

Employed income

what is required?

Acceptable income types and how we assess

Income type from employment	% used	How the income is evidenced
Gross basic salary	100%	Last monthly payslip or four payslips if paid weekly*
Housing allowance	100%	
Mortgage subsidy	100%	
Large city weighting	100%	Last monthly payslip or four payslips if paid weekly supported by YTD figure. Amounts must be consistent with payslips provided*
Permanent shift allowance	100%	
Car allowance	100%	
Other contractual allowance	100%	
Agency/Fixed term contract employment	100%	Last monthly payslip or four payslips if paid weekly supported by YTD figure and evidence of a two-year track record by way of P60/P45*
Parental leave	100%	See Parental leave section*

*If in probation or less than six months in the job, we also need a copy of the contract to confirm it's permanent (as opposed to short term).

Variable income from employment	% used	How the income is evidenced
Monthly bonus	60%	
Monthly overtime	60%	Last two monthly payslips or last eight weekly payslips
Monthly commission	60%	For variable pay received monthly, we will use 60% of the variable pay from the lowest of the most recent two payslips. If the year to date figure is lower, we'll use 60% of the variable pay showing in the YTD
Non permanent shift allowance	60%	
Performance related pay	60%	
Quarterly, annual or half-yearly bonus	60%	Latest P60 or payslip(s) showing the bonus paid. We will use 60% of the most recent year. If bonus is more than the basic pay we need the latest 2 P60s or payslip(s) showing bonus over 2 years. We'll use 60% of the 2 year average (most recent year if lower).
2nd job (including Territorial Army reservist allowance)	50%	Last two monthly payslips or eight payslips if paid weekly supported by YTD figure

If the loan is greater than £1 million we'll need two years' P60s.

Exceptionally, we may be able to use up to 75% of variable income where a three-year track record of stability is held (two years if monthly or more regular). This must be agreed with us before applying.

Income from other sources	% used	How the income is evidenced
Disability Living Allowance	100%	Letter from DWP confirming benefit which must be based on current tax year
Disabled Persons Tax Credit	100%	
War Disablement Pension	100%	
Employment and Support Allowance	100%	
Pensions	100%	Latest payslip, or Latest bank statement showing pension credits, or Latest statement dated within last 12 months, or P60
Pension Tax Credits	100%	
Annuities	100%	
Maintenance	100%	A copy of the maintenance agreement received under court order or CSA assessment subject to confirmation this will be in place for the term of the loan and must have been in place for two years

For all residential loan applications the income being used to assess affordability must be paid in GBP/£Sterling and we will require evidence of this income.

No P60?

Where a P60 is unavailable we will accept one of the following substitutes:

- > Last payslip in previous tax year
- > Duplicate P60 from employer
- > P45 from previous employer
- > Letter from HMRC to evidence last year's earnings
- > Statement of earnings from the employer to confirm all information which would be on a P60 (this must be on company letterhead)

Parental leave

We assess customers who are on parental leave at the time of application, using their return to work salary. This assessment method can only be used if your client is:

- > Due to return to work within three months from the time of application, or
- > Due to return to work within 12 months from the time of application and your client can evidence how they intend to cover any shortfall in income.

Evidence from your client must be provided to confirm the return to work salary along with the date of return.

It is important to ensure that evidence can be provided of income declared. The evidence required will depend on the nature of income.

Policy in practice

We have provided an example to help you put our policy into practice.

Employment status	Income	How should this income be evidenced?
Employed	£50,000 basic income (100% of this will be used for affordability)	The customer needs to provide, as standard, their last two monthly payslips or eight payslips if paid weekly and their last P60. The annual bonus should be reflected within their P60 earnings. If this is not clearly evident in the P60, they should provide the payslip which clearly shows the bonus being paid For variable pay received annually, six monthly or quarterly, we will use 60% of the most recent year
	£20,000 annual bonus (60% of this will be used for affordability)	

Want to know more?

Talk to your dedicated
Business Development Manager.