

# CAR LOAN FACTSHEET

DISCLAIMER: Please note that the information is of a general nature. Please consult with your financial professional for specific advice

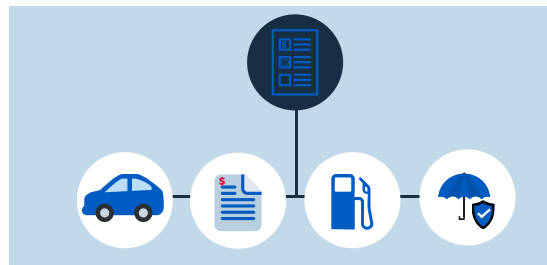


## WHAT IS SALARY SACRIFICING - CAR LOAN

Salary sacrificing or packaging is a way to automate payments for regular expenses (e.g. motor vehicle costs, self-education & additional super payments), & reduce the tax you pay.

It uses a portion of your wage from Defence (pre-tax) to pay for these expenses. Considerable savings may be made by paying pre-tax, depending on the tax rate that you pay. When you use it to buy a car it is subject to fringe benefits tax (FBT) which your employer pays & Defence will require you to make an employee contribution to cover this tax.

Before you enter into any financial arrangement you should check the details carefully & discuss with a financial professional (e.g. accountant) to ensure it works for you and your budget.



## HOW IT WORKS FOR CAR LEASES

This is one way to purchase a car & pay for the running costs. A portion of your Defence wage would be directly deducted (pre-tax) to pay for car expenses such as, loan repayments, fuel, insurance and servicing.

Once you enter into a lease agreement, you have a 'salary package' organised with Defence to cover these repayments and it will make the payments to the company you've leased the car from on your behalf.

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## **BEFORE YOU SIGN UP**

- Check a car fits into your budget, don't buy one just because you can salary sacrifice.
- Budget for the repayments, including the balloon payment (residual payment at the end of the lease period) & administration fees.
- Check what impact an agreement has on any government benefits you receive (e.g. child support, family tax, income support).
- If you are considering leaving the ADF before your car loan will be paid off, just remember that the package works while you're employed by Defence. There can be financial implications if you leave before the term of the loan ends. Again, refer to your financial advisor for specific advice.