

Credit Policy

Eligible Income

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Salary Sacrifice Arrangements

Salary sacrifice is an arrangement between an employer and an employee, whereby the employee agrees to forgo part of their future entitlement to salary or wages in return for the employer providing them with benefits of a similar value.

A salary sacrifice arrangement is also commonly referred to as **salary packaging** or **total remuneration packaging**.

Restrictions	Verification	% used for servicing
None.	<p>Salary sacrifice arrangements must be evidenced by a payslip, a letter from the employer or salary packaging provider.</p> <p>Where there are multiple salary sacrifice deductions, and they are not itemised on the payslip, additional documents (eg Novated Lease statement) must be obtained</p>	100%
Calculations		
<ol style="list-style-type: none"> Determine what type of salary sacrifice items are being paid from the customer's salary; <ol style="list-style-type: none"> Liabilities (eg novated lease, home loan repayment, other loan repayment) Living expenses (eg gym membership, childcare fees, transport) Other (eg voluntary or compulsory superannuation, purchase leave, charitable donation) Is the customer able to stop the deduction as part of their salary sacrifice arrangement (eg, alternate payment arrangements can be made instead of being deducted as a salary sacrifice)? <ol style="list-style-type: none"> Yes; The customer is able to stop the deduction as a salary sacrifice: <ul style="list-style-type: none"> use the gross income before the salary sacrifice deduction and If the customer is making alternate arrangements to pay the deduction, it must still be accounted as a living expenses or liability or If the customer is able to cease making the deduction completely with no alternate payment arrangement, do not include as a commitment or living expense. Eg: A donation to a charitable organisation that the customer advises they will no longer be making. No; The customer is unable to stop the deduction as a salary sacrifice: Proceed to Step 3. Based on the deduction type: <ol style="list-style-type: none"> it's a liability: <ul style="list-style-type: none"> Use the gross income before the salary sacrifice deduction, and Add as a liability with the repayment amount equalling the deduction amount (both pre and post-tax deductions, where applicable) <p>Note: For novated leases, where it is confirmed that part of the deduction relates to living expenses (such as registration, fuel, insurance etc.), the amounts related to the lease vehicle do not need to be included in the declared Monthly Living Expenses as these would be factored in the pre and/or post-tax deduction as an ongoing liability. Leave detailed comments in the application regarding the MLE discussion</p> it's a living expense: <ul style="list-style-type: none"> Use the gross income before the salary sacrifice deduction. 		

and

- ▶ Add the figure as a living expense in the relevant living expenses category

3. it is 'other' (eg, gym membership, additional voluntary superannuation payments, purchased leave arrangement etc.)

- ▶ Use the gross income before the salary sacrifice deduction, and
- ▶ Add to financial position as "other" or as a living expense in the relevant living expenses category.

Notes:

Comments explaining the customer's salary sacrifice arrangements should be included in supporting commentary.

Ensure you obtain the necessary verification documents of liabilities (where required) in addition to confirming the payment amount via the payslip or letter from the employer.

Novated Leases are paid as part of a customer's salary package you're only required to verify the repayment amount for these facilities. A payslip is an acceptable verification document for Novated leases