



EZIWAY NOVATED LEASING

# All you need to know about Novated Leasing





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## NOVATED LEASING

### Q: What is a Novated Lease?

A: A Novated Lease is a three-way arrangement between you, your employer and the finance company. The employee agrees to sacrifice a portion of their pre and post-tax income to pay the finance repayments and running costs of a new car. Their employer agrees and transfers funds from payroll to Eziway each pay cycle who pays the monthly installments on the employee's behalf.

### Q: How does a Novated Lease work?

A: A car is leased in your name. Instead of paying with post-tax money, you pay finance repayments and running costs with a combination of pre and post-tax money. This reduces your taxable income. A residual amount remains at the end of the lease term which can be paid out, refinanced or rolled over into a new lease.

### Q: What are the benefits of a Novated Lease?

A: There are many benefits to a Novated Lease, including; paying for motor vehicle costs in pre-tax dollars, tax savings for the life of the lease, fleet discounts at purchase, choice of any car, flexible lease contract terms, fixed interest and repayments, and more.

### Q: Do I earn enough for a Novated Lease?

A: You may be surprised to know that you do not have to earn a high income to qualify for a Novated Lease. The best thing to do is consult our Novated Lease specialists who will provide you with a Salary Packaging Impact Statement.

### Q: Are there different types of Novated Leases?

A: Yes, there are two types; Fully-Maintained and Finance-only. With a Fully-Maintained Lease Eziway coordinates everything on your behalf – including sourcing your car and finance, arranging all the paperwork and fuel cards, and paying your bills. All your vehicle repayments and running costs are bundled into one regular payroll deduction. A Finance only Lease lets you source the vehicle and pay any insurances upfront. You'll also be responsible for all your own budgeting and bill payments (including servicing), which will then be reimbursed.

### Q: Do I have to use Eziway insurance?

A: Not at all. If you're happy with your comprehensive insurer we simply budget for the annual premium and put that money aside so you can make the most of your pre-tax benefits. But if you choose to include Eziway's insurance provider in your novated lease you can rest easy knowing you're fully covered and at a very competitive premium.



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# All you need to know about Novated Leasing

## BEFORE A LEASE

**Q: Can I choose my car?**

A: Yes, as long as the car is purchased through a dealer (car yard) and is within the allowed age (can be up to 12 years), at the end of the lease. You can also Novate a privately purchased car (conditions apply with this arrangement, contact your Novated Lease Consultant).

**Q: What type of cars can be leased?**

A: Any type, but heavy commercial vehicles and motorbikes are not permitted.

**Q: Can I lease an Electric Vehicle (EV)?**

A: Yes, and you may be eligible for the FBT exemption provided you meet the criteria. To qualify for this exemption:

- The first retail sale for the EV on the 1st of July 2022 or later, (orders prior to the 1st of July 2022 qualify if they were delivered on the 1st of July 2022 or later);
- The value of the car is less than Luxury Car Threshold of fuel efficient vehicles.

For more information, please contact your Novated Lease Consultant.

**Q: Can I lease a second-hand vehicle?**

A: Yes, as long as the car is purchased through a dealer (car yard), and is within the allowed age (can be up to 12 years), at the end of the lease. You can also Novate a privately purchased car (conditions apply with this arrangement, contact your Novated Lease Consultant).

**Q: Can I source my own vehicle quote?**

A: Of course. We encourage you to use our already reduced quotes to shop around for cheaper deals.

**Q: What lease term can I choose?**

A: Finance companies offer the best rates on terms from 3 to 5 years, but Novated Leases are available for terms anywhere from 1 to 5 years.

**Q: What is a residual value?**

A: A residual value is an amount owing to the financier at the end of the Novated Lease, much like a balloon payment. This amount is set by the ATO as a percentage of the initial purchase price and generally estimates what the car will be worth at the end of the term.

**Q: What is the approval process?**

A: At Eziway, getting approval for your novated lease is fast and easy. Wherever possible, the application is approved within 24 hours of receiving your request.



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**Q: What information do I need before I call to enquire about novated leasing?**

A: It depends on how much information you require on your initial phone call, but it might be a good idea to have at your disposal:

- the make and model of your current car (if you have one)
- an idea of the make and model of the car you want
- how many kilometres you think you'll travel each year
- your employer and annual income.

A great way to explore your options is to try our Eziway Car Search tool, you can see what a vehicle will cost you and learn a little more about the specifications and features of cars you are keen on. Subscribe to Eziway Car Club for reviews on popular models and the latest car news.

**Q: When will my contributions start?**

A: The start of your contributions will depend on your employer's cut-off dates for making changes to your pay. It can take up to two weeks for your contributions to start, but we will email you your Benefit Summary outlining the amounts and commencement date.

**Q: When I get my lease quote, what are the next steps?**

A:

- Review the numbers to ensure you understand and are happy with them (if not, contact us on 1800 932 394).
- Confirm you are ready for your Novated Lease Offer to be sent out.
- Review your Offer once received, and, if happy, sign and return to us.
- Receive, review and sign your Lease Documentation to enable delivery or pickup of your car.
- Enjoy your new car!

**Q: Can my estimate be adjusted?**

A: Yes, you can adjust your estimate at any time prior to signing your final contract.

**Q: Is there a credit check involved?**

Q: Finance is subject to approval from our financiers who will conduct a credit check.

**Q: How do I activate my Motorpass card?**

A: Your Motorpass card will arrive via postal mail within ten working days. If you haven't received it within two weeks, it's important you contact Eziway as soon as possible to prevent any unauthorised activity. When you use your card for the first time, you will need to set a 4-digit PIN of your choice. If you need to change the PIN, you can simply request this at the service counter at any time. The letter attached to your card will further explain how to use it.



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## DURING A LEASE

### **Q: What services are included in my lease?**

A: You can choose to have a finance-only Novated Lease, which means you package only the lease payments; or you can choose a fully maintained Novated Lease which also includes insurances, fuel, servicing, registration, tyres, car washing and roadside assist.

### **Q: How do I pay for car expenses like fuel and tyres?**

A: When your lease is being created, your Novated Lease Consultant will estimate the annual vehicle running costs based on your predicted mileage. Individual budgets are then created for fuel, tyres, servicing and maintenance; even car washing and roadside assist. Eziway then deducts one payment per pay cycle and distributes funds into each budget account. With a fully maintained Novated Lease you are provided with a payment card to access these budgeted funds at the point of sale.

### **Q: How do I claim expenses?**

A: With a fully maintained Novated Lease you are provided with a payment card to pay for fuel, servicing, tyres and car washing. The card provider (Motorpass) invoices us monthly and we pay this using money deducted from your pay each fortnight. For expenses not paid by the card - insurance and registration - you lodge a claim online or via our App, and we will reimburse you the costs from the balance held for your Novated Lease or in the next available pay cycle if we need to collect extra (this will be discussed with you and will be set up accordingly).

### **Q: What happens if I spend more than budgeted?**

A: We constantly monitor your expenditure against budgeted running costs. If you start to spend more than originally budgeted, we will work with you to adjust your fortnightly deductions accordingly to cater for the increase.

### **Q: What happens if I spend less than budgeted?**

A: We constantly monitor your expenditure against budgeted running costs. If kilometres driven are lower than predicted and you start accruing money in a budget account, we will work with you to adjust your fortnightly deductions to cater for the decrease.



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**Q: How do I get my car serviced?**

A: Maintenance and servicing costs are budgeted for as part of a Fully-Maintained Lease. In most cases, two services a year – based on time or mileage – are scheduled throughout the lease term. An Eziway Novated Lease puts the choice in your hands and lets you take advantage of any store discounts or specials on offer, whether it's from your local tyre supplier or one of the larger retailers. Simply pay for the tyres upfront and make a claim with Eziway\* for reimbursement from your budget, or use your Motorpass Card\*\*. Note: additional services carried out between scheduled services are not included in your budget. For maintenance work outside of your standard budget, please call us on 1800 932 394 to discuss.

**Q: What do I do if I need to replace tyres?**

A: An Eziway Novated Lease puts the choice in your hands and lets you take advantage of any store discounts or specials on offer, whether it's from your local tyre supplier or one of the larger retailers. Simply pay for the tyres upfront and make a claim with Eziway\* for reimbursement from your budget, or use your Motorpass Card\*\*.

**Q: Where can I go to access all my account details?**

A: You can access all your salary packaging information 24/7 via the Eziway App or online on our secure employee 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 [eziway.net.au](http://eziway.net.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 your password?" button to arrange for your password to be sent to you.

**Q: What happens if I am involved in an accident?**

A: Driving can incur some risks and there is always a potential to be involved in an accident. As such, this is something that we factor into your novated leasing arrangement. If there is damage to your vehicle that needs fixing, you can opt to have the repairs organised through your insurance provider or, if the cost is less, with a repair centre. The cost of the repairs or the excess incurred is fully reimbursable through your lease. If your vehicle is deemed a write-off with the insurer, your insurer will either replace the vehicle (subject to Terms & Conditions) or pay your financier the market value of the vehicle. It is important to understand that dependent on the time that you write-off the vehicle, the outstanding finance may be higher than the current market-value of the car. As such, GAP Cover is an insurance product that can cover that difference. If you have been involved in an accident on a current novated lease vehicle, we would recommend that you call us on 1800 932 394 to discuss your options.

\*Submitting claims are simple with the Eziway App.

\*\*Motorpass is accepted at over 6000 locations, with access to partner benefits. Check with your retailer.



# All you need to know about Novated Leasing

## AFTER A LEASE

### **Q: What happens at the end of my lease term?**

A: The car's residual value is owed to the finance company. You can either pay this out and keep the car, trade-in the car for the residual value and repay the financier, or keep the car and refinance the residual as a Novated Lease for a further term.

### **Q: What happens if I leave my employer?**

A: Your lease agreement continues and you are responsible for the monthly payments. If your new employer permits, you may transfer the arrangement and continue with your Novated Lease.

### **Q: What happens if I go on maternity leave or extended leave without pay?**

A: If you no longer receive payments from your employer they may request you to make finance repayments only on the facility. Once you resume paid work, your employer will again make deductions for your Novated Lease.

### **Q: Can I cancel my Novated Lease?**

A: Yes, but you will likely need to pay out whatever payments and residual value remain on your lease. You should also be aware that some finance companies apply a penalty for early payout.

#### **Disclaimers**

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