

A guide for first-time car buyers

WesBank has introduced a handy guide to help graduates and first-time car buyers understand the ins and outs of making long-term purchase agreements.



Source: <https://motorpress.co.za>

An e-book, titled *Adulthood 101 - a practical car buying guide for young professionals*, was launched at the STEM (Science, Technology, Engineering and Maths) Conference and Career Expo which took place earlier this month.

Discussions around finance and car buying featured prominently amongst young people who attended the WesBank-facilitated panel discussion, which was aimed at engaging with young professionals and graduates on the process of buying a car and what to look out for before making that long-term commitment.

Topics discussed with visitors on the day included: The importance of good debt, where to start when buying your first car and how to finance that first big independent purchase.

Fast facts on the process of buying a car

- **Used or new?**

There are advantages to both new and used cars. For example - a new car comes with no prior history. You will be in full control of how well it's driven and maintained. You will have options such as maintenance plans and warranties from the manufacturer – a definite plus for managing costs and risk.

Used cars, on the other hand, already have a history. It helps a lot if the previous owner kept a detailed service history. Make sure you ask the seller about any issues with the car or if it has been in an accident. You should be able to tell from the state of the car whether it's been well looked after or not.

- **Choose a reputable dealership**

Buying through a reputable dealer, i.e an approved dealer, does come with peace of mind. The dealership environment is professional and safe and there are people to guide and help you with all the admin, which can be a bit daunting.

The dealer is responsible for making sure the cars on their floor are in good shape, not stolen and don't have any outstanding debt attached to them. Reputable dealerships have inspection reports for their cars. Ask to see it. Also ask the dealer if they offer any guarantees and get all the facts around this in writing.

Learning the lingo - when it's time to get into the nitty gritty of finance, you're going to come across a lot of lingo that can be a bit intimidating if you're not 100% sure of what it all means. The eBook also serves as a reference guide, which covers some fundamental terms as below:

- **What is a credit score?**

A credit score refers to the way you handle your payments for clothing accounts or a student loan shared with the credit bureaus. Financial institutions then use this information to gauge whether you're going to be a responsible candidate to lend money to.

- **Finance period**

The finance period is the length of time you have to pay off your car. The length of the finance period affects your instalment amount and how much interest you pay. Paying off your car over a longer period can be tempting, because it reduces your monthly instalments and that looks great on your budget, but you end up paying more interest in total so your car will cost you more. If you can comfortably manage to pay off your car over a shorter period you will be paying less interest in total and that could definitely be better for you in the long run.

- **Balloon payment**

Balloons should be approached with caution when it comes to your car finance agreement. A balloon payment is an amount that needs to be paid as a lump sum at the end of a vehicle finance contract. It can be tempting because at the time of getting your car, adding a balloon payment can reduce your monthly instalments, but don't be naive. Think long term. The balloon payment means that you are not only paying more interest in total, it will be back to haunt you at the end of your finance agreement, and that can be a shocker.

- **Total cost of car ownership**

There's a lot more to the cost of owning a car than simply paying your monthly instalments on time. You also need to budget for the cost of keeping it running. You will also need to account for expenses like fuel, insurance, servicing, tyres, tolls and speeding fines. Don't over-extend yourself by going for a car that has monthly instalments you can only just afford. The other costs will catch up with you sooner than you think.

“We aim to enable the independence and benefits that come with a car, without it becoming a financial burden. As a responsible lender we have used our industry expertise to put together this eBook of practical information that will give you a little more confidence when the time comes for you to buy a car,” says Lebogang Gaoaketse, communications, social media and PR Manager at WesBank.

Find out more about what you need in order to get finance, how to get a picture of what you can realistically afford, and options to consider around where to find your ideal car on the [WesBank eBook financing guide](#).

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