



Fully Budgeted & Managed Novated Lease

*Novated Lease:
A tripartite agreement.
Three parties joining
together for a mutual
benefit.*



Informational Brochure

- *Employer Benefits*
- *Employee Benefits*
- *FBT and Novated Leases*
- *How Fully Budgeted Novated Leasing works?*

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Employer Benefits

Staff Attraction and Retention Strategy

One of the most critical challenges facing business owners today is the ability to attract and retain valued employees across all levels. Salary Packaging delivers substantial after tax savings to an employee at no cost to the employer. By adopting a Salary Packaging strategy you become an Employer of choice, you keep abreast of current remuneration strategies while transferring the risks of owning & operating a motor vehicle to the employee.

Reduces the Administration Burden

A Lease & Asset managed Novated Lease relieves your organisation of the administration burden, our management fee is paid by the employee as part of the vehicle operating expenses.

No Risk of Ownership

With a Novation arrangement the vehicle is retained by the employee should they leave their employment. The employer is not left holding a surplus or redundant vehicle.

No Balance Sheet Liability

As the employee assumes the risk and ownership of the Lease the employer does not assume the requirement of Balance Sheet reporting.

Total Cost of the Vehicle is met by the Employee

A managed and budgeted novated lease spreads the total whole of term operating cost of the vehicle into regular monthly payments which are deducted from the employees salary package.

The Employer Keeps Control

Lease and Asset will e-mail you and the employee regularly reporting on the actual income and expenditure of the vehicle against budgeted costs, the reports also track kilometers travelled against budgeted for F.B.T tracking. The employer also has online access to the employees account for monitoring purposes.

Employee Benefits

Tax effective means of acquiring and operating a motor vehicle

A Lease & Asset managed Novated Lease allows you to sacrifice a portion of your pre and post Tax income to deliver the most tax effective means of acquiring a vehicle for private use. Substantial savings can be achieved over acquiring and operating a vehicle from after tax income.

Acquisition and Operating Cost Savings

We can assist in the purchase of most new vehicles at substantial fleet discounts to minimise Fringe Benefit Tax and Lease expenses, we control and monitor fuel and maintenance at pre-arranged discounts delivering to you lower operating costs.

Flexibility of Choice

The choice of vehicle is yours and is only constrained by the amount of Income you choose to sacrifice. The vehicle can be new, used or even a luxury vehicle (used vehicles can be no more than 8 years old at the end of the Lease Term.)

No Business Use Required

Our Novated Lease can be used for total private use, you can even novate a motor vehicle for your spouse or a family member.

Complete Portability

Should you change employer the vehicle stays in your control, you can novate the lease to your new employer and protect any potential equity that may have built up in the vehicle.

GST Benefits

A Lease & Asset managed Novated Lease passes the GST benefit of operating the vehicle, claimed by the Employer, on to you.



What is a Novated Lease?

Novated leasing is a lease arrangement that addresses the differing needs of employers and employees, to provide a solution that benefits everyone.

A Novated Lease is an agreement between your employer, yourself (the employee) and Lease & Asset Finance Pty Ltd, which amounts to a transferral of the obligation to meet the lease rentals under the finance lease from yourself to your employer.

FBT and Novated Leases

There are two methods in common use for determining the applicable rate for a Novated Lease:

1. The Statutory Fraction Method - determines the rate payable on a motor vehicle based solely on the total number of kilometres travelled each FBT year, regardless as to the level of business use involved in this travel. *For more detailed information, please log on to our web site: www.leaseasset.com.au*
2. The Operating method - used when a significant amount of business use is involved.

In most cases it will be tax effective to have a motor vehicle as part of a remuneration package, due to the concessional taxation treatment of motor vehicles under the current fringe benefits tax legislation. This concessional taxation is determined by the number of kilometres you drive per annum.

e.g. If you travel –

- 15,000 to 24,999 kilometres per annum, the tax rate is 20 %;
- 25,000 to 40,000 kilometres per annum, the tax rate is reduced to 11%; and
- over 40,001 kilometres per annum, the tax rate is further reduced to 7%

Employee Contribution Method (ECM)

In most cases, you can reduce your FBT liability by making a Employee Contribution (in after tax dollars) towards some of the operating costs (such as fuel, rego etc.).

For every after tax dollar you the employee contributes to the running cost of your vehicle, you reduce the FBT liability by one dollar.

This means that an employee can reduce or even eliminate FBT entirely by making after tax contributions.

Residual Value

The residual value is calculated according to ATO Guidelines. At the end of the term the financier by convention offers the Lessee a number of options. Usually this includes either payment of the residual plus GST, return the goods to the financier (the lessee is responsible for any shortfall after disposal of the asset) or if available, refinance the remaining balance for an additional term.

Vehicle Selection

Lease & Asset can assist in the purchase of most new vehicles at substantial fleet discounts to minimise FBT and Lease expenses. The delivery time and place for your vehicle is co-ordinated between the supplying dealer and yourself.



Fuel

After delivery of your vehicle you will receive your Caltex StarFleet Card. This card offers many advantages including:

- Fuel and Top Up Oil
- Secure PIN access
- Receipt free hassles
- Servicing and Maintenance
- Tyres, Tyre Repairs, Wheel Alignment and Balancing.
- Batteries

With each fuel transaction you are required to provide an odometer reading. This will enable Lease & Asset to provide up to date reporting and compare between the initial estimated kilometres and your actual kilometres travelled.

Servicing and Maintenance

With your Caltex StarFleet Card, you are provided with a quick and convenient means to authorise and control all servicing, maintenance and warranty issues. Servicing is based on manufacturers' maintenance schedules and specifications on all types of vehicles, Australia wide. The invoiced amount is charged to your card and will appear on your monthly Novated Driver Report. This report is accessible to clients online at www.leaseasset.com.au, and gives you instant access to your personal budgeted information and FBT reporting.

Caltex pre authorisation enables:

- Regular servicing to be controlled
- Review of work requested, to ensure vehicles are not under or over serviced
- Administration of warranty claims

Registration

Annual Registrations will be paid by you and reimbursed annually.

Roadside Assistance

We can provide you with Roadside Assistance through your Caltex StarFleet Card.

If you have a preferred Roadside Assistance provider, just let Lease & Asset know what your annual subscription fee is and we will calculate this into your package. Once paid by yourself, this fee will be reimbursed to you.

Comprehensive Insurance

As you will pay your Comprehensive Insurance at time of purchase, Lease & Asset Finance will generally reimburse this outlay to you by either quarterly reimbursements for the term of the lease or a lump sum reimbursement within the first 3 months per annum (depending on the lease payment structure).

On-Line Access-Reporting-24 hrs a day

Lease & Asset provide the employee and the employer with 24 hour on-line access to their vehicle information. This allows both the employee & employer to access up-to-date reports when required.

Budget Variations

Your package provides a budget estimate for the total costs associated with running your vehicle for the kilometres you have nominated. If the kilometres travelled vary significantly, we can vary the agreement to meet the changed circumstances.

Lease & Asset calculate the budgeted costs of servicing, tyres and fuel from your nominated estimated kilometres. Realistic estimated kilometres are an important factor in determining your package costs.

It is important to keep in mind that if you drive additional or fewer kilometres than you have estimated, the Taxable Value of your car may change. If less distance is travelled than you estimate, an FBT liability may arise

**This information is provided to you as a basic introduction
to Novated Leasing.
It is not intended to cover all details relating to Novated Leasing,
nor is it intended to provide financial advice.
We recommend you obtain advice from your tax advisor.**



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