Why Your Income Might Look Different to a Lender

If you're researching a home loan, you might assume what you earn is what a lender will use. That's not always the case. Lenders treat some income types more cautiously than others, and each has its own rules. Here is how common income types are usually treated, and how to prepare.

1. Casual work

Lenders like stable, ongoing income. Many want 6 to 12 months with your current employer. Some are more flexible if you have worked continuously in the same industry, and some essential-services roles can qualify sooner.

HAVE READY
Latest payslip showing year-to-date earnings, last financial year's income statement, and possibly an employer letter.

2. Overtime, shift loadings and allowances

Overtime: many lenders count about 80%; some count all of it for essential services (nursing, police, paramedics, defence). **Shift loadings and penalty rates:** often treated more generously if part of your regular roster. **Fixed allowances** (car, phone): may count in full if contractual and regular.

WORTH THINKING ABOUT
Is your overtime in your contract or occasional? How steady has it been over the last 6 to 12 months? Do you work in an essential service?

3. Bonuses and commissions

Lenders usually want a track record, often two years. A common method takes the lower of your two-year average and last year's amount, then counts part of it (often 80%). Quarterly or monthly payments may need a shorter history.

HAVE READY
Payslips plus tax returns or income statements showing your bonus or commission history.

4. Second jobs

A second job can count. It is usually assessed by its type (casual, part-time and so on). Many lenders want 6 to 12 months in the role and look at whether combined hours are sustainable, often around 50 to 60 a week.

5. Parental leave

You can still apply. Many lenders will consider your return-to-work income, usually within about 3 months to 2 years (12 months is common). They generally want a letter confirming your return date, hours and pay, plus childcare costs and any new dependants included.

WORTH THINKING ABOUT
How will you cover repayments while income is lower? Savings, redraw, paid leave or, in some cases, Family Tax Benefit may help.

6. Income protection payments

Usually treated as supporting income rather than regular wages. Lenders want to know how long payments last and whether the insurer can stop them after a medical review.

HAVE READY
An insurer letter (amount, frequency, end date, review conditions) and recent bank statements showing the payments.

How your type of work can matter



Trades and labour

Overtime and allowances are often counted at around 80%.



Office and professional

Bonuses and commissions usually need about two years of history.



Essential services

Some lenders count eligible overtime at 100%.

The takeaway

You don't necessarily need to earn more to improve your borrowing power. Sometimes it's about finding the lender that gives the most credit for the income you already have, and having the right documents ready from the start.

If you'd like to talk it through, we can assist you with comparing lender policies for your situation.

General information only. It does not consider your personal circumstances, and lender policies change.