

Indexing Examples

Example 1

1. Rate: 60% of the FFR
2. Floor of .5%
3. FFR: 1.00%
4. So, the actual preferred rate would be .6% in this scenario.
5. (60% of 1%)

Example 2

1. Rate: 60% of the FFR
2. Floor: .5%
3. FFR: .25%
4. 60% of the FFR = .25%
5. So, the actual rate would be .5%

In this case, we would go by the floor because it is greater than 50% of the FFR.

Example 3

1. Rate: 60% of the FFR
2. Floor: .5%
3. FFR: 5.5%
4. So, the actual current rate would be 3.3%.
5. (60% of 5.5%)