



part of GE Capital

Novated Leasing

A Beginners Guide





Contents

Page 3	About this Guide
Page 4	The Case Study
Page 5	What is a Novated Lease?
Page 6	What is a Lease?
Page 7	Fully Maintained vs. Budgeted Leases
Page 8	Custom Fleet Novated Products
Page 10	Product Summary
Page 11	Why take a Novated Lease?
Page 16	Service and Support
Page 17	How does Fringe Benefit Tax affect you?
Page 19	Employee Contribution Method
Page 20	Getting Started
Page 24	Frequently Asked Questions
Page 29	The Process



part of GE Capital

About this Guide

This guide has been developed by Custom Fleet to provide you with an overview of our Novated Leasing products and services. It is not intended to be advice and does not take into account your personal circumstances. Custom Fleet does not accept any responsibility for any loss that is suffered as a result of any party relying on the information contained in this guide.

Please contact our Novated Leasing Team on 1800 811 922 for full terms and conditions of our Novated Leasing products and services.

Important Information

A Novated Lease may not be right for everybody. Before making a decision on whether to obtain a Novated Lease, Custom Fleet recommends that you seek independent advice from your financial, taxation and/or legal adviser.

The information contained in this guide is current as at 1 July 2010 and is based on the Statutory Method for calculating FBT. Changes in the income tax rates and brackets are likely in the future, which will impact the benefits of Novated Leasing.

About Custom Fleet

Custom Fleet is part of GE Commercial Finance, one of the world's leading non-bank lenders and fleet management companies. Custom Fleet is the largest fleet management and leasing provider in the Australasian marketplace, and has been providing fleet management and financing solutions longer than any other industry participant in Australia.

In the specific area of Novated Leasing, Custom Fleet has one of the most broad and innovative product ranges available. This has led to our enviable position of servicing some of the largest and most respected Australian and Multinational companies over a long period of time.

What does this mean for you?

It means that Custom Fleet has the experience, products and services to provide you with an easy, hassle free Novated Leasing experience.



part of GE Capital

The Case Study

Throughout this guide we will refer to the basic case study below to assist you in understanding Novated Leasing.

Mary's company XYZ Pty Ltd has signed up with Custom Fleet to provide employees the option of taking on a Novated Lease.

Mary wants to buy a Mitsubishi Pajero for \$51,432. Mary will drive the car to and from work each day and estimates she will travel around 23,000 kilometres a year, none of which are business related. Mary earns \$90,000 per annum.

Mary is looking at two options:

- *salary sacrificing a Novated Lease through her package, or*
- *financing the vehicle on a vehicle loan from her bank.*

To see a comparison of the effect on Mary's take home pay for these two options see the Case Study Comparison on page 12.

The Case Study assumes:

- *XYZ Pty Ltd is entitled to a full input tax credit for all payments under the novated lease;*
- *Mary is an Australian tax resident and has private health insurance;*
- *the vehicle cost of \$51,432 is made up of the base value of the car \$49,588 plus on road charges of \$1,844;*
- *when financing from her Bank, we assume that Mary can access the same Interest Rate offered by Custom Fleet;*
- *Mary can operate the vehicle for the same running costs as Custom Fleet; and*
- *if Mary operates the vehicle herself, she pays no fees to Custom Fleet.*

The case study is an example only and you should consider the benefits of a Novated Lease in relation to your own personal circumstances.



part of GE Capital

What is a Novated Lease?

The principle of a Novated Lease is that you as an employee enters into a lease for a vehicle. As part of your salary package, you transfer (novate) your obligations under the Novated Lease to your employer, who makes the lease payments. Your employer then deducts the lease payments from your pre-tax salary.

So if Mary enters into a Novated Lease with Custom Fleet for the Pajero, she novates her obligations under the Novated Lease to XYZ Pty Ltd. XYZ Pty Ltd agree to pay Custom Fleet and deduct the lease payments from Mary's pre-tax salary as long as Mary remains employed by them.



part of GE Capital

What is a Lease?

A lease is a popular form of finance where Custom Fleet (as lessor) and the customer (as lessee) enter into an agreement whereby the lessee obtains the right to use a vehicle in exchange for payments. There are two types of leases generally available:

- operating lease; and
- finance lease.

Operating Lease

Under an operating lease, the lessee enjoys the use of the vehicle for an agreed term in exchange for making lease payments. At the end of the lease term, the lessee simply hands back the vehicle to Custom Fleet in good condition and the lessee has no further obligations.

Finance Lease

A finance lease is the same as an operating lease, except that you (as lessee) guarantees the value of the vehicle at the end of the lease. This guaranteed value is known as the residual value (RV).

At the end of the lease term, you (as lessee) return the vehicle to Custom Fleet, and Custom Fleet will arrange for the vehicle to be sold or valued. If the GST exclusive sale price or valuation (less costs) is less than the residual value set at the start of the lease, then you (as lessee) pay the shortfall to Custom Fleet. When a finance lease is novated, this obligation remains with you.

The Australian Tax Office has published minimum residual value percentages for finance leases:

Lease term (Years)	Minimum RV %
1	65.63%
2	56.23%
3	46.88%
4	37.50%
5	28.13%



part of GE Capital

Fully Maintained vs. Budgeted Leases

A vehicle may be leased on a fully maintained or budgeted basis.

Fully Maintained Lease

Under a fully maintained lease Custom Fleet include the maintenance costs of the vehicle based the expected use. You will pay only the agreed lease amount as long as you do not exceed the expected kilometre limit.

The benefit of a fully maintained lease is that Custom Fleet bears the maintenance risk on the vehicle.

If you choose this option fuel and insurance can be provided on a budgeted basis.

Budgeted Lease

Under a budgeted lease, the lease payment and the budgeted maintenance and fuel costs are shown separately. The budgeted amounts are compared to the actual costs periodically throughout the lease and at the end of the lease. If actual costs are less than budgeted amounts, the difference is refunded to you (as lessee). If actual costs are greater than the budgeted amounts, then you (as lessee) pay the excess costs.

The benefit of a budgeted lease is that you are only charged the actual costs incurred by your vehicle, which may suit your usage.



part of GE Capital

Custom Fleet Novated Products

Fully Maintained Operating Lease ("FMOL")

Features of Mary's novated Fully Maintained Operating Lease include:

- *all vehicle running expenses are incorporated in the lease rental which is paid by Mary's employer XYZ Pty Ltd from her pre-tax salary;*
- *fuel and insurance are provided on a budgeted basis. Mary is provided with monthly reports on the budget versus actual for these expenses. During the lease and at the end of the lease, the budget versus actual costs is compared. If actual costs are less than budgeted costs, the surplus is refunded to XYZ Pty Ltd who in turn pays this amount to Mary. If the actual costs are more than the budgeted costs, the shortfall is invoiced to XYZ Pty Ltd and deducted from Mary's pre-tax salary;*
- *at the end of the lease term, Mary does not need to be concerned about what the vehicle is worth. Mary can simply return the vehicle to Custom Fleet in good condition. If Mary exceeds the kilometre limit she specified at the start of the lease, Mary will be responsible for paying an excess usage fee at the rate per kilometre specified in her lease.*

Alternatively, at the end of the lease, if Mary wants to keep using the vehicle, Mary can ask Custom Fleet to consider an extension of the lease or Mary may make an offer to purchase the vehicle.

Fully Maintained Finance Lease ("FMFL")

Features of Mary's novated Fully Maintained Finance Lease include:

- *all vehicle running expenses are incorporated in the lease rental which is paid by Mary's employer XYZ Pty Ltd from her pre-tax salary;*
- *fuel and insurance are provided on a budgeted basis. Mary is provided with monthly reports on the budget versus actual for these expenses. During the lease and at the end of the lease, the budget versus actual costs is compared. If actual costs are less than budgeted costs, the surplus is refunded to XYZ Pty Ltd who in turn pays this amount to Mary. If the actual costs are more than the budgeted costs, the shortfall is invoiced to XYZ Pty Ltd and deducted from Mary's pre-tax salary;*



part of GE Capital

- *Mary has a guaranteed residual value for the vehicle at the end of the lease. This obligation is Mary's and has not been Novated to her employer, XYZ Pty Ltd. This means when Mary returns the vehicle to Custom Fleet, (who will arrange for the vehicle to be sold or valued) that in the event that the GST exclusive sale proceeds or valuation (less costs) is less than the residual value, Custom Fleet will invoice Mary for the difference.*

Alternatively, at the end of the lease, if Mary wants to keep using the vehicle, Mary can ask Custom Fleet to consider extending the lease or Mary may make an offer to purchase the vehicle.

Budgeted Finance Lease ("BFL")

Features of Mary's novated Budgeted Finance Lease include:

- *all vehicle running expenses including fuel, insurance, maintenance, servicing, mechanical repairs and tyres are provided on a budgeted basis. Mary is provided with monthly reports on the budget versus actual costs to manage the vehicle usage and these expenses;*
- *during the lease and at the end of the lease, the budgets versus actual costs are compared. If actual costs are less than budgeted costs, this amount is refunded to XYZ Pty Ltd who in turn pays this amount to Mary. If the actual costs are more than the budgeted costs, the shortfall is invoiced to XYZ Pty Ltd and deducted from Mary's pre-tax salary;*
- *Mary has a guaranteed residual value for the vehicle at the end of the lease. This obligation is Mary's and has not been Novated to her employer, XYZ Pty Ltd. This means when Mary returns the vehicle to Custom Fleet, (who will arrange for the vehicle to be sold or valued) that in the event that the GST exclusive sale proceeds or valuation (less costs) is less than the residual value, Custom Fleet will invoice Mary for the difference.*

Alternatively, at the end of the lease, if Mary wants to keep using the vehicle, Mary can ask Custom Fleet to consider extending the lease or Mary may make an offer to purchase the vehicle.



part of GE Capital

Product Summary

Features	FMOL	FMFL	BFL
Lease Payment	Included	Included	Included
Servicing/Maintenance	Included	Included	Budgeted
Roadside Assistance	Included	Included	Included
Registration/Renewal #	Included	Included	Included
Driver Reporting	Included	Included	Included
Insurance^	Optional	Optional	Optional
Fleet Card	Included	Included	Included
Fuel	Budgeted	Budgeted	Budgeted
FBT*	Budgeted	Budgeted	Budgeted
Residual Risk	Custom Fleet	Employee	Employee
Maintenance Risk	Custom Fleet	Custom Fleet	Employee

Custom Fleet will administer the registration renewal. You are responsible for satisfying any conditions in relation to registration such as sending us the registration papers or having the vehicle inspected in States or Territories that require a road safety certificate.

^ Custom Fleet is not an insurer. You can arrange your own insurance or ask us for details about insurance products offered by our preferred suppliers.

* Your employer is responsible for reconciling its fringe benefits tax liability annually.



part of GE Capital

Why take a Novated Lease?

Many people use a Novated Lease as a cost effective means of financing a vehicle.

Income Tax and Fringe Benefits Tax (FBT)

Under a Novated Lease your employer pays your lease payment out of your pre-tax salary, this is known as salary sacrificing. Under a Novated Lease you are effectively not paying income tax on the amount of your lease payments being paid out of your pre-tax salary.

However, your employer has to pay FBT on the vehicle being provided to you under the Novated Lease. The amount of the FBT is generally charged back to you through additional pre-tax salary deductions.

The savings achieved by a Novated Lease arise when there is less FBT payable than income tax that would have been payable were there no salary sacrifice. This is explained further in the FBT section below.

Novated Leases can still provide advantages for employees who are not in the higher income tax brackets or travel long distances on an annual basis (refer to the Section on Employee Contribution Method below).



part of GE Capital

Case Study - Comparison

Using the Case Study, the following provides a comparison between Mary financing and paying the vehicle operating expenses from her take home pay versus a Novated Lease, with and without an Employee Contribution.

The example assumes the expenses remain constant and that Mary can purchase and maintain the vehicle as efficiently as Custom Fleet. With Custom Fleet's superior buying power, Custom Fleet achieves significant discounts on purchase prices and maintenance costs.

Salary Components	Not Packaged	Traditional Novated	Novated – Employee Contribution Method
Gross Taxable Income	\$90,000	\$90,000	\$90,000
Salary Sacrifice Vehicle Costs	\$0	\$16,883	\$7,867
GST on Employee Contribution	\$0	\$0	\$902
FBT	\$0	\$9,522	\$0
Net Taxable Salary	\$90,000	\$63,595	\$81,231
Tax Payable (incl. Medicare)	\$24,450	\$14,633	\$20,810
After Tax Salary	\$65,550	\$48,962	\$60,421
Vehicle Costs	\$18,066	\$0	\$0
Employee Contribution	\$0	\$0	\$9,918
Net Income After Tax/Vehicle Costs	\$47,484	\$48,962	\$50,503
Employee Advantage via Packaging	\$0	\$1,478	\$3,019

Using the above facts:

- Mary's net income after tax and novated lease payments is \$1,478 higher than Mary financing and paying the vehicle operating expenses from her take home pay;
- by making a \$9,918 annual Employee Contribution from her take home pay, Mary's net income after tax and novated lease payments (including the Employee Contribution) is \$3,019 higher than financing and paying the vehicle operating expenses from her take home pay.



part of GE Capital

GST

GST is payable on the purchase price of a vehicle as well as most vehicle related expenses. Custom Fleet is entitled to claim an input tax credit up to the depreciation limit of the vehicle. Currently, that limit is \$57,466, which means the maximum input tax credit claimable is \$5,224.

Your lease payments are calculated on the vehicle purchase price less the GST Custom Fleet is entitled to claim as an input tax credit. In addition, as most employers are entitled to claim input tax credits for the GST paid on the lease payments and other vehicle related expenses, by using a Novated Lease, additional savings can arise.

Using the facts from the Case Study, additional savings of \$4,521.27 in GST would arise on the purchase price of the Mitsubishi Pajero, as the lease payments are calculated on the GST exclusive price of the vehicle. Additionally, Mary also saves approximately \$1,183 in GST per annum on vehicle related expenses as her employer XYZ Pty Ltd is entitled to a GST credit that would ordinarily be payable by her had she financed the vehicle herself.

Vehicle Purchase Price Savings and VIP Treatment

Custom Fleet's purchasing power is passed on to you through our preferred supplier network including preferential rates and/or service.

Negotiated Parts and Labour Rates

Custom Fleet offers you access to superior discounts across a range of goods and services including vehicle servicing, maintenance, tyres, batteries and windscreens.

We don't just pay vehicle related expenses; we control them by pre-authorising maintenance and repair work and reducing the risk of over servicing. We are confident that our superior service offering means superior savings for you.



part of GE Capital

Fuel Savings with Unprecedented Coverage

Custom Fleet's Fleet Card is accepted at over 6,500 outlets across Australia. Discounts may also be available where fuel is purchased from participating Shell outlets.

Insurance

We have preferred supplier arrangements with an insurer to provide comprehensive motor vehicle insurance at competitive rates. Features of the insurance are designed with a Novated Lease in mind. Let us know if you would like more information about the product features.

Enhanced Budgeting

People tell us that they like the fact that all of their vehicle related expenses come out of their pre-tax salary, meaning it is one less thing to worry about in running the household.

Vehicle Choice

Subject to any guidelines your employer may have to the contrary, you are free to choose a vehicle of your choice and accessorise it to suit your lifestyle.

Choice of Salary Sacrifice Amount and Multiple Vehicles

Subject to any guidelines an employer may have to the contrary, you may:

- select the amount of salary you wish to sacrifice; and
- salary sacrifice more than one vehicle.

Access to a New Vehicle

Novated Leasing provides employees that may not normally be 'entitled' to a company vehicle with an opportunity to experience the joys of driving a new car or upgrading their old car in a cost effective way.



part of GE Capital

Flexible Lease Term

You have the flexibility to choose a commercially acceptable Novated Lease term to suit your circumstances.

Peace of Mind Plan (Corporate Level Option)

Your employer must select this service. It allows you to return the vehicle in the event of redundancy with no early termination penalty. Conditions and fees apply.

Portability

The lease is transferable between employers (subject to each employer consenting).



part of GE Capital

Service and Support

Your Personal Consultant

We provide you with a single contact point from the first conversation to your vehicle delivery and throughout the life of your Novated Lease.

Internet Access

Secure Internet access so you can obtain a quote, approve a quote, create an order, obtain Employers approval, execute an agreement, and track your vehicle order's progress all online and without producing one piece of paper. It also provides access to supplementary vehicle salary packaging information.

Support and Advice

Custom Fleet provides continued support and advice throughout the life of your Novated Lease.



part of GE Capital

How does Fringe Benefits Tax affect you?

Under a Novated Lease, your employer leases a vehicle and makes it available to you for your enjoyment. This non-cash benefit attracts a tax, FBT, which is payable by your employer and is normally charged back to you as a salary deduction.

A packaged motor vehicle remains one of the few components of remuneration that can provide an after tax benefit. The savings achieved by Novated Leasing depend on your marginal income tax rate and the amount of FBT that is payable.

There are two methods of calculating FBT for Novated Leases. The most common method is the Statutory Formula Method. This method makes no distinction between business and private use of the vehicle, removing the need to keep a logbook to monitor business usage.

Using this method, a statutory rate is charged depending on the number of kilometres travelled during the FBT year. The percentage is applied to the vehicles 'base value' (purchase price) and varies depending on vehicle usage. The higher the usage, the lower the FBT. A benefit arises when there is less FBT payable than income tax that would have been payable were there no salary sacrifice.

The rate of FBT is determined on a sliding scale as follows:

Total kilometres FBT year	FBT Statutory Rate
Less than 15,000	26%
15,000 to 24,999	20%
25,000 to 40,000	11%
Greater than 40,000	7%

The FBT year commences on 1 April and ends on 31 March.



part of GE Capital

Employee Contribution Method

Employee Contributions result in a reduction of the FBT payable and are beneficial where your taxable income is less than the top marginal tax rate (currently \$180,000).

This is because FBT is calculated using the top marginal tax rate whereas income tax is calculated using your actual marginal tax rate.

Our online service enables you to make a comparison between the net effect on your take home pay using the traditional payment of FBT and the Employee Contribution method. This enables you to assess which method is most cost effective for you.

The Employee Contribution method is an option Custom Fleet offers to its clients. However, it is ultimately up to your employer as to whether it is made available for their employees.

Custom Fleet can provide you with further information regarding the Employee Contribution method should you wish to consider this option.

Using the Case Study, assuming Mary has travelled 23,000 kilometres, the statutory FBT rate is 20%.

Pajero FBT Base Value \$49,588

Kilometres Traveled 23,000

Mary's Contribution = \$49,588 x 20%

= \$9,918

If Mary makes a contribution from her post tax salary of \$9,918, the FBT is reduced to zero. Also, using the Case Study Comparison on from page 12, by making this contribution, Mary is able to maximise the benefits of Novated Leasing.



part of GE Capital

Getting Started

Finding A Car

We strongly encourage you to use a Custom Fleet Key Dealer. For a list of current Key Dealers contact us on 1800 811 922.

They are waiting to treat you as a preferential customer. Advantages in using a Custom Fleet Key Dealer include:

- VIP Service;
- large range of models;
- our insistence on the freshest stock available;
- accuracy of paperwork
- a full tank of fuel (to a maximum of 70 litres); and
- genuine accessories quoted and fitted.

Please do not sign any contracts or place any deposits with dealers on vehicles before talking to Custom Fleet.

If you have already found a vehicle, Custom Fleet will expect your dealer to comply with the same standards that Custom Fleet places on its Key Dealers. Please contact us on 1800 811 922 for a quote request form. Custom Fleet requires your dealer to complete and return a copy of this form to progress the purchase of the vehicle.

Secondhand Vehicles

You can lease a used vehicle, as long as it meets certain age and kilometre criteria. Please contact us on 1800 811 922 for a quote request form. Custom Fleet requires your dealer to complete and return a copy of this form to progress the purchase of a used vehicle.

Completed forms should be emailed to novatedsales@customfleet.com.au or faxed to 02 8899 5454.



part of GE Capital

Fully Maintained Operating Leases on a used vehicle –

- Vehicle must be an ex-lease vehicle from Custom Fleet; and
- Vehicle must be no greater than 5 years old or 200,000km at lease end.

Fully Maintained Finance Leases on a used vehicle –

- Vehicle must be an ex-lease vehicle from Custom Fleet or purchased via a franchised motor vehicle dealer (subject to Custom Fleet's approval); and
- Vehicle must be no greater than 5 years old or 200,000km at lease end.

Budgeted Finance Leases on a used vehicle –

- Vehicle must be an ex-lease vehicle from Custom Fleet or purchased via a franchised motor vehicle dealer (subject to Custom Fleet's approval); and
- Vehicle must be no greater than 7 years old or 200,000km at lease end.

To find out more about ex-lease vehicles available from Custom Fleet, please telephone 1800 811 922.

Affordability & Benefits

We suggest that you start by accessing our Benefits Simulator to check on affordability and savings that can be achieved for your particular circumstances. All that is required is:

- your annual salary;
- estimated vehicles cost; and
- your estimated annual kilometres.

The simulator does the rest, telling you what effect the vehicle will have on your disposable income and the potential benefits of using a Novated Lease.



part of GE Capital

Getting a Quote & Calculating The Savings

'Cost to Package' quotes for new vehicles can be obtained directly from the Custom Fleet website at www.customfleet.com.au. You are able to quote for new vehicles under \$80,000 using Custom Fleet's pricing from our Key Dealers, or, if you have obtained a quote for a new vehicle from a dealer you are able to input that pricing online. Our Novated Team are able to help you at any time, just call 1800 811 922.

Our Team can assist you should you require a quote on a used vehicle or a vehicle over \$80,000.

Getting a Login for our website

A Login is only available once your employer has agreed to commence leasing vehicles from Custom Fleet.

Step 1: Go online to www.customfleet.com.au.

Step 2: From the Client Login Tab, select Salary Packaging Login.

Step 3: Click on the New User button. This will open a new screen.

Step 4: Complete the form and click on the Enter button.

Your login, password and pin will be emailed to you.

Can I lease any car I choose?

Yes. One of the main benefits of Novated Leasing is that you can choose whichever vehicle you like. The only conditions are:

- it must be deemed to be a "car" by the ATO meaning motorcycles, boats and commercial vehicles do not qualify; and
- any policies or guidelines your employer may have.



part of GE Capital

What are the credit approval and lease documentation requirements?

You are able to complete your Novated lease order, including the application and documentation online. To submit your order you will need to read and complete a Privacy Consent and Lease Application that asks for some basic information relating to your financial status. You also need to review and accept the terms of the Novated Lease and attach requested supporting documentation including a scanned copy of your Driver's License. It is important that you read and understand these forms and contact us on 1800 811 922 if you have any questions. Once you submit these online forms, you should receive confirmation of your credit approval within 24 hours.

Will I need approval from my Employer?

Your employer representative will be notified by email when you submit your Novated Lease order. They are then able to login to the website where they can confirm your employment details. Your employer must agree to commence leasing the vehicle from Custom Fleet and to make the required monthly salary deductions.

How long will the whole process take?

We recommend that you start the process as early as possible. Uncontrollable delays can occur particularly for popular or new models.

If:

- the vehicle is in stock and you do not want it overly customised or accessorised
- your employer fulfills their obligations within a timely manner; and
- your credit application proceeds smoothly,

Custom Fleet can have the order placed with the dealer in under 24 hours.



part of GE Capital

Frequently Asked Questions

What type of Lease do most people take?

Custom Fleet's experience shows that our customers are evenly balanced between Fully Maintained Operating Leases and Budgeted Finance Leases. In both cases the most popular term is three years.

Who is eligible for a Novated Lease?

Custom Fleet will extend credit only to permanent full time employees. Our standard terms and conditions apply.

How will you protect my privacy?

We will ask you to acknowledge a Privacy Consent that outlines how we use and protect your personal information. This includes disclosing information to a credit reporting agency, your employer and the dealer to the extent each of them needs to know the information or to undertake a search of your credit history. We may also use your details to tell you about our products and services including any exciting developments.

What if I take delivery of my vehicle during the FBT year?

If you take delivery of your vehicle during the FBT year, you need to travel your nominated kilometres on a pro-rata basis. For example if you nominate that you will travel 25,000km per annum for FBT and you receive your lease on 1st October (half way through the FBT year), you need to have travelled at least 12,500km by the 31st March to reach your selected FBT bracket.

What is the Luxury Car Tax Limit and how would it affect my lease?

The Luxury Car Tax Limit is \$57,466. Vehicles with a purchase price above this amount are subject to Luxury Car Tax in addition to the GST. This additional tax is included in the monthly lease rental. An additional rental component will also be itemised on your cost to package quote.



part of GE Capital

The lease of a luxury car may be subject to Schedule 2E, Division 42A of the Income Tax Assessment Act 1936 which deems it to be a notional sale and loan transaction. In relation to the lease of a luxury vehicle, Custom Fleet recommends that you seek independent financial, tax and/or legal advice.

Is comprehensive insurance included?

All leased vehicles must be comprehensively insured.

You have two options for including Comprehensive Insurance in your cost to package:

- Custom Fleet can arrange insurance through its preferred supplier. The preferred supplier arrangements provide comprehensive motor vehicle insurance at competitive rates with features designed with Novated Leasing in mind. Let us know if you would like more information about the product features.
- Source your own insurance and provide the annual premium and policy details to Custom Fleet so we can organise a reimbursement and include an amount in your cost to package.

What is Accident Management?

Custom Fleet's Novated Lease products include an accident management service. Simply call the number contained in your drivers guide at the time of an accident, and we can assist you to deal with the accident, make an insurance claim, have the vehicle repaired, etc.

Can tolls and parking infringements be included in my lease?

No. The ATO guidelines state that tolls and parking infringements cannot be included in a Novated Lease.



part of GE Capital

What does 'Kilometre Ceiling' or 'Km ceiling' on my application mean?

The kilometre ceiling represents the total number of kilometres to be travelled over the term of the lease.

If the vehicle is used, the kilometre ceiling is the number of kilometres the vehicle has travelled at the start of the lease plus the number of kilometres to be travelled over the lease term.

Who can drive my Novated Lease vehicle?

It is completely up to you; however there may be restrictions from your insurer or employer on who can drive the vehicle.

How do I purchase fuel and when will I get my fuel card?

Your Novated Lease comes with a Fleet Card for all your fuel purchases. Fleet Card is accepted at over 6,500 participating multi-branded service stations nationwide.

Do I get a Driver's Guide?

Yes. You receive a Driver's Guide with your documents. The Guide details all the information you need to know about running the vehicle including servicing, maintenance and accident management procedures.

What do I do if my vehicle is due for a service?

All you need to do is look up a dealer via our merchant locator on our website at www.customfleet.com.au and ring that dealer to book the vehicle in for a service at a time that suits you.

When dropping the car off, let them know that Custom Fleet manages the vehicle and they will know what to do next.



part of GE Capital

How do I track what I have spent against the budgets included in my package?

You will receive a monthly vehicle report. This report details the balance of your package on a life to date basis.

How can I track my actual kilometre usage against my lease kilometre limits?

You need to provide a kilometre reading each time you purchase fuel. Your monthly vehicle report will track your actual kilometres against your kilometre limit. This report also advises how your kilometres are tracking for fringe benefits tax.

What if I need Reimbursement?

If you ever need to pay for fuel, maintenance or other related expenses with your own money, Custom Fleet can reimburse you from your running cost budget ensuring that all costs are paid from your "pre tax" salary. Simply contact us on 1800 811 922 for a Reimbursement Form and Custom Fleet will reimburse the money back into your nominated bank account via EFT.

Vehicle Registration

Custom Fleet will arrange for the vehicle to be registered at our mailing address. The cost for registration is included in your lease, and will be paid by Custom Fleet. We will send you the registration label each year, and you are responsible for ensuring the new label is attached to the vehicle.

If the vehicle becomes unregistered, your authority to use the vehicle is withdrawn and you must make sure that nobody drives the vehicle.

What if I spend less money than my employer deducts?

These amounts are returned to you via your payroll at the end of the lease term.



part of GE Capital

What if I spend more money than my employer deducts?

These amounts are invoiced to your employer and deducted via your pre-tax salary.

When does my cost to package get reconciled?

In the event of any of the following:

- if you are tracking well ahead or behind on your budget, the budget may be reconciled periodically;
- at the end of the lease term; or
- if your employment is terminated.

What happens if I leave my employer during my lease term?

If you leave or are planning to leave your employer, you must notify Custom Fleet in writing as soon as possible. The Novation Agreement with your employer will be terminated upon cessation of employment and you become the lessee of the vehicle. This means that you will become solely responsible for making all lease payments. You may also contact us on 1800 811 922 to discuss alternative arrangements.

Custom Fleet will provide your employer with a package reconciliation that includes your FBT liability to assist them in preparing your final deduction. As some costs may not be known on the date the novation is terminated, it may take up to 48 hours to complete the reconciliation to calculate your final payment or refund.

What happens at the end of my lease?

Four months prior to the end of the lease term, we will contact you to remind you that your lease term is approaching and outline the alternatives that are available to you.



part of GE Capital

The Process

Step 1

Employee obtains a quote, creates an order, and agrees/executes the Novated Lease online.

Step 2

Employer representative is sent a request to login to the Custom Fleet website and confirm the applicants employment details and accept the Novated Lease on behalf of the employer. At the same time the Dealer is automatically requested via email to confirm availability and pricing.

Step 3

Credit Approved (usually within 24 hours). If credit is not approved then Custom Fleet will contact the employee immediately.

Step 4

Custom Fleet accepts the Novated Lease and places the order with the dealer. Employee and Employer receive a copy of the final quote, Novated Lease Terms and Conditions, Vehicle Schedule, Insurance Product Disclosure Statement and audit record

Step 5

Vehicle delivered. Once dealer confirms vehicle details, Custom Fleet orders your fuel card (Fleet Card). The Fleet Card is sent directly to the driver.

Step 6

Employer is notified of delivery in order to start salary deductions. The Employee and the Employer receive a final Vehicle Schedule by email.

Step 7

Employee receives Monthly Vehicle Report the month following lease activation and every month thereafter until the end of the lease.

Step 8

Life of Lease – managed by Custom Fleet – all vehicle expenses paid by employer (until lease end or termination of Novation Agreement).



part of GE Capital

If you have any questions regarding Novated Leasing call us on:

1800 811 922

For Salary Packaging online visit:

www.customfleet.com.au