

FAA Sal Pac Novated Lease Information

What is a Novated Lease?

A Novated Lease is one of the most economical options for purchasing and operating a motor vehicle. A Novated Lease is a three-way agreement between an employee, their employer and the finance company.



A Novated Lease will:

- Save you money by reducing the tax you pay to the tax man
- Reduce your running costs such as fuel, servicing, lease repayments and other normally GST inclusive vehicle expenses, as you don't pay GST
- Reduce budget stress – provision for your expenses automatically comes out of your wage
- Give you unrestricted use of your vehicle, whether for work or personal use

Normally you pay for all of your car expenses with your income after tax has been taken out from your employer. With a Novated Lease you could save tax by paying for these expenses with a combination of your before and after tax pay. This reduces your taxable income, so you pay less tax.

While you get the GST benefit on your running expenses for your car you are also required to pay GST on your contribution towards your car expenses (your post tax contributions). This is included in the calculations regarding your lease.

There are also options available to you if you already have finance on a vehicle.

What is included in a Novated Lease?

Under a Novated Lease, all operating costs for the vehicle are included and you can Salary Package the following items:

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| • Lease Payments | • Tyres |
| • Fuel, oil and tyres | • Comprehensive Insurance |
| • Service and Maintenance | • Other types of insurance - e.g. tyre & rim, gap and more |
| • Car Washing and Detailing | • Roadside Assistance |
| • Registration | |

What is the set up process?

1. We ask you some questions to let us assess if a Novated Lease is right for you and provide a quote to show you the estimated tax savings
2. Over the phone we gather the necessary information from you to begin the process
3. We then email a finance application to obtain preapproval before you start shopping for a car
4. Once we have obtained the finance preapproval you can look for your new car

5. When you find your new car the documents will be drawn up
6. Once you have signed these and returned them to us, we then process and forward to the relevant people to finalise
7. Your employer provides final authorisation for your Salary Packaging
8. You will be advised that your Novated Lease is ready to commence so that you can organise picking up your car
9. At this stage, we will also outline your tax savings and let you know which payroll date your packaging will begin
10. For convenience, a Motorpass card as part of your Salary Packaging will be ordered at this time (For more information about the Motorpass Card see below)

Agreements

When we issue the Novation Agreement and the Participation Agreement to you for signing, please sign and return directly to us. You may notice that we need a signature from your employer, however only specific Management are to sign these documents and we will organise the signing from our end.

While we will try to make the process as easy as possible, many different parties are involved which can impact the timeframe. We will contact you at each step of the process and explain what is happening and what is required.

End of Lease Options

Before your lease expires, we will be in touch to discuss what you would like to do at the end of your lease. Options include:

- Take out a new lease - upgrade your car and continue enjoying the convenience and tax savings of a Novated Lease.
- Refinance the car – extend the arrangement of your current car by refinancing the residual amount.
- Keep the car – purchase your current car by paying the residual amount.

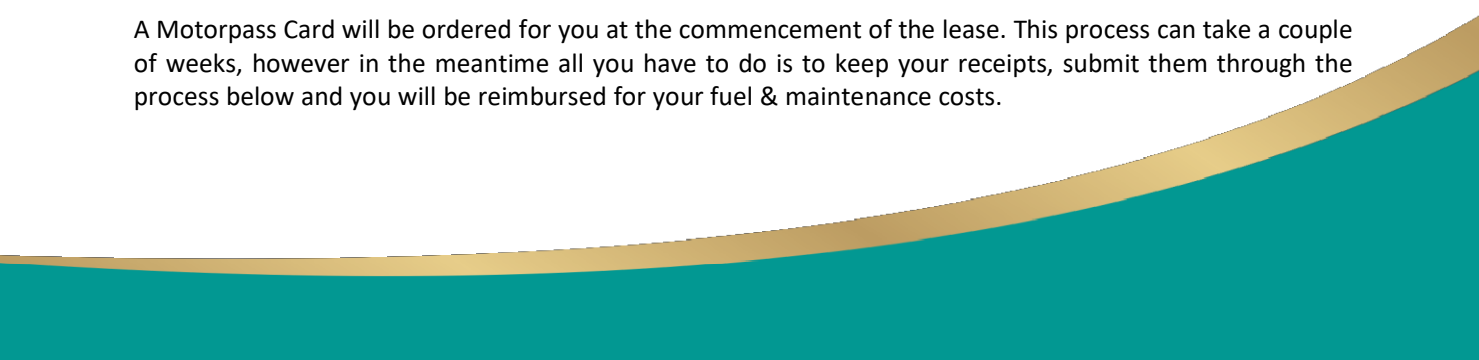
The residual is a lump sum or “balloon” payment at the end of the lease to pay the balance of the finance owing. The amount of the residual is pre-set and based on the Novated Lease guidelines as set by the Australian Tax Office.

What is a Motorpass Card?

A Motorpass Card is a fuel card that is accepted at most major service stations. It simplifies the whole process by enabling you to pay for fuel and maintenance directly from your Salary Packaging funds by simply swiping your Motorpass Card.

How long does it take to get a Motorpass Card when I have a Novated Lease?

A Motorpass Card will be ordered for you at the commencement of the lease. This process can take a couple of weeks, however in the meantime all you have to do is to keep your receipts, submit them through the process below and you will be reimbursed for your fuel & maintenance costs.



Are there administration costs paid to Motorpass in relation to my fuel card?

The cost of obtaining a new Motorpass Card is \$8.00 and with an ongoing fee of \$3.00 per month. This amount is deducted automatically from your Salary Packaging account.

<https://www.motorpass.com.au/faq>

What can I use my Motorpass Fuel Card for?

At participating outlets you can use your Motorpass Card for:

- Fuel
- Servicing
- Tyres
- Oil
- Carwash



Do I have to use participating locations to purchase fuel or get my car serviced?

No – you can use the provider of your choice. If they do not accept Motorpass Cards then all you will need to do is keep your receipts and send a reimbursement claim (process below) through to us.

<http://www.motorpass.com.au/using-your-card/where-can-i-use-my-card> - You can use this site to find participating locations near you.

How do I claim a reimbursement with a Novated Lease?

1. Pay for your rego or insurance etc. through your normal payment process
2. Keep your receipts/Proof of payment and invoice
3. Upload your receipt via your Salary Packaging Online Portal



It's important to note that only eligible items (refer to list on page 1) can be claimed for reimbursement - additional items such as bread, milk, ice cream, chocolate etc. cannot be reimbursed.

How long does it take to receive my reimbursement?

Upon receiving the required documentation, we will process the claim within 4 business hours. Once the claim has been processed, you should receive funds within 3-5 business days. This is dependent upon the available funds in your Salary Packaging account.

What are the costs with FAA?

There is a \$2.00 per fortnight administration fee to manage your account, which is paid per pay cycle (25% discount for electric vehicles).

Is there anything else I need to provide?

Depending on how you pay for your expenses e.g. car insurance payments monthly, there may be ongoing reporting requirements. This is to ensure reporting and calculations are kept up to date, so that your packaging arrangement is maximised.

Can I change my Salary Packaging arrangement?

Yes, if your circumstances change so may the most beneficial way to Salary Package. We would recommend that you contact our team as soon as possible to discuss any potential implication.

Our staff review your account periodically to ensure everything is running smoothly and will be in touch to discuss any recommended changes. We are happy to assist with any alterations that need to be made to your Salary Packaging.

What happens if I leave my Employer?

If you leave your current Employer, you can cease your Salary Packaging arrangements and we will arrange for any funds in your Salary Packaging account to be paid out either through reimbursement or sent back to your Employer. Funds issued to you via your payroll department will be taxed accordingly by your employer.

Any finance associated with your vehicle will become your responsibility and act like a normal finance agreement. You will be supplied with the information to assist you in making the lease repayments.

Budget Variations

FAA calculates the budgeted costs of servicing, tyres and fuel from your nominated estimated kilometres. This budget is flexible, should your kilometres increase or reduce significantly, please contact the FAA office so that we can assist you.

When and why we will contact you

Reviews

As part of our normal process, we will review your account on a regular basis to ensure that it is running effectively. If we find that changes should be made, we will contact you to provide you with the options available and complete relevant paperwork if required.

When you need to contact us

If your circumstances change it is important to advise FAA; changes in circumstances include:

- Changes in pay
- Changes in employment
- Changes in vehicle use
- Sell/dispose of vehicle

