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sgfleet has designed a calculator available at [www.sgfleet.com](http://www.sgfleet.com) to assist individuals to better understand the savings that are available
Welcome to sgfleet Novated Leasing

sgfleet provides a complete Novated Leasing solution to its clients and has a team of dedicated Novated Leasing Consultants to assist employees throughout the entire process.

This brochure contains general information and has been developed to assist in understanding sgfleet’s Novated Leasing. To obtain detailed Novated Leasing salary packaging information or pricing schedules on vehicles, please contact a Novated Leasing Consultant on 1300 138 235 or novatedsales@sgfleet.com. Please also visit the sgfleet website www.sgfleet.com for additional information, tools and calculators.

What is a Novated Lease?

A Novated Lease is a special kind of motor vehicle lease that allows employees to operate personal motor vehicles in a tax and cost effective manner when compared with more traditional forms of finance.

“Novated” refers to an agreement between the employer, the employee and the financier of the vehicle, whereby the employer agrees to meet the repayments of the finance lease while the employee remains in its employ. In return, the employee ‘sacrifices’ a portion of their salary to cover the cost of the finance and running costs.

Under a sgfleet Novated Lease, most of the vehicle costs are incorporated into the employee’s salary package and deducted as per the payroll cycle. This provides a tax efficient and flexible vehicle benefit system.

Should the employee leave their employer for any reason, the novation agreement is severed and the finance obligation reverts to the employee. The employee retains possession of the vehicle and has the choice to re-novate the vehicle to their next employer, sell the vehicle and payout the lease or simply continue to pay the finance company directly. The employer’s obligation to make the lease payment ceases upon termination of the employee’s employment with that employer.

A sgfleet Novated Lease has a fixed term which expires on the final lease instalment. The employee is then responsible for the payment or refinancing of the residual value.

The sgfleet Novated Lease product allows employees flexibility in their choice of vehicle without additional cost to the employer. With this arrangement, employees have the satisfaction of choosing a vehicle that best suits their requirements. The terms and conditions of the lease contracts and ancillary documents will detail an employee’s obligations and should be read carefully and be fully understood before proceeding.

The level of benefit that any salary packaged item can provide will vary greatly depending on the employee’s personal circumstances. The Novated Lease Calculator located on the sgfleet website is designed to assist employees to better understand the savings that are available.
The benefits of a sgfleet Novated Lease

A sgfleet Novated Lease offers many benefits to employees

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Choice and flexibility
sgfleet gives an employee the freedom of vehicle choice with a wide range of vehicle makes and models that can be Novated, including new and used vehicles (age limits, kilometre limits and other conditions apply). There is also the flexibility to purchase, re-lease or sell the Novated Lease vehicle at lease end.

Ability to achieve real tax savings
Depending upon individual circumstances, a sgfleet Novated Lease may provide substantial tax savings as a portion of pre-tax income is “salary sacrificed” to accommodate a vehicle in a salary package, thereby potentially reducing an individual’s taxable income.

GST savings
By acquiring a vehicle through a sgfleet Novated Lease, an employee will not finance the GST on the purchase price of the vehicle if purchased from a GST registered dealer (up to the claimable limit). A significant portion of running costs associated with a sgfleet Novated Lease are also generally net of GST.

Access to superior discounts
Private purchasers of new vehicles only receive minimal discounts. But an employee with a sgfleet Novated Lease vehicle can take advantage of sgfleet’s volume purchasing power – this means greatly reduced prices.
The benefits of a sgfleet Novated Lease

Through sgfleet’s Australia wide dealer service network (comprising of over 6,000 service outlets), a discount of up to 30% on all service, parts and labour costs can be received. This is over and above the existing pre-tax savings.

sgfleet’s pre-authorisation program delivers:

✓ Significant discounts on labour rates and on parts
✓ An expert opinion on the work to be performed prior to commencement
✓ Checking and authorising of all maintenance invoices

Sale and leaseback

Employees can also choose to package the vehicle they currently own or have under finance (age limits, kilometre limits and other conditions apply). sgfleet will determine the market value of the vehicle, and will either pay that amount directly to the vehicle owner or the outgoing finance company as the case may be. The vehicle is then leased back under a Novated Lease arrangement.

Optional accessories

Prior to ordering a vehicle, the employee is able to include vehicle accessories of their choosing, such as window tinting, DVD players, roof racks, vehicle protection packages and extended warranties to be paid out of the salary package.

Online reporting

sgfleet offers online reporting, and will also email a monthly vehicle report which provides a fully itemised record of total vehicle expenditure, recording all debits/credits so that it is easy to stay informed. This report also annualises odometer readings to easily track kilometres for FBT purposes.

sgfleet vehicle fund

A fixed amount is allocated from pre-tax and post-tax salary to accommodate most of the running expenses of the vehicle. This amount is credited to the sgfleet vehicle fund and all vehicle related expenditure is then deducted from this fund. This consolidates all budgeted costs into the one fund enabling costs to be distributed evenly e.g. the fuel budget will not be in deficit while there are extra funds available for maintenance costs.

Reimbursement of out-of-pocket expenses

If any vehicle cost which has been budgeted for as part of the sgfleet Novated Lease agreement is personally paid for (such as fuel or maintenance), sgfleet will reimburse the employee for that out-of-pocket expense. This is provided there are sufficient funds in the sgfleet vehicle fund and it is an expense that is allowed to be claimed under the lease agreement.

Flexible lease terms

The sgfleet Novated Lease is based on lease terms from 1 to 5 years, and depending on each individual’s unique circumstances, a lease term can be chosen to suit the needs of the employee.

Optional protection against involuntary termination with Lease Guard

Lease Guard is a specialist protection program for sgfleet customers and will cover lease payments for a period of unemployment following involuntary termination or retrenchment. Lease Guard is another value added benefit designed to give peace of mind, and is an option that is recommended for all employees entering into a Novated Lease. Please refer to the Product Disclosure Statement for full details, and check that Lease Guard is provided as an option in the employer’s salary packaging policy.

To only pay for what is used

In the event that the entire allocation is not spent, surplus funds are returned via payroll at lease end.

Access to lease-end benefits

At the end of a sgfleet Novated Lease, sgfleet may accept an offer to purchase the vehicle at no less than the residual value (plus GST).
What is included in a sgfleet Novated Lease

A sgfleet Novated Lease includes:

- Accounting and reporting systems
- Maintenance and tyres
- Registration and CTP
- Roadside Assistance
- Fuel
- Insurance
- Accident Management
- Fringe Benefits Tax (FBT) (where applicable)
- Reimbursement of out-of-pocket expenses

Accounting and reporting systems
sgfleet uses an “actual cost” accounting system so that during the lease only the costs incurred are paid for. All vehicle related expenditure is deducted from the sgfleet vehicle fund with any overspend being invoiced and any underspend (less tax) is refunded via payroll at lease end.

sgfleet provides a monthly vehicle report advising whether both running costs and FBT budgets are on track. If the lease is not on track at any point throughout the term, sgfleet can simply arrange to revise the annual budget accordingly. Budgets for the following services can be included in the lease:

Maintenance and tyres
The employee simply books the vehicle in at a dealership or a sgfleet authorised repairer of their choice. The service supplier contacts sgfleet for authorisation and invoices sgfleet directly for the work. sgfleet deducts this cost from the sgfleet vehicle fund to cover the costs.

Registration and CTP
sgfleet can either pay the vehicle’s annual registration and CTP renewal directly to the licensing centre or insurer, or employees can be reimbursed for these budgeted costs (sgfleet vehicle fund balance permitting). Employees wishing sgfleet to pay their registration and CTP costs on their behalf simply need to forward a copy of their renewal notices to sgfleet at least two weeks prior to the due date. Each vehicle will be registered in the name of the employee, and the renewal notices will be sent to the employee’s home address.
What is included in a sgfleet Novated Lease

Roadside Assistance
Employees can elect to take up a 24/7 Roadside Assistance service. This election can commence from the expiration of the service provided by the manufacturer or at any time during the lease term.

Fuel
Each employee is provided with a fuel card and encouraged to enter an odometer reading with each fuel fill to enable accurate reporting. Fuel invoices are sent directly to sgfleet so the expenses can be debited to each employee’s sgfleet vehicle fund. Fuel transactions will be detailed in the monthly vehicle report to assist in the tracking of an individual employee’s expenditure. The location, fuel quantity and fuel price will also be featured in the transaction description.

Insurance
sgfleet can arrange for comprehensive motor vehicle insurance which is provided through Lumley General Insurance. Benefits of the program include:

✓ Replacement vehicles
✓ Personal items covered to $500
✓ Free glass replacement
✓ Emergency travel costs
✓ 24/7 assistance
✓ Monthly premiums fixed for the lease term

Please refer to the Product Disclosure Statement for full details of the policy.

Accident Management
The Accident Management program operates in conjunction with the Roadside Assistance service. Employees who elect to take up the Roadside Assistance service (irrespective of insurer) will automatically be covered by the Accident Management program. The key program features include:

✓ Collection of vehicle and coordination of replacement vehicle in the event of an accident
✓ Provision of accident report forms for completion
✓ Loss Assessor inspection and reporting with estimates for all damage rectification
✓ Repair by authorised repairer
✓ Full vehicle detail after repair with 12 point quality control check

Fringe Benefits Tax (FBT)
FBT is a Federal Government tax imposed on employers on the value of certain fringe benefits that they provide to their employees. If FBT is applicable to a package, sgfleet typically calculates the estimated FBT liability for the life of the Novated Lease and includes this amount as part of the budgeted costs of the vehicle package.

Most employees however will have little or no FBT to pay if they are on the Employee Contribution Method and achieve their nominated kilometre bracket (see page 12 for further details).

Reimbursement of out-of-pocket expenses
If any vehicle cost which has been budgeted for as part of the lease agreement is personally paid for (such as fuel or maintenance), sgfleet will reimburse that out-of-pocket expense. This is provided there are sufficient funds in the sgfleet vehicle fund and it is an expense that is allowed to be claimed under the sgfleet Novated Lease agreement.
Getting started

Visit the website at www.sgfleet.com.
For quote requests and all Novated Lease enquiries, please contact a member of the dedicated team of Novated Lease Consultants for assistance through the entire process.

Novated Lease Consultants
Phone: 1300 138 235
Fax: (02) 9391 5602
Email: novatedsales@sgfleet.com

A Novated Lease Consultant will assist from the initial enquiry, through to acceptance and vehicle order and a Settlement Coordinator will arrange for vehicle delivery as required. sgfleet and all employers that are part of sgfleet’s Novated Lease program recommend employees seek independent financial advice before entering into any salary packaging arrangement.

Starting the process
Depending on the make and model of the new vehicle, delivery times can be anything from a week to several months. It is recommended that sgfleet be contacted as soon as possible to discuss any requirements with a Novated Lease Consultant.

The Quote
A sgfleet Novated Lease quote form will contain the following information:

- Section 1 – Employee details
- Section 2 – Vehicle details
- Section 3 – Finance details and FBT calculation method
- Section 4 – Salary sacrifice estimate. This includes information on the vehicle type and budgeted running costs, which are based on the annual kilometres estimated by the employee.

Shown in this section are:
- Maintenance budget
- Tyres
- Roadside Assistance (optional)
- Registration
- Insurance
- Lease Guard (optional)
- FBT (if applicable)
- Fuel budget
- sgfleet management fee
- FBT or employee contribution information

The quote will show the total estimated pre-tax and post-tax cost (if applicable) which is the amount that will be deducted from an employee’s salary. In most cases, the quote will also include as a guide, an estimated cost on take-home pay that will be in line with the employee’s pay cycle.

- Summary of savings section – This section highlights the savings that can be achieved on running costs from income tax savings, as well as savings from GST and vehicle discounts on the purchase price.
- Last sections – employee and employer authorisations.
Accessories

Prior to ordering a vehicle, the employee is able to include vehicle accessories of their choosing, such as window tinting, roof racks, vehicle protection packages and extended warranties, to be paid out of the salary package.

If, during the term of the sgfleet Novated Lease, additional accessories are required, these must be paid by the employee directly to the supplier and reimbursement via salary packaging cannot be sought for this type of expense. In order to gain the maximum tax benefit and avoid additional paperwork, it is best to opt for all required accessories at the time of enquiry with a sgfleet Novated Lease Consultant. The vehicle insurer must also be immediately notified if any extras are fitted to the vehicle.

Personal details for the credit application

Personal details provided to sgfleet on a credit application may be disclosed to third parties for the purpose of conducting a credit check and obtaining credit approval. Other than for these purposes, sgfleet will not disclose the information to any other third party, not even an employer.

Vehicle Sourcing

New vehicles

sgfleet utilises a nationwide panel of preferred dealers to service a national client base which covers remote locations as well as metro areas. However, there are no restrictions on where a vehicle can be sourced and customers are welcome to use their own supplying dealer if preferred.

Benefits of using sgfleet preferred dealers

When a sgfleet preferred dealer is used, the vehicle can be released (subject to the vehicle being available) once all paperwork is signed. Non-panel dealers usually will not release the vehicle until settlement is complete and the money is in their bank account. Using a sgfleet preferred dealer can help speed up the vehicle delivery process.

Employee sourced vehicle

sgfleet offers the flexibility for an employee to source and nominate their own dealer for new and used vehicles. No one is “locked in” to buying the vehicle through sgfleet’s panel of preferred dealers. The process for applying for a sgfleet Novated Lease is the same for new and used vehicles, except that dealers can occasionally request a deposit to hold a particular used vehicle. Where a deposit is paid, this is generally refunded to the employee upon delivery. Please note that a used vehicle obtained through a private sale can take a little longer to settle due to vehicle inspection requirements.

Used vehicles

For used vehicles, employees have the option of sourcing a used vehicle themselves, or by utilising sgfleet’s Used Vehicle Service. This service is located at www.sgfleet.com and can assist employees in sourcing quality used vehicles. sgfleet can also help with vehicle disposals.

To novate a used vehicle, specific conditions apply such as the valuation being within industry guidelines and the vehicle must be under a certain age. For further details, contact a sgfleet Novated Lease Consultant. Employees are to check that novating used vehicles is provided as an option in their employer’s salary packaging policy.
Procedures for a *sgfleet* Novated Lease application

1. Visit the website
   Visit the [sgfleet](https://www.sgfleet.com) website to obtain preliminary Novated Leasing information. Employees are also encouraged to read their company policy relating to salary packaging.

2. Phone consultation
   Contact *sgfleet* on 1300 235 138 to speak to a Novated Lease Consultant. Employees will be asked to provide their gross annual salary, estimated annual kilometres, details of their preferred vehicle and lease term.

3. Vehicle package quote provided
   The Consultant organises the best vehicle pricing, then sends a quote to the employee usually within 24 hours of enquiry. The quote outlines the annual budgeted cost to package and is accompanied by a Novated Lease application form.

4. Understanding the package details
   The employee is encouraged to discuss any questions regarding their quote with the *sgfleet* Novated Lease Consultant before proceeding and to seek their own financial advice where appropriate.

5. Lease finance application and authorisation by employee and employer
   The employee completes the application form and sends it to the *sgfleet* Novated Lease Consultant. The employee and authorised employer representative sign the quote then send it to the *sgfleet* Novated Lease Consultant.

6. Vehicle ordered
   The vehicle is ordered once the leasing finance has been approved and *sgfleet* receives the authorised quote.

7. Lease documents
   The formal lease documents are emailed to the employee for signing. Once signed, the employee returns the original documents to the *sgfleet* Settlements Officer.

8. Vehicle delivery
   The *sgfleet* Settlements Officer liaises with the employee and the supplying dealer to arrange for vehicle delivery or collection. Delivery times may vary depending on availability of the chosen vehicle.

9. Pay deductions
   Pay deductions usually commence shortly after vehicle delivery, depending on the employer’s pay cycle timing.
Reimbursements

Should the circumstance arise where a vehicle cost which has been budgeted for as part of the lease agreement needs to be paid personally (such as fuel or maintenance), sgfleet will reimburse the employee directly for any out-of-pocket expenses which have been incurred, subject to there being sufficient fund balance in the sgfleet vehicle fund. Receipts must have the vehicle registration number on them to confirm the invoice relates to the vehicle. The only exception to this is fuel.

Reimbursement forms can be downloaded from www.sgfleet.com and the money will be electronically transferred into the nominated bank account.

Suitable reimbursements

As well as fuel, maintenance and repairs, other items such as vehicle washing, detailing and even minor paint repairs can be claimed against the sgfleet vehicle fund as these are considered “maintenance and upkeep of a vehicle”. Where Auto Club memberships have been taken up, the cost of the membership can be claimed against the sgfleet vehicle fund. Items that are generally not claimable are tolls, infringements, fines, parking fees, and any accessories or vehicle modifications that are done post delivery.

Tolls and infringement notices

Tolls and road traffic infringements do not form part of the operating expenses of a vehicle and therefore cannot be salary packaged. They must be paid outright by the employee.

Preferred service and repair locations

Employees are encouraged to take advantage of sgfleet’s extensive network of preferred service and maintenance providers. In most cases, the preferred supplier will not require the employee to pay at the time of the service, and instead will directly bill sgfleet for the cost of the service. This cost will then be debited from the individual’s sgfleet vehicle fund.

If the employee’s choice of repairer is not part of the sgfleet preferred repairers listing, the employee can pay for the service and seek reimbursement from their sgfleet vehicle fund (fund balance permitting).

Odometer readings

Odometer readings are updated on the monthly vehicle report based on the odometer readings provided via fuel purchases and any vehicle servicing carried out in the previous month.

An employee will be required to make an odometer declaration for each vehicle on the 31 March every year to reconcile the actual kilometres travelled to the number of kilometres that were budgeted for in order to assess FBT liability. An odometer declaration is also required at the end of a lease or upon termination of employment.

Monitoring budgets during the lease

sgfleet will email a monthly vehicle report which provides the actual expenditure versus budgeted expenditure.

Should the need arise, due to a change in circumstances or an unexpected cost, the package can be revised and deductions amended accordingly. This can be done by emailing novatedservice@sgfleet.com or by contacting Novated Customer Service on 1300 235 138.

In addition, sgfleet collates an exception report every month that highlights any driver who has a significant negative sgfleet vehicle fund balance. Where a deviation from the budget has been verified, a dedicated Revision Officer will contact the employee to discuss the situation. If necessary, a new quote will be prepared with the revised (increased or decreased) salary allocation to rectify the position and to ensure adequate fund balance in the sgfleet vehicle fund.
Fringe Benefits Tax (FBT)

sgfleet calculates the FBT liability and includes this in the lease package.

Employees are responsible for the FBT liability created by salary packaging their vehicle. Generally speaking, most packages will either be arranged on the Employee Contribution Method (which uses after-tax payroll deductions to offset FBT) or on the Statutory Rate FBT Method. In either case, the amount of the FBT is calculated based on the annualised kilometres travelled during the FBT year (1st April – 31st March). A sgfleet Novated Lease Consultant can assist employees to learn more about the different package calculation options.

Monitoring kilometres for FBT
The monthly vehicle report helps employees keep up-to-date with the kilometres that were provided at the beginning of the lease compared to the actual kilometres travelled during the lease. The report annualises the last provided odometer reading and compares the actual FBT liability (FBT year to date) to the FBT or after-tax contribution provision that has been deducted from the employee’s salary to date.

It is therefore extremely important to provide an odometer reading at every fuel fill.

Regular odometer readings enable an employee to track the vehicle’s kilometres for FBT purposes and to ascertain whether running costs are within the budgeted limit. A revised quote can be requested at any time, even if the negative balance is within a tolerable limit.

Employee Contribution Method
Employees not sacrificing at the highest Marginal Tax Rate may often be better to package a vehicle via the Employee Contribution Method. This method allows a set portion of the vehicle costs to be paid using money from after-tax income via payroll. Every dollar contributed after tax towards the running costs of the vehicle offsets an amount of FBT. In most cases FBT can be offset completely, provided that the annual kilometre bracket is met, and that the correct amount of after-tax contributions have been received.

Statutory Rate FBT Method
Lease packages established on the statutory rate FBT method will include a budgetary amount in the package which is set aside to pay for the expected FBT liability each year. This method of calculating FBT is based on the total number of kilometres travelled each FBT year, and the cost of the vehicle. This calculation method does not take into consideration the business use involved in the travel, therefore there is no need to run a log book.

sgfleet always recommends seeking independent tax and/or financial advice before entering into a salary packaging arrangement.
New FBT rates from May 2011

During the Federal Budget released on the 10th of May 2011, the Government changed the FBT calculation percentages. This only affects employees who entered into a new contract after the 10th of May 2011. The new transitional rates mean that by 1st April 2014, all newly entered Novated Leases will be on a flat 20% statutory rate.

To achieve this on all contracts, the government has staggered the FBT calculation percentage building up to 20% over a three year period (this is shown in the below table). To prevent employees having different FBT calculations each year, sgfleet created a new FBT calculation method called the “Averaging Method”. sgfleet estimates the FBT liability for each year of the lease, and averages it over the term of the lease.

<table>
<thead>
<tr>
<th>Distance travelled during the FBT year (1 April - 31 March)</th>
<th>Statutory rate (multiplied by the cost of the vehicle to determine a person’s vehicle fringe benefit)</th>
<th>New contracts (entered into after 7:30pm [AEST] on 10 May 2011)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Existing contracts</td>
<td>From 10 May 2011</td>
</tr>
<tr>
<td>0 - 15,000km</td>
<td>0.26</td>
<td>0.20</td>
</tr>
<tr>
<td>15,000 - 25,000km</td>
<td>0.20</td>
<td>0.20</td>
</tr>
<tr>
<td>25,000 - 40,000km</td>
<td>0.11</td>
<td>0.14</td>
</tr>
<tr>
<td>More than 40,000km</td>
<td>0.07</td>
<td>0.10</td>
</tr>
</tbody>
</table>
At the end of the lease

Under a Novated Lease, the risks and benefits of ownership associated with the vehicle at lease end remain with the employee. The employee is responsible for payment of the residual value and GST at the end of the lease. Residual values are set within the Australian Taxation Office (ATO) guidelines.

Lease terms and residual values

Lease terms can be between 12 to 60 months. If a used vehicle is to be financed, the lease term will be determined by the age and kilometres travelled by the vehicle. The following table outlines the minimum residual values allowable by the ATO. Higher residual values may be selected on consultation with a sgfleet Novated Lease Consultant.

<table>
<thead>
<tr>
<th>Finance Lease Term</th>
<th>Residual Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>12 months</td>
<td>65%</td>
</tr>
<tr>
<td>24 months</td>
<td>55%</td>
</tr>
<tr>
<td>36 months</td>
<td>45%</td>
</tr>
<tr>
<td>48 months</td>
<td>35%</td>
</tr>
<tr>
<td>60 months</td>
<td>25%</td>
</tr>
</tbody>
</table>

At the end of a sgfleet Novated Lease, sgfleet may accept an offer to purchase the vehicle at no less than the residual value (plus GST).

Leaving an employer

If an employee leaves the company, the vehicle goes with them and the novation agreement ceases. There are three options:

✓ To re-novate the lease to a new employer if the employee is happy to enter into a new novation agreement. Continued management of the vehicle is dependent upon whether sgfleet has an arrangement with the new employer in managing their Novated Lease program
✓ To continue making lease payments to the financier directly via direct debit. In this instance, the employee will have a direct relationship with the financier, just as if they had finance on a personal motor vehicle
✓ To pay out the lease and retain the vehicle

Whichever option is appropriate, at the end of the novation agreement, the sgfleet vehicle fund is reconciled and if there is a positive balance, the excess funds (less tax) are returned via payroll or if there is a negative balance, the amount is invoiced and then deducted by payroll from the employee’s next pay cycle.

Prior to contacting sgfleet, employees should visit the website for more information at www.sgfleet.com
A sgfleet Novated Lease Consultant can be contacted on 1300 138 235 or novatedsales@sgfleet.com

Full terms and conditions are available on request. SG Fleet Austoxka Pty Limited (sgfleet) has made every attempt to ensure that the material contained in this brochure is factually correct. While due care is exercised by sgfleet to ensure integrity of the information, it does not make any warranties, express or implied as to its accuracy or completeness. sgfleet does not purport to offer legal, financial or taxation advice and strongly advises anyone who is considering entering into salary packaging arrangements to seek their own independent financial advice. All documentation should be read carefully. This document is to be read in conjunction with the employer’s salary packaging policy where available. It is the employer’s responsibility to be informed as to what is allowable by their employer in regards to a Novated Lease.

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