

LIVING EXPENSES EXPLAINED

Enquiries must be made into all applicants' fixed and variable living expenses. You must use the greater of the declared fixed and variable living expenses or the household expenditure measure. It is the broker's responsibility to ensure the declared living expenses accurately reflect such arrangements with comments confirming the position.

Applicants must declare their ongoing fixed and variable living expenses (which will apply as a result of the loan application), including but not limited to the following:

Expense category	Detailed description
Owner occupied utilities, rates & related costs	Housing & property expenses on owner-occupied property including rates, taxes, levies, body corporate & strata fees, repairs & maintenance, other household items & utilities (excluding insurance, telephone, internet & pay TV as they are categorised separately)
Investment property expenses	Housing & property expenses on owner-occupied property including rates, taxes, levies, body corporate & strata fees, repairs & maintenance, other household items & utilities (excluding insurance, telephone, internet & pay TV as they are categorised separately)
Groceries	Typical supermarket shop for groceries including food & toiletries
Clothing & other personal expenses	Clothing, footwear, cosmetics, personal care. For buy now pay later schemes with no revolving limit (eg. Afterpay), the total purchase amounts are to be considered.
Education	Public & private education fees & associated costs (preschool, primary, secondary & tertiary) including books & uniforms etc.
Childcare	Childcare including nannies
Insurance	All insurance including health, home & contents, motor vehicle, life, income protection
Medical & health	Medical & health costs including doctor, dental, optical & pharmaceutical etc. (excluding health insurance which is categorised under insurance)
Transportation expenses	Public transport, motor vehicle running costs including fuel, servicing, parking & tolls (excluding motor vehicle insurance which is categorised under insurance)
Telephone, internet, pay TV & media streaming subscriptions	Telephone accounts (home & mobile), internet, pay TV & media streaming subscriptions (such as Netflix & Spotify)
Recreation & entertainment	Recreation & entertainment including alcohol, tobacco, gambling, restaurants, membership fees, pet care, holidays
Other	Unique items not covered in above categories (must be explained further)

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The minimum living expenses for a household are based on the 'Gross Household Income Group Australia' Household Expenditure Measure (HEM) completed by the Melbourne Institute.

A household is defined as a grouping of applicants reliant on the income of one or all of the applicants within the household.

If the applicants are from separate households, the living expenses applicable for each household must be included when calculating available income.

For each household, the number of adults and dependants must be accounted for and the applicable living expenses included when calculating total income available for debt and housing.

A dependant is either a child under the age of 18 or a person over the age of 18 who is partially or wholly dependent on the applicant(s) to cover their living expenses.

Married/de facto relationships are deemed to share income and expenditure and must be loaded as 2 adults with living expenses based on a couple. Dependent children, if applicable, must also be included.

Other joint applicants (e.g. siblings or friends) must be treated as separate households with the corresponding number of adults and dependent children living in each household included

Supporting documentation verifications held on file must be reviewed for evidence of a spouse (including de facto) and dependants. Where there is some doubt regarding the information, it must be investigated with the applicant(s), and the application form and serviceability calculator updated.

Declared living expenses should also be reviewed. Comments must explain and justify why the application should proceed.



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