



Applying for a personal loan when you're self-employed

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Working for yourself can be an extremely fulfilling and enriching experience. However, without a traditional W-2 and steady paychecks, applying for a loan can be slightly more complicated.

The good news - if you're self-employed, you may still qualify for a personal loan. Here's what you should know about the process.

Can you get a personal loan if you're self-employed?

You can absolutely get a personal loan if you're self-employed as long as you meet the eligibility requirements determined by the lender. That said, keep in mind lenders may require proof of income so they can feel confident you'll make your monthly payments on time. You may need to demonstrate consistent income, and you may need to provide proof of income through a few different sources.

Providing proof of income

If you're self-employed, you don't receive an annual W-2 from your employer, which is what you would typically submit to a lender as proof of income. Instead of a W-2, a lender might ask to see documents like your tax returns and bank statements.

Showing consistent income

You may be asked to show that you meet a lender's income requirements. Here are some documents the lender may ask for:

- **Tax documents:** Your tax returns can help the lender assess whether you meet their income requirements. Lenders may ask to see your returns from the past few years. If you are an independent contractor or freelancer, you will likely have a 1099 form that shows your self-employment income. A lender may also ask for a tax transcript, which includes information about your tax return from the IRS.
- **Bank statements:** Your bank statements are a simple way for a lender to see how much income you have and how consistent it is.

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What else is needed to apply for a personal loan?

Beyond proof of income, here is a list of documentation you may need to have ready:

- **Personal loan application:** Lenders will require you to fill out an application. You can typically do this online or in person.
- **Proof of identification:** A current driver's license, state-issued ID card or passport that can be used to confirm your identity.
- **Proof of address:** A document, such as a utility bill or lease, that shows your current address.

It's also important to research the lender's requirements. Not meeting these requirements can mean your application won't be approved. Most lenders will consider:

- **Your credit score:** You will need a credit score that meets the lender's requirements. Check your credit score before you apply so you know where you stand. A higher credit score can give you access to lower interest rates.
- **Your credit report:** A credit report is a more thorough look at your credit history. It can give lenders insight into your payment history.
- **Your DTI (debt-to-income ratio):** This number measures what percentage of your total gross monthly income goes toward paying off debt. A lender will use this number to help decide whether a borrower will be able to make their monthly loan payments.
- **Your age:** Lenders usually require you to be at least 18 years of age in order to apply for a personal loan.

Challenges to getting a personal loan while self-employed

[Applying for a personal loan](#) while self-employed can come with a few common challenges. You may have inconsistent income. This can affect your ability to pay off your credit card and other debts on time each month, which can, in turn, affect your payment history and credit score. Inconsistent income, along with business expenses, may also mean a lower net income.

It's important to be honest with yourself about how much additional debt you can take on. Consider what the monthly payment will be, and don't take out a loan you can't pay back.

Getting a personal loan when you're self-employed

Here are some tips to keep in mind when filling out your personal loan application:

- **Be realistic about how much you can borrow:** Before you apply, be very clear about how much you need to borrow and how much you can pay back every month. Do you have emergency savings? Do you have other debts? Do you have enough work coming in to cover it all? Remember, you want to feel comfortable with the debt you take on and confident you can make consistent, on-time payments.
- **Do your research:** Shop around for the lender and personal loan that works best for you. Compare lenders and their requirements and fees.
- **Know where you stand:** Check your credit score and read through your credit report.
- **Gather documents:** Keep all your information, documentation and proof of income organized so that it's ready to go when you apply.
- **Know the details:** Once you've chosen a lender, re-read the fine print. Carefully consider all the requirements and terms before you apply.

When you're ready, fill out the application, attach any required documents, and submit everything to your lender of choice. Most lenders will get back to you relatively quickly. If approved, you'll often have the money in your bank account within a few days. Citi customers can receive funds via direct deposit the same day, and non-Citi customers receive funds within two business days.¹

Citi offers personal loans to both existing Citi customers and new Citi customers that meet specific eligibility criteria, including an established credit and income history along with additional factors determined by Citi. If you think you could benefit from a Citi Personal Loan, [apply online](#) today.

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¹If you are approved for a personal loan with Citi, you can get your funds the same day with a Citi deposit account, or up to 2 business days for a non-Citi account when using direct deposit. Or, you can select to receive a check by mail in approximately 5 business days.

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