

Salary Sacrifice Novated Lease Guide

Explaining the self-managed
novated lease process

Version 1 | April 2021



**Government
of South Australia**

Office of the Commissioner
for Public Sector Employment

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Overview

South Australian Government employees can access a self-managed novated lease with limited administration by Maxxia to finance the purchase of a new or used car.

With a self-managed novated lease, you take full control of the day-to-day management of the lease. Depending on your circumstances this can lead to a variety of benefits, including reduced costs across the term of the lease.

This guide will walk you through this process and outline the benefits associated with a self-managed novated lease when compared with a personal loan from a bank (without salary packaging) or a fully maintained novated lease.

Disclaimer

The information in this document is general information only.

It should not be taken as constituting professional advice from the SA Government.

The SA Government is not a financial adviser. You should consider seeking independent legal, financial, taxation or other advice to check how the information in this document relates to your unique circumstances.

The SA Government is not liable for any loss caused, whether due to negligence or otherwise arising from the use of, or reliance on, the information provided directly or indirectly, by use of this document.

All financial information, interest rates, income tax, Medicare levy and GST rates are current as of the date of publication (April 2021). Please note that these may change over time which will result in changes to the potential savings calculated in examples within this guide.

Policies, procedures, obligations and example documents referred to in this guide are also current as of the time of publication (April 2021), please note that these also may change over time.

The benefits of a self-managed novated lease

By choosing a self-managed novated lease, you will be able to access the following benefits:

- Choice of finance provider
- Choice of insurance provider
- GST savings across the term of the arrangement
- Income tax savings across the term of the arrangement

The flexibility of being able to choose your own finance and insurance providers can result in savings across the term of the arrangement, please refer to **Section 2** of this guide for an example of the savings.

Note that novated leases are not designed for early termination. If you are considering paying out a lease prior to the lease finalising, you should discuss interest and penalties with your financier and consider if there will be any taxation consequences.

Your responsibilities

With a self-managed novated lease you are responsible for the following:

- Finding your car, negotiating with the dealer and sourcing your own finance;
- Completing all novated lease paperwork, including sign-off from your employer and financier;
- Organising comprehensive insurance;
- Calculating and setting the fortnightly budget for the running costs of your car;
- Monitoring your account balance;
- Organising car mechanical services and other maintenance requirements;
- Paying any lease repayments directly if funds are not available in your account;
- Paying for fuel out of pocket and submitting a claim or using a Maxxia provided BP fuel card; and
- Paying for all other costs upfront and then submitting a claim.

Refer to **Section 4** for further specific instructions on the self-managed novated lease process.

You can utilise the services of a third-party introducer (**TPI**) to assist you with the above process. TPI's charge various fees, mark-ups and commissions which **will reduce your potential savings** from a self-manage novated lease. Car dealers may encourage you to use a TPI which they have a commercial relationship with. Refer to **Section 7** for further information regarding TPI's.

Maxxia's obligations

Maxxia is responsible for the following:

- Establishing your salary deductions.
- Paying the lease payments on the due date where adequate funds are available in your account.
- Processing reimbursement claims.

Refer to **Section 2** for further information regarding your responsibilities and Maxxia's obligations.



1. Your responsibilities and Maxxia's obligations

The table below sets out what services Maxxia provides and what you must do yourself.

Your responsibilities	Maxxia's obligations
Sourcing and negotiating your vehicle. A deposit is usually required.	Establishing your salary deductions with the payroll department for the amounts nominated by you.
Sourcing your own financier - who must accept the SA Government Deed of Novation - and coordinate the required documentation. A copy of the SA Government Deed of Novation is attached . Refer to Section 9 for a list of financiers that offer a self-managed novated lease to SA Government employees.	Paying the nominated lease payments on the due date where adequate funds are available in your Maxxia account.
Secure and pay for comprehensive insurance on the leased vehicle prior to taking delivery of the vehicle. Check with your financier if they will allow for the first year's comprehensive insurance premium to be included in the total amount financed.	Processing reimbursement of claims subject to adequate funds being available in your Maxxia account.
Set and manage the novated lease budget. Refer to Section 5 for further information regarding the budget.	Provide you with a BP fuel card (optional).
Contact Maxxia (call 1300 123 123) to set up your salary packaging account and submit the documentation required for your account and the lease.	Deduct more from your first two payroll cycles to cover the first two lease payments as requested. Maxxia will coordinate the signing of these documents by the employer.
You will need to make sure that there is enough money in your Maxxia account to make the first lease repayment on your vehicle. Most people will ask Maxxia to deduct extra from your first two payroll cycles to ensure there are enough funds in your account to make the first two lease payments.	
Sign up for Maxxia Online and access the Maxxia Claims app by registering at securemaxxia.com.au/SecureMaxxia/ .	
Monitor your account balance through Maxxia Online . If you have insufficient funds in your Maxxia account for your lease repayment, then you are required to pay the amount direct to your financier. This amount is not eligible for reimbursement by Maxxia.	
Pay for vehicle running costs and maintenance expenses (other than fuel on a fuel card where you have selected the option) and lodge a claim for reimbursement. Note that only eligible expenses will be reimbursed.	
Contact Maxxia to make any adjustments to your budget.	
If the residual value is greater than the market value at the end of the lease you remain liable to the financier for the full residual amount due.	
Pay any lease payments directly if funds are not available in your account. These amounts are not eligible for reimbursement by Maxxia.	



2. Comparison of available options

Impact of interest rate

The choice of method for financing your vehicle purchase can lead to significant differences in the total cost across the life of the arrangement. The interest rates charged, income tax rates, GST, ongoing costs and fees all play a part in this.

The below example demonstrates how interest rates and income tax/GST benefits on a novated lease can impact the cost of purchasing and running a vehicle.

Based on the example **you will save \$5,476 under the fully maintained novated lease option and \$8,870 under the self-managed novated lease option in comparison to a personal loan with a bank.**

Example:

Sally Smith wants to purchase a vehicle for \$31,800 (including GST).

She intends to use the vehicle for personal use and wants to own the vehicle at the end of any arrangement.

Sally has heard she may be able to achieve savings through the use of a novated lease, so she has obtained quotes from various providers for a lease over a 5-year term.

As Sally does not currently have the funds to purchase the car outright, she has compared the lease quotes to a personal loan with a bank.

Sally's gross salary before income \$90,000 per annum. This mean that her marginal income tax rate is 34.5 per cent (including the Medicare levy). **Marginal income tax rate** is the rate of tax that you pay for each additional dollar earned or how much your income tax will reduce by for each dollar reduction. You can find the tax rates for each income bracket here: <https://www.ato.gov.au/rates/individual-income-tax-rates/>

Tip: remember to add the 2 per cent Medicare levy to the marginal tax rate as it is not included in the rates in the table on the ATO website. If your gross salary before salary packaging is near one of the taxable income brackets, your marginal rate may change as your income reduces due to salary packaging.

Based on the quotes she has been provided, Sally has run the numbers to compare the total costs under each of the options available to her. The table below compares the interest rates, costs and potential savings for each option.



Comparison of finance options

	Bank Finance and not salary packaged	Fully maintained novated lease	Self-managed novated lease	Notes
Amount financed	33,945	31,203	31,203	1
Interest rate	4.65%	8.35%	3.39%	2
Residual incl. GST	8,123	8,123	8,123	
Lease term	60	60	60	
Monthly repayment incl. GST	515	581	486	
Monthly running costs incl. GST	365	395	395	3
Total monthly cost incl. GST	880	976	881	
Total monthly cost over the life of the loan incl. GST	52,800	58,560	52,860	4
Less GST Saving		(2,194)	(1,676)	
Less Income Tax Saving		(9,042)	(7,254)	5
Add residual payable at the end of the loan	8,123	8,123	8,123	
Total cost of car purchase and running costs	60,923	55,447	52,053	
Savings over direct bank finance	0	5,476	8,870	

Notes:

1. Amount financed with each Bank is the GST inclusive amount. Novated leases are able to achieve an upfront GST saving. The amount financed in this example includes the first year's comprehensive insurance premium, dealer delivery, on road costs and document charges or finance.
2. Bank finance and self-managed lease interest rates correct as of 23 February 2021. Fully maintained lease interest rate as of April 2021.
3. Running cost with bank exclude salary packaging administration fees.
4. Total monthly cost over the life of the loan (incl. GST) is calculated by multiplying the total running costs by the lease term.
5. Marginal tax rate used for calculation is 34.5 per cent (includes 2 per cent Medicare levy).

Following her analysis Sally decided to go with a self-managed novated lease. **Across the life of the arrangement she will save \$8,870 compared to a personal loan, and \$3,394 (\$8,870 - \$5,476) compared to a fully maintained lease with Maxxia.**

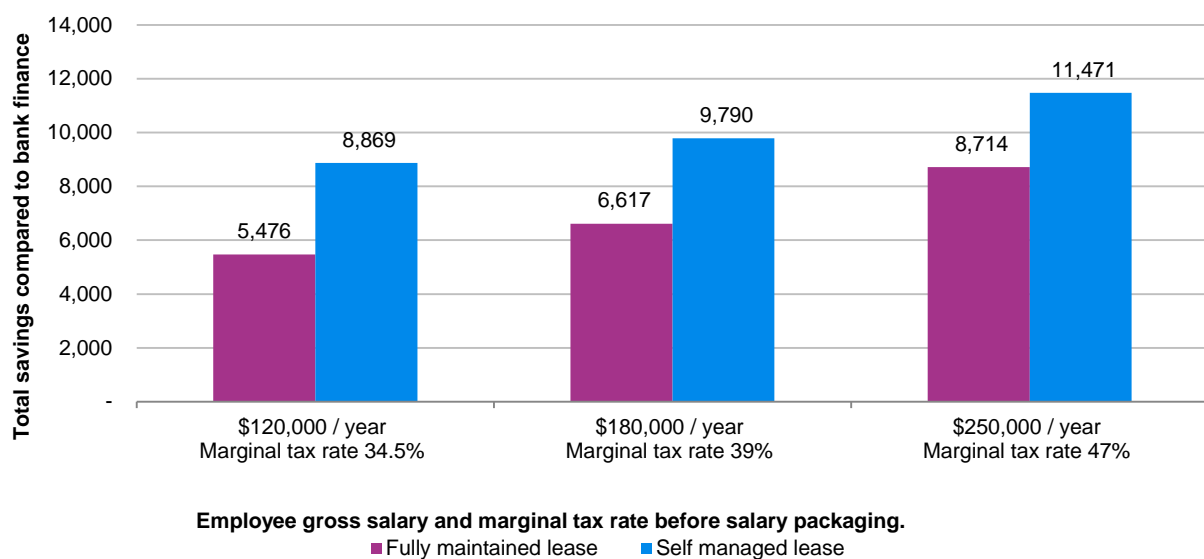
Whilst there is additional work required to arrange a self-managed novated lease Sally is happy to complete this additional work for the savings that she will be able to achieve.

Impact of income tax rate

Depending on your personal circumstances, a self-managed novated lease can provide even more of a benefit.

The taxation benefit from salary packaging is larger for higher marginal tax rates. The following chart shows what Sally's estimated tax savings (over direct bank finance without salary packaging) would be if she had a gross salary of \$120,000, \$180,000 and \$250,000.

Comparison of total estimated tax saving based on annual gross salary

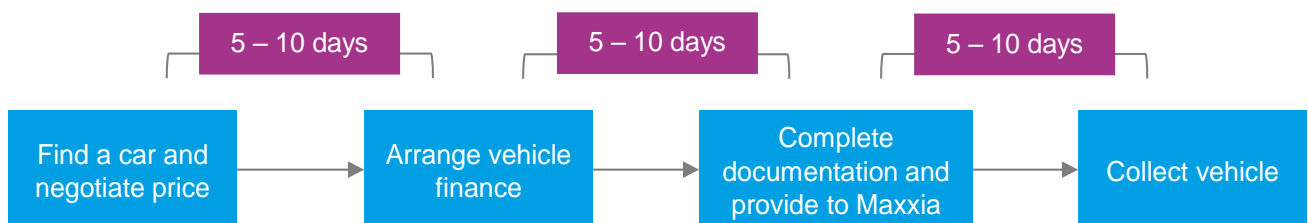


Notes:

1. Income tax rates (including the 2 per cent Medicare levy) for the 2020/21 financial year have been used.

3. Timeline to establish the self-managed lease

The indicative timetable to establish a self-managed lease is depicted below. A similar timetable is applicable for a fully maintained novated lease.



Note: the above timetable is indicative only and is subject to change depending on how quickly you select a vehicle and provide the necessary documentation to your financier and Maxxia.



Example budget

Item	Amount per fortnight (ex GST)	Amount per annum (ex GST)	Note
Vehicle lease repayments	203.92	5,301.82	1
Registration	31.81	827.06	2
Scheduled servicing	18.76	487.76	3
Fuel costs	61.36	1,595.36	4
Tyres	6.57	170.91	5
Roadside assistance membership	6.99	181.82	6
Comprehensive Insurance renewal	24.72	642.70	7
Incidentals (car washes, detailing etc)	–	–	8
Maxxia administration fee	7.31	190.00	9
GST on ECM	13.66	355.16	10
Total	375.10	9,752.59	

Notes:

1. Based on financed amount of \$31,203. Lease repayments can be found in your finance documents.
2. Based on a four-cylinder sedan valued at \$31,800. Registration cost can be obtained from **www.service.sa.gov.au**.
3. Based on cap priced servicing cost of a Mitsubishi Outlander obtained from the dealership. Servicing costs can be obtained from the car dealership or manufacturer. If purchasing a vehicle privately, discuss the servicing requirements with your mechanic of choice.
4. Based on 15,000 estimated annual kilometres (7.80 litres/100kms @ \$1.50 per litre (petrol)). The car dealership can advise on the fuel consumption per 100kms for your chosen vehicle.
5. Cost of four Bridgestone Ecopia tyres from Bob Jane T-Marts (four budgeted for the term of the lease).
6. RAA premium membership annual cost.
7. Comprehensive insurance premium must be paid prior to collecting the vehicle. An allowance for annual insurance renewal is included in the running expense budget. The table below compares quotes for insuring a 2019 Mitsubishi Outlander from common insurers.

Insurer	Annual premium (including GST and government charges)*
Allianz	825.72
Budget Direct	994.86
RAA	1,170.00
CGU	1,022.34
AAMI	700.03
Woolworths	967.30

*Premium is based on the following assumptions:

- Car insured for market value
- \$600 excess
- Yearly payment
- No age restrictions on drivers

- Car parked in a carport overnight
 - Main driver has had no accidents in the last five years.
8. Incidentals are optional.
 9. Maxxia charges an administration fee of \$190.00 per annum
 10. ECM is the after-tax contribution you make to the cost of running the vehicle which is used to offset your employers fringe benefits tax liability. There is GST payable on this after-tax contribution.

Please note that that these suppliers have been selected at random, that there are other suppliers in the market, that the SA Government does not represent that offerings from these suppliers are superior to others in the market and that employees are encouraged to shop around.

4. How to make a claim for reimbursement

1. Register for a Maxxia Online account:
 - Access Maxxia online: securemaxxia.com.au/SecureMaxxia/
 - Click **Register Now** and follow the prompts to register
 - In order to register you will need to have the email address and mobile number you have previously provided to Maxxia
2. Download the Maxxia app onto your phone:
 - For Apple users download from the App Store: itunes.apple.com/au/app/maxxia-claims/id981730933?mt=8
 - For Android users down from Google Play: play.google.com/store/apps/details?id=au.com.maxxia&hl=en
3. Login using your User ID and Password
4. Set your PIN
5. Take a photo of your receipt
6. Upload the receipt via the Maxxia App
7. Confirm the amount of the claim and submit
8. Maxxia will then review and reimburse (generally within two to three business days)

Note: You will need to have sufficient funds in your Maxxia account for any claim to be reimbursed and expenses claimed must be eligible.



5. Third Party Introducer

You can utilise the service of a TPI to assist you with arranging your self-managed novated lease. TPI's can assist you with:

- Selecting and negotiating for a vehicle
- Arranging finance
- Co-ordinating collection and completion of the documentation required by Maxxia and your employer
- Preparing required budgets.

Consideration needs to be given to the various fees, mark-ups and commissions charged by TPI's. These costs can drastically decrease the total savings you are able to achieve across the life of a novated lease. This guide has been prepared to help you arrange a self-managed lease **without the use of a TPI** to maximise your potential savings.

The South Australian Government does not have any contractual relationship with any TPIs and does not take responsibility for any information provided by TPIs on novated lease products.

6. Disclaimer

The South Australian Government is not a registered investment, legal or tax adviser. The information contained in this guide is not intended as, and shall not be construed as, financial advice.

This guide is intended to be used for informational purposes only. It is important to do your own analysis before making any decisions of a financial nature based on your own personal circumstances. You should consider whether the information is appropriate to your needs, and where appropriate, seek professional advice from a financial adviser.



7. List of financiers

The table below provides details of financiers who offer a self-managed novated lease product to SA Government employees.

Financier	Interest Rate*	Fees	Phone number
Commonwealth Bank	3.39%	\$595	1800 277 387
NAB	3.40%	\$500	13 10 12
Westpac	3.78%	\$450 / *Nil	1300 360 322
St George	5.90%	**Nil	1300 300 315

Quoted rates provided by the financiers on 23 February 2021 for a 5-year lease. These are subject to change based on your own personal circumstances and the details surrounding your lease.

*This rate is based on a non-wholesaler dealership with the financier.

**Fees and charges are included in the interest rate and monthly repayments.

Please note that that these suppliers have been selected at random, that there are other suppliers in the market, that the SA Government does not represent that these suppliers offering are superior to others in the market, and that employees are encouraged to shop around.

You can also obtain a self-managed novated lease from any other financier you locate that offers the product to SA Government employees.



8. Example Documents

SA Government Deed of Novation

SOUTH AUSTRALIAN GOVERNMENT NOVATION DEED
(Version 2)

THIS DEED is made on 20

BETWEEN

Office of the Commissioner for Public Sector Employment
ABN :

of 200 Victoria Square
Adelaide SA 5000 ("Employer")

AND

Sally Smith

of 123 George Street
Adelaide SA 5000 ("Lessee")

AND

Example Bank Pty Ltd

of 123 Smith Street
Adelaide SA 5000 ("Owner")

WHEREAS

A. The Lessee and the Owner have entered into the Lease pursuant to which the Lessee leases from the Owner the Motor Vehicle.

B. The Employer has agreed to assume responsibility for the obligations of the Employee under the Lease in consideration for receiving the benefit of the rights of the Employee arising under the Lease.

NOW IT IS AGREED as follows

1. DEFINITIONS

In this Deed capitalised terms which are not defined in this Deed have the meanings given to those terms in the Lease and the following terms have the following meanings, in either case unless the subject or the context otherwise requires:

Deed	this deed including the recitals;
Lease	the lease dated [] between the Owner and the Lessee in which the terms and conditions on which the Motor Vehicle is provided to the Lessee are set out;
Motor Vehicle	the motor vehicle specified in the Lease;
Rights and Obligations	all the rights and obligations on the Lessee's part arising under the Lease as at the date of this Deed;
RV Obligation	the obligation (if any) to make a payment upon expiration of the Lease which is solely referable to the residual value of the Motor Vehicle; and
Time of Cessation	the earlier of: (a) the time when the Owner actually receives written notice from the Employer that the Lessee has ceased to be employed or engaged by the Employer for any reason whatsoever; or (b) the time when the Owner actually receives written notice from the Employer that the salary sacrifice agreement entered into by the Employer and the Lessee has expired or is terminated; or (c) the time when the Employer, at its sole discretion, notifies the Owner that the deed is terminated.

2. NOVATION AND RE-NOVATION

(a) With the consent of the Owner, subject to this Deed, on the date of this Deed the Lessee hereby novates to the Employer, and the Employer accepts the novation from the Lessee of, the Rights and Obligations.

(b) With the consent of the Owner, subject to this Deed, at the Time of Cessation the Employer hereby novates to the Lessee, and the Lessee accepts the novation from the Employer of, the Rights and Obligations to the extent to which they subsist at that time.

(c) At the time of the novation referred to in (a), the RV Obligation (if any) will be omitted from the Lease and, in consideration of the Owner entering into this Deed, as a separate and independent obligation, the Lessee agrees with the Owner that the Lessee will make a payment to the Owner at the time, in the manner and in an amount equal to the amount it would have had to pay if the RV Obligation had not been omitted from the Lease.

3 ACKNOWLEDGMENTS

The parties each acknowledge that:

- (a) the Employer will make the Motor Vehicle available for the use of the Lessee and the Lessee's associates (as defined in the Fringe Benefits Assessment Act 1986);
- (b) the place where the Motor Vehicle is to be kept pursuant to the terms of the Lease will remain the place where the Motor Vehicle is to be kept;
- (c) the novation under clause 2(a) comprises part of the remuneration arrangements existing between the Lessee and the Employer;
- (d) each covenant in the Lease not to do or perform some act or thing is deemed to include a covenant not to cause, permit or suffer any such act or thing to be performed or done by any person having the use of the Motor Vehicle from time to time; and
- (e) Nothing in this Deed constitutes or may be construed as creating or requiring a lease or sub-lease of the Motor Vehicle between the Lessee and the Employer.

4. INDEMNITY

The Lessee, to the extent lawfully permitted for the time being, indemnifies the Owner and its officers and agents against any losses, liabilities, claims, charges, costs, expenses (including without limitation reasonable legal costs, charges and expenses), actions and demands suffered or incurred by or made against the Owner or its respective officers or agents arising out of or in connection with:

- (a) the failure of the Employer to properly perform its obligations pursuant to this Deed or the Lease or any negligent performance of those obligations; and
- (b) any act or omission of the Lessee which renders ineffective or otherwise negates the performance by the Employer of its obligations under this Deed or the Lease.

5. NOTICES

All notices, requests, certificates, demands, consents, approvals, agreements or other communications to or by a party to this Deed (unless otherwise provided in this Deed):

- (a) must be in writing and addressed as follows:

- | | |
|-----------------------------|------------------------------|
| (i) If to the Owner, to: | (ii) If to the Employer, to: |
| Telephone: [0401 100 100] | Telephone: [0401 200 200] |
| Facsimile: [08 5000 6000] | Facsimile: [08 8000 7000] |

- (iii) If to the Lessee, to the address specified for the Lessee in the Lease,

or to such other address as may be notified to the other parties from time to time or, if an address set out above or otherwise notified is no longer appropriate, to the usual place of business or registered office of the recipient last known as such to the sender;

- (b) must be signed by an authorised officer of the sender or the Lessee, as the case may be; and
- (c) will be deemed to be duly given or made in accordance with the provisions of the Lease.

6. MISCELLANEOUS

6.1 Survival of indemnities

Each indemnity in this Deed:

- (a) is a continuing obligation;
- (b) constitutes a separate and independent obligation of the party giving it from its other obligations under this Deed and applies notwithstanding any indulgence granted to that party from time to time; and
- (c) survives the termination of this Deed.

6.2 Severability of Provisions

If any part of this Deed is prohibited, void, voidable, illegal or unenforceable under the laws of any relevant jurisdiction then that part is severed from this Deed for the purposes of that jurisdiction only but without affecting the continued operation of the rest of this Deed in that jurisdiction or the operation of that part of this Deed in any other jurisdiction.

6.3 Assignment

No party may assign, create any interest in or otherwise deal with all or any of its rights or obligations under this Deed without the consent of the others.

The financiers
details.

Your employers
details.

6.4 Governing Law and Jurisdiction

This Deed is governed by and construed in accordance with the same laws which govern the Lease and, in relation to any suit, action or proceeding in respect of this Deed, each of the parties irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts of that place and courts of appeal from them.

Each party waives any right it has to object to an action being brought in those courts including, without limitation, by claiming that the action has been brought in an inconvenient forum or that those courts have no jurisdiction.

6.5 Counterparts

This Deed may be executed in any number of counterparts. All of those counterparts taken together are deemed to constitute one and the same instrument.

6.6 Attorneys

Each attorney executing this Deed states that he has no notice of the revocation of his power of attorney.

EXECUTED as a Deed and delivered on the date shown on the first page.

SIGNED, SEALED AND DELIVERED

for and on behalf of the Employer in the presence of:

Joe Brown

Signature of Witness

Joe Brown

Name of Witness

Your employers witness signs here.

3. Your employer signs here. This should be signed by the Finance Manager or Finance Director. Your employer signs the document **after you and the financier**.

George Jones

SIGNED, SEALED AND DELIVERED

by the Lessee in the presence of:

Barbara Roberts

Signature of Witness

Barbara Roberts

Name of Witness

Your witness signs here.

1. You sign here. You must sign the document **first**.

Sally Smith

SIGNED, SEALED AND DELIVERED
for and on behalf of the Owner in the presence of:

Margaret Cole

Signature of Witness

Margaret Cole

Name of Witness

The financiers witness signs here.

2. The financier signs here. The financier must sign the document **after you and before your employer**.

Robert Black

Lease Application Form

Novated Lease Application



Government of
South Australia



Employee Information

Title: Ms First Name: Sally Other Name(s): _____
Surname: Smith Payroll ID: 12345
Address: 123 George Street Adelaide SA 5000
Employer details: Agency: Office of the Commissioner for Public Sector Employment
Location (site): 200 Victoria Square Adelaide SA 5000

Salary Sacrifice Employer

Fringe Benefit Tax Exemption explanation	Employer	Please tick your employer
Salary packaging is a function of the Federal taxation law. If the duties of the employment of the employee are exclusively performed in, or in connection with a public hospital, or the employer provides public ambulance services or services in connection with the provision of these services, then the employee is eligible for access to a \$17,667 Grossed up Taxable Value (GUTV) capped FBT exemption. If the employer is a Public Benevolent Institution (PBI) as ruled by the ATO (currently only Legal Services Commission), the employee is eligible for access to \$31,177 GUTV capped FBT exemption. There is no exemption for other employees.	Public Hospital, Direct Public Hospital Services or Ambulance	<input type="checkbox"/>
	Legal Services Commission	<input type="checkbox"/>
	Other (Full FBT)	<input checked="" type="checkbox"/>

Salary Sacrifice Agreement

The employee and employer named in the Employee Information section of this application ("Employee" and "Employer" respectively) agree to be bound by the Salary Sacrifice Agreement Terms and Conditions, available online at www.maxxia-sagov.com.au or by calling Maxxia toll free on 1300 123 123, and which together with this application comprise the Salary Sacrifice Agreement with the Employer.

The commencement date of this Salary Sacrifice Agreement is the date on which the Employee signs this application, subject to approval by the Employer's delegate, and the expiry date will be 30 June 2023 or 31 / 10 / 2025 (Please complete date if different to 30 June 2023)

The Employee acknowledges and agrees:

- he/she is required to pay an employer charge of \$40 plus GST (\$44) to be paid direct from his/her post tax salary on the commencement of any new salary packaging agreement;
- to pay any costs arising from Salary packaging, including and FBT liability, and he/she indemnifies their Employer against this liability; and
- Maxxia Pty Ltd ("Service Provider") is responsible for the administration of his/her Salary Sacrifice arrangements and any disputes or complaints should be resolved directly with the Service Provider.

Salary Sacrifice Service Agreement

The Employee and the Service Provider agree to be bound by the Salary Sacrifice Service Agreement Terms and Conditions, available online at www.maxxia-sagov.com.au or by calling Maxxia toll free on 1300 123 123, and which together with this application comprise the Salary Sacrifice Service Agreement with the Service Provider.

The commencement date of this Salary Sacrifice Service Agreement is the date on which the Employee signs this application, subject to approval by the Employer's delegate, and the expiry date will be 30 June 2023 or 31 / 10 / 2025 (Please complete date if different to 30 June 2023)

The Employee:

- appoints the Service Provider for the purposes of administering his/her Salary Sacrifice arrangements within the requirements of the Salary Sacrifice Service Agreement and acknowledges that all correspondence relating to these arrangements is to be directed to the Service Provider;
- acknowledges that he/she is liable to pay the Service Provider an administration fee depending on the benefits selected and will be shown on the Salary Packaging Confirmation Schedule sent to Employee before deductions commence;
- acknowledges that any financial advice required to inform or support his/her decision to salary packaging is his/her sole responsibility and any such advice must be obtained by him/her independently from his/her Employer or the Service Provider;
- acknowledges that he/she is not salary sacrificing mortgage payments into an Interest offset facility, he/she possesses the necessary documentation regarding the existence of the mortgage account, and will notify the Service Provider of any changes to the status of their mortgage account (where relevant);
- acknowledges that where he/she requests payment into a nominated account to pay for a benefit, he/she has direct debits in place from the nominated account for amount equal to or higher than the benefit amount (where relevant);
- acknowledges expenses paid using a Maxxia Salary Packaging Payment Card cannot be recovered via a reimbursement/receipt process; and
- acknowledges that the Service Provider may receive commissions and rebates in connection with its services.

Execution of Salary Sacrifice Agreement and Salary Sacrifice Service Agreement

By completing and submitting this application, the Employee certifies that he/she has read and understood the Salary Sacrifice Agreement Terms and Conditions and the Salary Sacrifice Service Agreement Terms and Conditions and agrees to be bound by them.

Employee Signature: Sally Smith Date: 1 / 11 / 2020
Employer Signature: George Jones Date: 1 / 11 / 2020

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Example Self-managed Novated Lease Checklist

Third Party Self-managed Novated Lease Checklist and Instructions to Maxxia	
Details of your Third Party Self-managed Novated Leasing Arrangements (all fields are mandatory)	
Employee Name (first name and surname)	Sally Smith
Employer	Employer/Agency Office of the Commissioner for Public Sector Employment Location 200 Victoria Square Adelaide SA 5000
Payroll ID	12345
Registration Number	678910
Make	Mitsubishi
Year of Manufacture	2019
Model	Outlander
Colour	White
Cost of Vehicle	\$29,102.03 (ex GST)
Amount Financed	\$35,377
Value for FBT purposes	
Residual %	25%
Residual Value	\$8,123.06 (inc GST)
Estimated number of kilometres to be travelled annually	15,000 Kms per annum
Name of Financier	Example Bank Pty Ltd
Address of Financier	123 Smith Street Adelaide 5000
Financier Account Details	BSB Number 111-111 Account Number 123456
Lease Commencement Date and Term	Commencement 1 / 11 / 2020 Term 60 (months)
Lease Payment Amount	\$ 571 (Regular monthly payment)
First Lease Payment Due Date	1/11/2020 (Subject to availability of funds)
Substantiation (Attach copies of all)	<ul style="list-style-type: none"> Finance schedule and tax invoice (from the finance lease document) The Deed of Novation; and A copy of the dealer's invoice
Do you wish to use the Employee Contribution Method?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Registration Costs	\$ 827.06 (per annum)
Insurance	\$ 642.70 (per annum)
Maintenance and Servicing	\$ 487.76 (per annum)
Tyres	\$ 170.91 (per annum)
Roadside Assistance Club Membership	\$ 181.82 (per annum)
Fuel Costs	\$ 1,595.36 (per annum) Fuel Type <input type="checkbox"/> LPG <input type="checkbox"/> Diesel <input checked="" type="checkbox"/> Unleaded
Running Costs	Submit a Claim with either a) the original tax invoice/account for payment, or b) original tax invoice and payment receipt for reimbursement

To be completed by Maxxia.

This amount includes the vehicle price, optional extras and on-road costs.

This amount includes the total cost of the vehicle, capitalised insurance and fees (if applicable).

All of these example expense are from the budgeted example at **Section 5** of this guide.

Employee Declaration

I acknowledge that I have chosen a third party self-managed novated lease. I have read and understood the information provided above and on the reverse of this form.

Please sign below and on the reverse to confirm your choice of a third party self-managed lease.

Employee Signature Sally Smith Date 1 / 11 / 2020

Third Party Self-managed Novated Lease Checklist



I understand that:-
I am responsible for sourcing my own novated lease finance directly or through my selected third party arranger
I am responsible for securing and paying for the insurance protection on my leased vehicle
I will be responsible for setting and managing my novated leasing budget
I will be responsible for any advance payments to my nominated financier (typically 2 payments) until such time as adequate funds are available in my account for Maxxia to execute the lease payments. Maxxia does not accept any responsibility for insufficient funds being available to make these payments
I am responsible for contacting Maxxia to set up my salary packaging account and for submitting the documentation required to set up my account and my lease. Maxxia is not responsible for any delays or costs due to incorrect or inadequate documentation
Maxxia is responsible for establishing my salary deductions with my payroll department for the amounts nominated by me
Maxxia will execute the nominated lease payments on the due date where adequate funds are available in my Maxxia account
Maxxia is not responsible for late payment (arrears) of the lease due to insufficient funds, nor any collection activity undertaken by the financier for late payments. I will be required to pay the lease payments directly to the financier if my account does not have adequate funds
I am responsible for payment of vehicle running and maintenance expenses (other than fuel on a fuel card where I have selected this option) and lodging a claim for reimbursement
I am responsible for arranging comprehensive insurance for the new vehicle prior to taking delivery of the vehicle.
With a self-managed third party lease, Maxxia does not provide the support of it's maintenance team assisting with issues such as authorisation of service costs, warranties or recall
Maxxia will only process reimbursement claims subject to adequate funds being available in my Maxxia account.
If the residual value is greater than the market value at the end of the lease I understand that I remain liable to the financier for the full residual amount due
Any balance available in my account at the end of the lease cannot be used to directly pay or reduce the residual amount due

I have read and understood the information provided on this checklist.

Employee Signature Sally Smith Date 1 / 11 / 2020

Documents to submit to Maxxia with this Checklist:

- South Australian Government Deed of Novation – completed and executed
- Novated Lease Finance Agreement
- Dealer's Tax Invoice
- Copy of your most recent SA Government employer payslip – all pages showing employer, employee ID and pay details
- Copy of Drivers Licence
- Copy of Comprehensive Insurance schedule /certificate of currency

Commonwealth Bank of Australia
ABN 48 123 123 124

Agreement Number:

THIS AGREEMENT is made on X / / 20

BETWEEN

OFFICE OF THE COMMISSIONER FOR PUBLIC SECTOR EMPLOYMENT ABN 82 208 658 402 of Level Ground Floor 200 Victoria SQ ADELAIDE SA 5000
(the Employer)

AND

Mrs Sally Smith of 123 George Street Adelaide SA 5000
(the Lessee)

AND

Commonwealth Bank of Australia ACN 123123124 of Level 8, 101 George Street, PARRAMATTA NSW 2150 (the Owner)

WHEREAS

A. The Lessee and the Owner have entered into the Lease pursuant to which Lessee lease from the Owner the Motor Vehicle

B. The Employer has agreed to assume responsibility for the obligations of the Lessee in consideration for receiving the benefit of the rights of the Lessee arising under the Lease.

NOW IT IS AGREED as follows:

1. DEFINITIONS

In this Agreement capitalised terms which are not defined in this Agreement have the meanings given to those terms in the Lease and the following terms have the following meanings, in either case unless the subject or the context otherwise requires:

Agreement	- this agreement including the recitals;
Lease	- this lease dated 2020 between the owner and the lessee in which the terms and conditions on which the Motor Vehicle is provided to the Lessee are set out, including any amendment or supplement to that lease;
Motor Vehicle	- the motor vehicle specified in the Lease;
Rights and Obligations	- all the rights and obligations on the Lessee's part arising under the Lease as at the date of this Agreement;
RV Obligation	- the obligation (if any) to make a payment upon expiration of the Lease which is solely referable to the residual value of the Motor Vehicle; and
Time of Cessation	- the time when the owner actually receives written notice from the employer that the lessee has ceased to be employed or engaged by the employer for any reason whatsoever.

2. NOVATION AND RE-NOVATION

(a) With the consent of the Owner, subject to this Agreement, on the date of this Agreement the Lessee hereby novates to the Employer, and the Employer accepts the novation from the Lessee of, the Rights and Obligations.

(b) With the consent of the Owner, subject to this Agreement, at the Time of Cessation the Employer hereby novates to the Lessee, and the Lessee accepts the novation from the Employer of, the Rights and Obligations to the extent to which they subsist at that time.

The financier is purchasing the vehicle and leasing the vehicle back to you.

Despite this, the vehicle will be registered in your name.

- (c) At the time of the novation referred to in (a), the RV Obligation (if any) will be omitted from the Lease and, in consideration of the Owner entering into this Agreement, as a separate and independent obligation, the Lessee agrees with the Owner that the Lessee will make a payment to the Owner at the time, in the manner and in an amount equal to the amount it would have had to pay if the RV Obligation had not been omitted from the Lease.

3. ACKNOWLEDGEMENTS

- (a) The parties each acknowledge that:
- (i) the Employer will make the Motor Vehicle available for the use of the Lessee and the Lessee's associates (as defined in the Fringe Benefits Assessment Act 1986);
 - (ii) the place where the Motor Vehicle is to be kept pursuant to the terms of the Lease will remain in the place named where the Motor Vehicle is to be kept;
 - (iii) the novation under clause 2(a) comprises part of the remuneration arrangements existing between the Lessee and the Employer;
 - (iv) each covenant in the Lease not to do or perform some act or things is deemed to include a covenant not to cause, permit or suffer any such act or thing to be performed or done by any person having use of the Motor Vehicle from time to time and
 - (v) nothing in this Agreement constitutes or may be construed as creating or requiring a lease or sub-lease of the Motor Vehicle between the Lessee and the Employer.
- (b) The Employer acknowledges and agrees that its obligation arising as a result of the novation in clause 2(a) extends to any variation of the Lease (including, without limitation, an extension of the term of the Lease) which may be agreed by the Owner from time to time, regardless of whether the Employer is aware of, has consented to or is given notice of any such variation. The Lessee agrees that it may not request any variation of the Lease without the prior consent of the employer.
- (c) As between the Employer and the Lessee, the Lessee agrees that it may not request any variation of the Lease without the prior consent of the Employer.

4. INDEMNITY

The Lessee, to the extent lawfully permitted for the time being, indemnifies the Owner and its officers and agents against any losses, liabilities, claims, charges, costs, expenses (including without limitation reasonable legal costs, charges and expenses), actions and damages suffered or incurred by or made against the Owner or its respective officers or agents arising out of or in connection with:

- (a) the failure of the Employer failing to perform its obligations properly, according to this Agreement or the Lease or any negligent performance of those obligations, and
- (b) any act or omission of the Lessee which renders ineffective or otherwise the performance by the Employer of its obligations under this Agreement or the Lease.

5. NOTICES

All notices, requests, certificates, demands, consents, approvals, agreements or other communications to or by a party to this Agreement (unless otherwise provided in this Agreement):

- (a) must be in writing and addressed as follows:
 - (i) if to the Owner, to:
Commonwealth Bank of Australia
Level 8, 101 George Street
PARRAMATTA NSW 2150
 - (ii) if to the Employer, to:
OFFICE OF THE COMMISSIONER FOR PUBLIC SECTOR
EMPLOYMENT ABN 82 205 658 402
Level Ground Floor 290 Victoria SQ ADELAIDE SA 5000
 - (iii) if to the Lessee, to the address specified for the Lessee in the Lease, or to such other address as may be notified to the other parties from time to time or, if an address set out above or otherwise notified is no longer appropriate, to the usual place of business or registered office of the recipient last known as such to the sender
- (b) must be signed by an authorised officer of the sender or the Lessee, as the case may be; and
- (c) will be deemed to be duly given or made in accordance with the provisions of the Lease.

6. MISCELLANEOUS

6.1 Survival of Indemnities

Each indemnity in this Agreement:

- (a) is a continuing obligation;
- (b) constitutes a separate and independent obligation of the party giving it from its other obligations under this Agreement and applies notwithstanding any indulgence granted to that party from time to time; and
- (c) survives the termination of this Agreement.

6.2 Severability of Provisions

If any part of this Agreement is prohibited, void, voidable, illegal or unenforceable under the laws of any relevant jurisdiction then that part is removed from this Agreement for the purposes of that jurisdiction only but without affecting the continued operation of the rest of this Agreement in that jurisdiction or the operation of that part of this Agreement in any other jurisdiction.

6.3 Assignment

No party may assign, create any interest in or otherwise deal with all or any of its rights or obligations under this Agreement without the consent of the others.

6.4 Governing Law and Jurisdiction

This Agreement is governed and interpreted by the same laws which govern the Lease and, in relation to any suit, action or proceeding about this Agreement, each of the parties irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts of that place and courts of appeal from them.

Each party waives any right it has to object to an action being brought in those courts including, without limitation, by claiming that the action has been brought in an inconvenient forum or that those courts have no jurisdiction.

6.5 Counterparts

This Agreement may be executed in any number of counterparts. All of those counterparts taken together are deemed to constitute one and the same instrument.

6.6 Attorneys

Each attorney executing this Agreement states that he has no notice of the revocation of his power of attorney.

6.7 Agency

The parties acknowledge that the owner may be entering into this Agreement as principal or agent. If the owner has entered into this Agreement or the Lease for some other person, the other parties are not entitled to make any objection to that, irrespective of whether the agency is disclosed or otherwise.

Executed as an agreement

Signed for and on behalf of the Employer

Employer Signature

X *George Jones*

Signature of Witness

X *Joe Brown*

Name of Witness

X **Joe Brown**

To be signed by the Finance Manager or Finance Director.

The agreement must be signed by you, your employer and the financier.

Signed by the Lessee	Lessee Signature	<div>You sign here.</div>
	X <i>Sally Smith</i>	
	Signature of Witness	
	X <i>Barbara Roberts</i>	
	Name of Witness	
	X Barbara Roberts	
Signed for and on behalf of the Owner	Signature	
	X <i>Robert Black</i>	<div>The financier signs here.</div>

N1X

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Dealer Tax Invoice

The Great Great Guys
Australian Motors
Australian Motors S.A. Pty Ltd ABN 60 007 635 958 LVD 80
Mitsubishi Wayville
 19-33 Goodwood Road, Wayville SA 5034
 Phone: 08 8179 3666 Fax: 08 8179 3641
 Web: www.australianmotors.com.au



New Vehicle Tax Invoice

Date: July 16th, 2019
 Tai: Invoice #: 119887

Cust. Order#:

Invoice To:
 Example Bank Pty Ltd
 123 Smith Street
 Adelaide 5000

Invoice must be made out to the financier as the financier is purchasing the vehicle and leasing it back to you.

Note that the vehicle will be registered in your name.

Deliver To:
 Sally Smith
 123 George St Adelaide
 5000

Delivery is to you as you are collecting the vehicle.

ZL OUTLANDER LS 2WD 2.4CVT AUTO 7 SEAT

Build Date 18i03/19
 Compliance Date 18i03/19
 Cust Order:
 Rego No
 Dealer order No.
 Serial No.

Colour RED I BLACK MICROSUEDE / LEATHERETTE
 Stock#:
 Engine No.
 Key#:
 Customer#:
 Saleperson

Price of vehicle (excl GST).

Vehicle Price 30,718.18

RED Paint Included
 Metallic 627.27

PROCUREMENT FEE

Dealer Delivery

Any optional extras and other costs must be listed (excl GST).

400.00
 495.00

Total cost of vehicle (excl GST). This is the amount to be financed.

Discount
 National Business Discount

2,060.67
 3,200.00

Amount Subject to GST
 GST

GST must be shown.

26,979.78
 2,697.97

Compulsory Third Party And Registration
 Registration Admin Fee
 SA Plate Fee
 Stamp Duty

These items are GST free so there is no GST benefit from financing them. You can choose to finance these items or pay upfront. If financed, they will attract interest.

742.25
 30.00
 30.00
 1,320.00

Do not show on the invoice if you are paying upfront.

Vehicle Total Including GST

31,800.00

Less Settlement

BALANCE PAYABLE

31,800.00

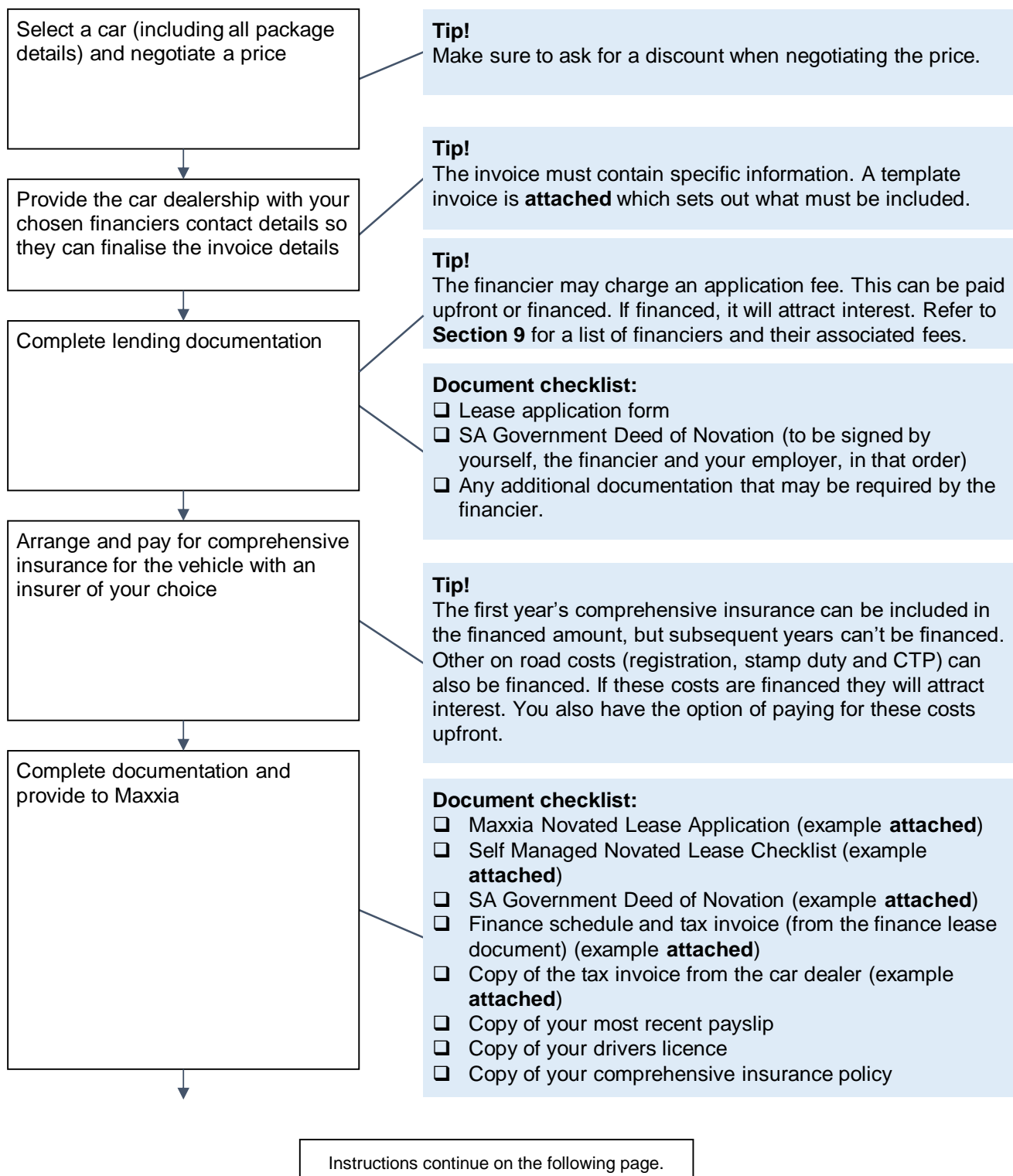
This is the amount the financier will pay to the dealership. The financier will claim back the GST.

The amount financed to you on your lease documentation should be this amount less GST.

Appendices

Appendix 1 – Detailed step-by-step instructions

The detailed instructions to set up your self-managed lease are provided in the flow chart below.



Instructions begin on the previous page.

Set up a budget for your ongoing self managed lease

Tip!

It is better to over estimate your costs rather than under estimate as Maxxia will not make payments if your account is in deficit.

Finance lease is settled by the financier

The budget will need to include the following costs/expenses:

- ☐ Lease repayment amount
- ☐ Registration
- ☐ Servicing and maintenance
- ☐ Replacement tyres
- ☐ Comprehensive insurance renewal
- ☐ Roadside assistance membership (optional)
- ☐ Incidentals - car washes, detailing etc (optional)

See **Section 5** for information on how to set up the budget.

Collect the vehicle

Maxxia completes set up of your account

Maxxia will:

- ☐ Set up the salary deductions from your pay
- ☐ Provide you with a fuel card (BP only)
- ☐ Set up your novated lease repayments with the financier
- ☐ Set up your insurance repayments

See **Section 1** for further details of what services Maxxia provides and what you must do yourself.

Set up access to the Maxxia App to claim all other payments (e.g. tyres, registration, servicing etc)

Tip!

See **Section 6** for further information.

Appendix 2 – How to set up a budget for your self-managed lease

You are responsible for setting your own budget to pay for the lease repayments and running costs (which you will need to pay and have reimbursed when sufficient funds are available in your account). The advantage of this is that you have full control over the costs as you organise your own insurance, choose your servicing provider and whether you require any other maintenance e.g. car washing, detailing etc.

Using the same example as earlier, the table below provides an example budget for Sally's vehicle. These amounts are deducted from Sally's fortnightly pay (pre and post-tax) and the funds will remain in her Maxxia account until lease payments are made by Maxxia or Sally submits a claim for reimbursement.

It is important to avoid underestimating the incidental costs associated with leasing your vehicle (i.e. fuel, tyres, servicing etc.). Maxxia does not accept any responsibility for insufficient funds being available to make the lease payments and will not process reimbursement claims if there are insufficient funds in the account. If you find that your Maxxia account is in deficit, you can contact Maxxia (call **1300 123 123** or email **info@maxxia.com.au**) to update your budget and take any changes into account. You can check your Maxxia account at **securemaxxia.com.au/SecureMaxxia/**