



Credit Policy

Eligible Income

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Investment Income (Existing)

Investment income is income generated by an asset owned by the customer, including trust distributions. It includes:

- ▶ **Dividend income** - Limited to dividends from shares listed on the Australian Stock Exchange (ASX), including franking credits. Shares must have been held for a minimum of two years and not be used as security on a margin loan.
- ▶ **Distribution income (Managed Funds)** - Distributions from managed funds. Managed funds must have been held for a minimum of two years and not used as security on a margin loan.
- ▶ **Distribution income (Trusts)** - Distributions from Discretionary/Family Trusts and Unit Trusts, where the customer is beneficiary only and not the trustee or shareholder of the trustee. Distribution must have been received for a minimum of two years.

This verification standard is not to be used for:

- ▶ Income from investment properties. Refer to the 'Rental Income' verification requirements.
- ▶ Income from privately listed shares. Refer to the Full verification requirements listed under 'Self Employed'.
- ▶ Income from Self-Managed Superannuation Funds. Refer to the 'Self-Managed Superannuation Funds' verification requirements.
- ▶ Income earned from a Trust and the customer is the trustee or shareholder of the trustee. Refer to the Full verification requirements listed under 'Self Employed'.

Restrictions	Verification	% Used for Servicing
Investment income excluded and not acceptable for servicing includes: <ul style="list-style-type: none"> ▶ Capital gains from the sale of an asset as these are generally considered a one-off source of income. ▶ Where the asset is used as security on a margin loan. ▶ Cryptocurrency. 	Evidence of investment income is to be verified using: <ul style="list-style-type: none"> ▶ Personal tax return from the two most recent financial years along with the most recent Notice of Assessment (NOA) for individuals OR a letter from accountant to confirm that tax returns are final and have been lodged with ATO, and; ▶ Evidence must also be provided confirming the balance/holdings of investments held (not required for Trust distributions). <p>This can be verified through one of the following options;</p> <ul style="list-style-type: none"> ▶ Statement/letter dated within 6 weeks immediately preceding the firm date of the application from the entity in which the funds are invested detailing the current value of the investment ▶ Statement/letter dated within 6 weeks immediately preceding the firm date of the application from a recognised brokerage (e.g. CommSec) detailing the current level balance/holdings of the investment with the value of the investment 	80%

Calculations

The investment income figure to use in the application will be the average received over two years or the most recent year, if lower; and capped at 6% of the value of the investment. The 6% cap does not apply to Trust distributions.

The system will automatically apply 80% to this amount of investment income for loan servicing.

Complete the following steps for each investment income type to determine the investment income to enter into the application:

Step 1	Using the personal tax returns determine the income received from the investment for the two years Note: where income is received from multiple investments the income can be aggregated for each investment income type (i.e. Dividend income, Distribution income (Managed Funds), Distribution income (Trusts))
Step 2	Calculate the average of the two years
Step 3	Compare the average income received over the two years to the most recent year and use the lower amount For Distribution income (Trusts) this will be the amount to use in the application For all other investment income types continue to Step 4
Step 4	Using the statement / letter determine the value of the investment
Step 5	Calculate the amount the investment income at the cap of 6%
Step 6	Compare the amount determined in Step 3 and Step 5 and use the lower amount For Dividend income and Distribution income (Managed Funds) this will be the amount to use in the application

Note: The [Investment Income Calculator tool](#) can be used to assist you to calculate the investment income amount to use in application.

Interest income – interest income from cash in interest bearing accounts (i.e. not an offset account) can be considered by a Credit Assessor on an exception basis only.

How to enter into ApplyOnline / CommApply

The investment asset from which the income is earned and any related debt are to be detailed on the **Financial Position** tab within the application. If the asset is used as security on a margin loan the income must be excluded from the application.

Capturing the investment income:

- ▶ The calculated amount of investment income must be entered as a monthly figure as **Dividend** income in the **Income** section of the **Financial Position** tab.
- ▶ Where the customer has income from different types of investment income (i.e. income from shares, managed funds and trust distributions) enter a separate **Dividend** amount for each type.
- ▶ Enter application comments to confirm the calculation of income and the asset the income relates to.

Capturing the investment asset:

- ▶ The associated investment asset must be entered in the **Other Assets** section as either:
 - ▶ **Shares** – enter as **Type 'Shares'** and current **Value**.
 - ▶ **Managed Funds** – enter as **Type 'Managed Funds'** and current **Value**.
 - ▶ **Trust Distributions** – enter as **Type 'Other'**; **Details 'Trust Distribution'** and **Value '\$1'**.