis of critical illness, the borrower still needs to settle the outstanding loan.
5	**Early Settlement** of Loan, shorten the loan tenure to save up the interest paid	Possible to have **early loan settlement** due to its cash or fund value accumulation. Thus, you may able to shorten the loan tenure and save up the unnecessary interest.	**Not possible** because there is no cash value
6	**Transferable** to cover 2nd asset	Upon completion of loan repayment of the 1st property, the APA can be **transferable** for the mortgage coverage for the 2nd property.	For 2nd property, the borrower **has to apply again** for new MRTA again.
7	**Insurability** issue	Since the APA can be transferred to 2nd property, the borrower has **no worry of insurability** and no need to apply again. (unless he needs higher coverage)	Since new application is needed for 2nd property, the borrower **may not able to insure** due to medical problem if any. (Not insurable due to medical issue)
8	**Financial Security** for Family	Upon death, disable or disease, the sum assured payable will settle the outstanding loan and since it is a level sum assured, there is **surplus of sum payable to the family** as living expenses.	Upon death or disable, the sum assured will settle the outstanding loan and because of reducing sum assured, there is **NO surplus to the family**.
9	Supplementary **Retirement** Benefit	Since the plan acquire cash value or fund value, it serves as **supplementary retirement fund** for the borrower should he sold the property or when he completed the loan repayments.	**No retirement fund** for the borrower as there is NO cash value involve.
10	**Savings Tool** to lock in your money	It is a **forced savings tool** for the borrower to set aside a small token every month or every year for the entire benefit mentioned above.	**No savings feature**. The borrower may just spend the money on other matter instead of locking it in a savings tool due to spending habit or bad discipline in handling money.

Thank You

Note: This slide is strictly for internal training used only and is not meant for circulation.