

# 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 two monthly payslips or four payslips if paid weekly and P60
Housing allowance	100%	Last two monthly payslips or four payslips if paid weekly supported by YTD figure and P60. Amounts must be consistent with payslips provided
Mortgage subsidy	100%	
Large city weighting	100%	
Permanent shift allowance	100%	
Car allowance	100%	
Other contractual allowance	100%	
Agency/Fixed term contract employment	100%	Last two monthly payslips or four payslips if paid weekly supported by YTD figure and evidence of a 2 year track record by way of P60/P45
Parental leave	100%	See Parental leave section

Variable income from employment	% used	How the income is evidenced
Monthly bonus	60%	Last two monthly payslips or four payslips if paid weekly supported by YTD figure and P60*
Monthly overtime	60%	
Monthly commission	60%	If the variable income fluctuates on a monthly basis the lower of an average over the previous two monthly payslips (four payslips if paid weekly) or the on-target earnings from the YTD should be used.
Non permanent shift allowance	60%	
Performance related pay	60%	Latest payslip showing quarterly bonus supported by YTD figure, or previous P60*
Quarterly bonus	60%	
Annual/half-yearly bonus	60%	Evidence of bonus paid - previous P60 or payslip(s). If the bonus exceeds 100% of basic salary two years evidence is required.*
2nd job (including Territorial Army reservist allowance)	50%	Last two monthly payslips or four payslips if paid weekly supported by YTD figure

\*If the loan is greater than £1 million we need the last two years P60's as evidence of variable income.

Income from other sources	% used	How the income is evidenced
Disability Living Allowance	100%	
Disabled Persons Tax Credit	100%	Letter from DWP confirming benefit which must be based on current tax year
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.

### Income verification

In order to assess and verify income the last two payslips or four payslips if paid weekly and latest P60 are required.

However, 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)

If the loan is greater than £1 million and variable income is present the last 2 years P60's are required as evidence of variable income.

### 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 and your client's employer 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 four payslips if paid weekly and their latest 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.
	£20,000 annual bonus (60% of this will be used for affordability)	

### Want to know more?

Talk to your dedicated **Business Development Manager**.