

Novated Leasing

WHAT IS A NOVATED LEASE?

A Novated Lease is generally an agreement between three parties ('Novation agreement') between an employer, employee and Aspire Wealth Solutions, under which the employee leases a vehicle from the lease company, and employer agrees to take on the employee's obligations under the lease.

Normally, the employer then makes the lease payments on behalf of the employee, and deducts them out of the employee's pre-tax income (known as salary packaging a vehicle).

A Novated Lease allows you to lease the car of your choice and pay the lease, as well as your car running costs (excluding GST) from your pre-tax salary. See the options below to learn more about Novated Leasing, how it works and whether it will work for you.

Novated Leasing offers:

- Employee's choice of car
- Cheaper fuel and running costs
- GST Free
- More tax effective use of salary
- No restrictions on car use
- A new car more often
- No capital outlay
- Reduced business risk
- Great discounts and less admin
- Smooth cash flow

WHY CHOOSE A NOVATED LEASE OPTION?

Increased Income

By paying your leasing & running costs from your pre-tax salary you can reduce the total amount of tax you pay and increase your net income. Even further savings are made as you won't be paying any GST (goods and services tax) on your vehicle expenses or on the purchase price.

One predictable monthly payment

You don't have on-going payments popping up for registration, insurance, fuel, servicing etc. All these costs are consolidated into your Novated Lease payment allowing you to budget more effectively.

Your choice of vehicle

Choose any car you like from a small city runabout to a luxury SUV with the right finance option to suit your needs. Even second hand cars are acceptable under some conditions. Don't forget to use our novated lease calculator on the right of this page to see how better off you could be if you salary sacrifice a car instead of using a traditional finance option.

IMPORTANT INFORMATION

The information contained herein is general in nature and does not take into account your personal situation. You should consider whether the information is appropriate to your needs, and where appropriate, seek professional advice from a financial adviser. Allan Meincke is an Authorised Representative of Synchron. AFS Licence No. 243313

Superannuation

HOW DOES NOVATED LEASING COMPARE TO A CAR LOAN?

It's possible to save in a number of ways when you choose a lease over a regular car loan.

Pay less tax

With a novated lease you could pay less tax because your car payments come out of your salary before it's taxed. With a regular car loan, you'll be making payments with your post-tax salary - and missing out on possible tax savings.

Save on GST

When you source a new car through Aspire Wealth Solutions, in addition to receiving a very competitive price on your new car, you don't pay GST on the purchase price. So you automatically save 10% on the cost of a new car on top of the discounts we are able to achieve through our network.

Reduced running costs

On behalf of clients, we regularly source competitive pricing across a range of vehicle requirements including insurance, fuel and maintenance. This enables you to save on many of these costs with novated lease for two reasons a) you are paying for these expenses in pre-tax dollars and b) you would pay regular retail prices for these items when holding a regular car loan.

An example: novated lease vs car loan

Charlie earns \$60,000 a year and has a novated lease. She salary packages \$15,410.72 towards lease repayments and running costs each year using a combination of pre and post-tax funds, This includes an administration fee of \$240.00. Her taxable income has been reduced to \$44,589.28 - so she pays only \$8,224.64* in tax each year. Charlie is left with a take-home salary of \$36,364.64.

Meanwhile....

Mary earns \$60,000 a year and has a regular car loan. Her total salary is taxed - so each year she pays \$11,946.80* in tax. Mary also spends \$15,410.72 to keep her car on the road. Mary is left with a take-home salary of \$32,642.48.

As a result of novated leasing, Charlie is \$3,722.16 better off than Mary.

**Subject to Medicare levy and other government taxes.*

If you'd like to know more, or you'd like to discuss your own situation and find out what options are available to you, please get in touch.



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