

## Employment letter template

You can ask your employer to use this sample letter as a template. All they need to do is copy it onto their letterhead, amend the details, print, sign and fax it to us, your mortgage broker.

*1/1/2010 To Whom It May Concern:*

*Re: John Smith*

*We confirm the following details regarding John Smith's employment with us:*

- *His salary is \$80,000/year gross.*
- *He is employed on a permanent full time basis.*
- *He started work with us on the 1/1/2009*
- *He is not on probation.*

*Should you require any additional information please do not hesitate to contact Human Resources on 02 0000 0000.*

*Regards,*

*(SIGN)*

*Dianne Johnston  
Human Resources Manager  
ABC Corp Ltd*

**Please read the following section on bank requirements for employment letters to ensure your letter is accepted!**

## Employment Letter For A Home Loan

### Why do banks need employment letters?

When you apply for a home loan the bank will need you to provide proof of your income.

In most cases this is in the form of payslips, tax returns, a notice of assessment, group certificates or any combination of the four.

In some cases the bank can use a letter of employment to confirm your income or will use it to verify the other documents you have provided.

Most banks require two forms of income verification, for example one recent payslip and a letter from your employer.

## Bank requirements for employment letters

Lenders have similar requirements for employment letters, and will often ask for a letter to be amended if it does not meet their requirements.

Your employment letter should be:

- On a company letterhead that contains contact numbers and the company address,
- Dated,
- Signed,
- Contain the name of person who signed the letter,
- Contain the name of employee, gross income, length of employment and status (permanent part time / casual, no probation, etc) of employment, and
- Explanation of anything unusual about your employment, if required.

Most lenders will accept a faxed copy however some will require your mortgage broker to hold the original on file.

If you are using our services to arrange your loan then please ask your employer to fax the letter to us.

## Additional templates

In some cases banks may ask for clarification regarding your employment as a condition of your home loan approval.

Due to privacy legislation many employers will not talk to the bank directly, so you will have to request your employer to write a letter for the bank.

Some common clarifications that banks may ask for are:

- **Deductions from pay:** *We confirm that John has a deduction of \$500 / week as an additional voluntary investment contribution. This can cease at any time at John's request.*
- **Company car:** *John has the use of a company car as part of his salary package.*
- **Change of income:** *John has recently received a promotion and now earns \$90,000/year gross as of the 1/1/2010.*
- **Employment stability:** *Although John is technically employed on a casual basis he is considered to be a permanent member of our staff, works regular hours and is expected to continue to work here for the foreseeable future.*
- **End of probation period:** *We confirm that John's probation period ceased on the 1/1/2010.*
- **Overtime income:** *John is required to work overtime as a condition of his employment. John has been working overtime on a regular basis and can reasonably be expected to continue to work overtime in the foreseeable future. It is likely that additional work will be available should John decide that he would like to earn more*

*than his current salary and overtime payments. (Many lenders do not accept 100% of overtime income, contact us to find a suitable lender)*

- **Self employed contractor:** *John works for us as a sole trader and invoices us for his hours worked. John has no employees, provides no materials and has no major expenses so has a stable income similar to a Pay-as-you-go employee. John currently earns \$1,200 + GST / week. We expect his contract to be ongoing for the foreseeable future. (Not available with most lenders, contact us to find a suitable lender)*
- **Maternity leave:** *Jane is currently on paid maternity leave and will return to full time work on the 1/1/2010. While on maternity leave she is being paid \$750 / week gross and when she returns she will be paid \$1,000 / week gross. Jane can return to work earlier if she so chooses.*
- **Year to date income:** *John's Year to Date (YTD) income shown on his pay slip is not an accurate reflection of his true income as he was on leave without pay during the entire month of July. He returned to work on the 1/8/2009.*
- **Pay fluctuations:** *John works as a mechanic in our remote mining facility and so is working a four week rotating roster. He works 12 days in the first two weeks and only 3 days in the next two weeks. Because of this his fortnightly pay fluctuates, however his pay is regular and predictable. The first fortnight John is paid \$3,600 and in the second fortnight he is paid \$600 so his total income is \$54,600/year*
- **PAYG contractor:** *John is on a fixed term employment contract that ends on the 1/6/2010. Although we can never guarantee future employment he is recognized as a valuable member of our team and it is likely that his employment will be ongoing. (Only available from some lenders)*