

# Novated Leasing

## FAQ



### Q How does it work?

#### What is a novated lease?

A novated lease is an alternative way to pay for your car and its running expenses. It's a three way agreement between yourself, a financier and your employer allowed under Federal Tax Law.

You agree to pay for the cost of the car and expenses, such as petrol, car maintenance and insurance, from a combination of your pre-tax and post-tax dollars.

Because you pay for the lease repayments and running expenses from part of your pre-tax salary, you could save on tax.

#### Are there different types of novated leases?

Yes! At Maxxia, we offer you the choice and convenience of a fully maintained lease or a self-managed lease.

With a fully maintained lease, a dedicated leasing consultant coordinates the set up and ongoing management of your lease, including sourcing a car of your choice, arranging your finance, calculating your budgets for running costs and lease repayments up-front, plus managing your options at end of lease.

With a self-managed lease, you take full control of the day-to-day management of your lease - from organising your own finance and insurance, to setting your own budget to pay for the lease repayments and running costs. However, Maxxia will still set up your salary packaging account so that your lease repayments are automatically deducted on a monthly or fortnightly basis.

#### What are the benefits of a Maxxia novated lease?

Thousands of Australian motorists are already saving money. You don't have to be a high income earner or travel high kilometres to benefit.

When you take out a fully-maintained novated lease, your running costs are budgeted and paid for using some of your pre-tax income. This means you could save every time you fill up at the petrol station, change your tyres, pay your insurance or service your car.

With a fully maintained lease, you also benefit from:

- a choice of three financiers, with competitive rates and fast finance approval
- no GST on cars purchased through a dealership
- convenience – we can negotiate a great deal on a car of your choice using our preferred dealer network, or you can source the car using your own dealer

- discounts on tyres
- your car repair invoices pre-authorized by our maintenance team so you could save by only paying for the things you need
- peace of mind – Guaranteed Buyback Insurance offers protection from the risk that the car may be worth less than the pay-out figure at end of lease.

Plus, we have a 24/7 nationwide roadside assistance program that you can join for as little as \$6.50 per month (GST inclusive).

#### How long is the lease term?

You can lease a car anywhere between one and five years, so it's important to consider your lease term length, particularly if you're on a fixed term employment contract.

#### Can I choose my car?

Absolutely! That's the beauty of a novated lease. You're not locked into a particular type of car, make or model. In most circumstances you can choose the car that best suits your needs.

#### Can I novate a used car?

Yes. Many people don't realise that you can enjoy the benefits of a novated lease without having to buy a new car. It's entirely up to you.

You can opt for:

- a used car
- a 'sale and lease-back' option for your existing car, or
- a great value new car with our nationwide buying power.

We can go through all the options available in more detail when we talk to you.

#### Can I start a novated lease anytime?

Yes, you can start at any time of the year. Some people wrongly believe that you have to wait until the beginning of the Fringe Benefits Tax (FBT) year in April to start a lease.

For more information on how FBT applies to a novated lease, see page 4.

#### What is not included in my novated lease?

Your lease does not include road tolls, traffic infringements or accessories fitted to the car after it's purchased.

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### **Q** On the road

#### How do I pay for fuel?

We make paying for petrol easy with our fuel cards. A fully maintained lease comes with the choice of three fuel cards - Caltex, BP or Shell. A self-managed lease has the option of a BP Fuel Card. It's a quick and convenient way to pay for petrol – just fill up, then present your card to the service station attendant and you're ready to go.

#### Can I use my fuel card with any other car?

No, your fuel card can only be used to purchase fuel for your leased vehicle. If you do accidentally use the card with the wrong car, the provider may cancel its use.

If this happens, please let us know as soon as you can to avoid any inconvenience.

#### What happens if I lose my fuel card?

If your fuel card is lost or stolen, please call Maxxia as soon as possible. We'll cancel the missing card and send you a replacement.

#### How do I get my car serviced?

Keeping your car in great shape is simple if you have a Maxxia fully maintained lease.

When it's time for a scheduled service, you can use our preferred service network, or choose your own mechanic. Just let them know Maxxia looks after your car and they'll call us to speak with our Maintenance Authorisation Team.

Our qualified and experienced team of mechanics will manage the rest for you. This ensures:

- all work meets the car manufacturer's standards
- only required work is carried out and it is consistent with the age and condition of your car
- labour and parts are supplied at competitive prices
- any work covered by warranty is free.

If your car is found to require any major repairs beyond your scheduled maintenance, we'll contact you for pre-approval before any work is done.

The mechanic will send Maxxia the bill and we'll pay this from your novated lease account, so you can get back on the road as quickly as possible.

#### What happens if my car breaks down?

Maxxia offers 24/7 roadside assistance for as little as \$6.50

per month (GST inclusive). This service is available almost anywhere in Australia. The cost of this service is deducted from your salary packaging account balance.

In the event of a breakdown call **1300 123 123** and ask to be put through to roadside assistance. If you need roadside assistance after hours, you can still call **1300 123 123** and follow the prompts to be transferred through to our 24/7 service.

#### What does roadside assistance include?

Roadside assistance offers access to trained mechanical experts who will give advice over the phone and coordinate the following services to get you back on the road:

- roadside assistance
- minor roadside repairs
- emergency fuel
- battery and parts replacement
- key replacement, locksmith service or courier service
- emergency towing
- urgent message relay.

#### What types of car insurance does Maxxia offer and what do they cover?

With a fully maintained lease, you have the option to choose Maxxia's insurance at competitive rates, including comprehensive, third party car insurance, warranty, gap and lease protection - or you can choose your own provider.

Gap Cover and Lease Protection are important insurances to consider when you are under a novated lease arrangement.

##### Gap Cover

In the event that your car may be stolen or written off due to an accident or natural causes (flood, hail etc.), Gap Insurance covers the shortfall between the write off amount and the lease payout. The premium can be spread over the term of the lease and added to the amount financed.

##### Lease Protection

In the event of accidental death or involuntary unemployment, Lease Protection will cover the difference between any shortfall on the sale price of the car and any remaining balance due on the lease. Furthermore, if you are made redundant, we will pay your lease repayments and running costs for up to six months - and if you cannot find new work after the sixth month, we'll help you sell the car and cover the shortfall on the payout amount. The premium can be spread over the term of the lease and added to the amount financed.

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### How do I pay for my insurance?

#### Maxxia arranged insurance

If we have arranged your insurance for you, you don't need to do anything when your renewal is due. If you are still satisfied with the policy, we will pay the premium from your novated lease account. If you have any questions, give us a call.

#### Private insurance

If you are using your own insurance provider, you can pay the account and claim reimbursement for this cost. Simply submit a claim form along with all the pages from your policy document and proof of payment. We'll then reimburse you from your novated lease account.

### How do I pay for my registration or compulsory third party insurance?

For registration renewal notices or compulsory third party (CTP) insurance, you can pay in one of two ways:

**We can pay on your behalf:** If you have more than two weeks to renew your registration/CTP, send us a copy of the renewal notice with a signed claim form and we'll pay the amount directly to the relevant authority from your novated lease account.

**If you're a NSW customer,** please note that due to some CTP provider processes, we may not be able to make your payment online. In this instance, we will simply send you a cheque payable to the NSW Roads & Maritime Services and your nominated CTP provider so that you're able to arrange payment directly without being out of pocket.

**Pay directly and we'll reimburse you:** If you have less than two weeks to renew your registration/CTP, please pay the relevant authority directly. You can then claim reimbursement by sending us a signed claim form, a copy of your renewal notice and proof of payment. We'll then reimburse you from your novated lease account.

### Managing my account

#### Where can I go to access all my account details?

You can access all your salary packaging information 24/7 via Maxxia Online, your secure customer portal.

Once logged in, you can check your transactions, change your details and make a claim when and where you want. It's the convenient way for you to manage your salary packaging account.

If you haven't already registered, go to [securemaxxia.com.au](https://securemaxxia.com.au), click on the **Register** button and follow the prompts.

If you've registered but can't remember your password, just click on the **Forgot my password** button to arrange for your password to be sent to you.

#### How do I claim my expenses?

You can claim online – it's the easier, simpler and faster way to claim back expenses. Simply login to your Maxxia Online account, head to the **Claims** section and:

1. select the benefit type you're claiming against
2. upload your receipts
3. enter the claim details
4. press **Submit**.

We'll then review your claim and reimburse the money into your nominated bank account, it's that easy!

#### What if I spend more than I have budgeted for?

Via Maxxia Online you can view the amount you contribute each pay. If you notice that you're spending more than you planned, you can easily request to change your budget by going to the Contact us section once logged in. Alternatively, you can call us on **1300 123 123** or email [mycarassist@maxxia.com.au](mailto:mycarassist@maxxia.com.au).

#### What if I spend less than I have budgeted for?

At the end of your lease term we reconcile your account (within 60 days). If there is money left over in your account, the funds will be sent back to your employer who will deduct income tax and pass the remaining balance to you.

#### Why do I have to provide my odometer readings?

You should provide your odometer reading to the service station attendant whenever you use your fuel card. This lets us monitor your fuel usage and ensure your budget is on track. It also means you only need to lodge your odometer reading with us once a year – at the end of each FBT year. Our Quick Lodge online service only takes a few minutes; we'll send you a reminder and information on how to lodge before your reading is due.

#### What happens if I go on unpaid leave during my lease term?

Simply login to your Maxxia Online account and use the Contact us section to let us know well before you start your unpaid leave.

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When you take unpaid leave, your employer will stop paying funds into your novated lease account. This means there may not be enough funds in your account to pay for your regular lease payments, running costs or FBT.

We can discuss a range of options available to you to avoid any inconvenience or unexpected bills.

### What happens if I leave my employer?

Give us a call straight away and we'll explain the choices available to you when you leave your employer. You can choose to:

- pay the amount owing on the car to the financier and own it outright
- transfer the novated lease to your new employer (subject to your new employer's approval)
- continue paying for the lease and running costs with your own money.

We also reconcile your account so that you don't have any remaining FBT liability or outstanding payments.

After you leave, if you haven't made contact with us, your former employer will stop making any contributions to your novated lease account to pay for your lease and running costs. Your fuel cards will be cancelled and you become the 'lessee' of the car and are solely responsible to the financier for making all the remaining payments.

### What happens at the end of my lease term?

We will contact you before your lease expires to discuss your options. You can choose to:

- trade in your car and enter into another novated lease on a new car
- re-finance the residual value over a new term that suits you
- sell the car privately or to a dealer – you will have to pay the residual value of the car to the financier.

### Can I terminate my novated lease early?

When you enter into a novated lease, you agree to lease the vehicle for a fixed period of time. So it's important you structure the lease over a period that reflects how long you wish to keep the vehicle for.

If you decide to terminate your lease early, depending on the length of lease that has expired, the payout figure may be higher than the current market value of the vehicle, and typically include fees and charges imposed by the financier.

### Q Fringe Benefits Tax (or FBT)

#### What is FBT?

A tax on the benefits your employer provides you with that are not in the form of cash salary or wages. Under federal legislation, benefits provided by your employer are not subject to Pay As You Go (also referred to as PAYG) tax, but FBT may be payable on the benefit.

With recent changes to FBT rules, you don't have to earn a high salary or drive a lot of kilometres to benefit from the potential tax savings.

All new lease contracts entered into after Monday 10 May 2011, are calculated at a single rate of 20 per cent of the base value of the car.

#### What is the Employee Contribution Method?

If you make a post tax contribution towards your car you can reduce the FBT payable to NIL. Any post tax contribution is known as the Employee Contribution Method.

### Q Need more information?

Contact our friendly Customer Care Team on **1300 123 123**.

#### IMPORTANT INFORMATION

This general information doesn't take your personal circumstances into account. Please consider whether this information is right for you before making a decision and seek professional independent tax or financial advice. Conditions and fees apply, along with credit assessment criteria for lease and loan products. The availability of benefits is subject to your employer's approval. Maxxia may receive commissions in connection with its services.

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