

ADULTING 101

A PRACTICAL CAR BUYING GUIDE
FOR YOUNG PROFESSIONALS



GRADUATE FINANCE

 **WesBank**

WesBank - a division of **FirstRand Bank** Ltd. An Authorised Financial Services and Registered Credit Provider. NCRCP20.

THE SCOOP

FROM WESBANK

We put graduates into an exclusive category that ranks high on potential. We acknowledge this by cutting you some slack when it comes to car finance. Our specialised offering for graduates is here to give you the start you deserve.



[#AdultingStartsNow](#)

FIRST THINGS

FIRST...

Kudos for getting this far!

If you've got your degree or diploma, perhaps working at your first job already or just about to enter the job market - **congratulations!** Having achieved your qualification is a big deal and something you should be really proud of.

The real work starts now

Not that studying was easy - but as a new arrival in the bigger world of work and responsibilities, you may find that this Adulting job is not entirely as cool as what you were expecting.

We're here to help

We've used our industry expertise to put together this eBook of practical information that, we hope, will give you a little more confidence when the time comes for you to buy a car.

We cover the facts around what you need in order to get finance, how to get a picture of what you can realistically afford, options to consider around where to find your ideal car and what's involved when you're ready to take the leap.



Let's get started:

HOW IS GETTING CREDIT EVEN POSSIBLE?

An intelligent question to be asking before you start picturing yourself styling in a car of your own.

The answer is, with WesBank it is possible IF you:

- ✓ Have a diploma/degree obtained in the last 3 years
- ✓ Are under 31 years of age
- ✓ Are employed in a full-time job or have a letter of appointment for a full-time job with a minimum salary of R7,500 per month
- ✓ Can afford the monthly payments for the car (Find out how to work out your affordability [here](#))

If you don't tick all these boxes yet, read on anyway – the content is practical and informative and will still be relevant when you are ready.

WHAT'S THE CATCH?

No catch.

When graduates apply for finance with WesBank, they aren't assessed on the same criteria as everyone else. This means that the finance packages we offer are exclusively structured for you.

We aim to enable the independence and benefits that come with a car, without it becoming a financial burden. As a responsible lender we will only give credit for an amount that you can afford to pay back.



Our graduate car finance packages are structured exclusively for you.



TEST-DRIVE YOUR AFFORDABILITY

BEFORE YOU TEST-DRIVE THE CAR

Here's how:

We've developed a unique online tool that gives you personalised results.

The tool will calculate whether you'd be able to afford the car you're interested in. This isn't just a generic online finance calculator... this is personalised to you - and you only. But to get that personal touch, you need to register and give us some info.

- 1 » Go to fasttrack.wesbank.co.za
- 2 » Register with your ID number and give us some personal details (Don't stress, it's 100% secure and having your data is the only way to give you an accurate and personalised experience). You'll also need to give consent for a credit check.
- 3 » Fill in the details of a car you like, find out if you can afford it and then experiment with your finance options to find the best deal for you.

There's no one-size-fits-all with car finance. Knowing how much you can realistically afford will help you to stay focused on an attainable goal.

WHERE TO FROM HERE?

DECISION PARALYSIS?!

So many choices - new cars, used cars, demo models, buying from dealerships or from a person selling their car themselves. Here are a few fast facts to help you navigate your options.

WANTS VS NEEDS

Want a Ferrari.

Need reliable wheels to get to work.

You've got plenty of time to aim for that Ferrari. For now, what you probably need is a practical car that will get you to work on time.

OPTIONS TO CONSIDER

USED OR NEW?

Nothing beats the smell of a new car, except perhaps the smell of a perfectly valeted second-hand car that fits your budget more comfortably.

Apart from the cost implications, 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'll have options like 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 you a lot if the previous owner kept a detailed service history. Make sure you ask about any issues with the car or if it's been in an accident. You'll be able to tell from the state of the car whether it's been well looked after. If it's in good shape and the mileage is reasonable for its age, you could be getting really good bang for your buck. **Click here** for some tips on what to check for in a used car.

Compare what you'd get in a new car with what you could get in a second-hand car for the same price. What's important to you?

WHO TO BUY FROM:

DEALER OR PRIVATE?

There are advantages and disadvantages for both buying from a dealership or directly from a person. What matters is finding the car that satisfies all your requirements.

DEALERSHIPS

Buying through a reputable dealer, such as a dealership that is approved by WesBank, 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. 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.

Extras like extended warranties are other nice-to-have options often available through dealers.

Dealership sales peeps can be very persuasive (that's their job, after all) but don't let this rush your decision.

WHAT ABOUT BUYING DIRECTLY FROM A PERSON?

People selling their cars themselves may be doing so because they hope to get more than if they sell it to a dealer. This could also mean a better price for you.

Private sellers may also be easier to negotiate with than a dealer - especially if it's a family member! Dealing directly with the owner gives you the opportunity to quiz them for first-hand information about the history of the car. That said, don't be too quick to believe every word because there are a lot of scamsters out there. Like the saying goes, "If something sounds too good to be true, it probably is."

In a nutshell, buying directly from the owner may save you money, but it could cost you in time, effort and risk. If you choose WesBank as your finance partner, and are approved for >R30,000 finance, we will act as a go-between for you and the seller and will help you finalise the details as quickly and securely as possible.

WesBank offers finance for cars purchased from private individuals:

We go beyond the mandatory roadworthy test and ensure that a full technical inspection is carried out on the vehicle. The deal only goes ahead if you're satisfied with the results. If you don't know the seller, we'll help with a secure vehicle handover at a safe location and can arrange to have a WesBank agent present.

LEARN THE LINGO

BE FINANCIALLY WOKE

After finding a car you can afford, the next step is paying for it. 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. Here's a quick reference guide with some fundamental basics to give you the edge.

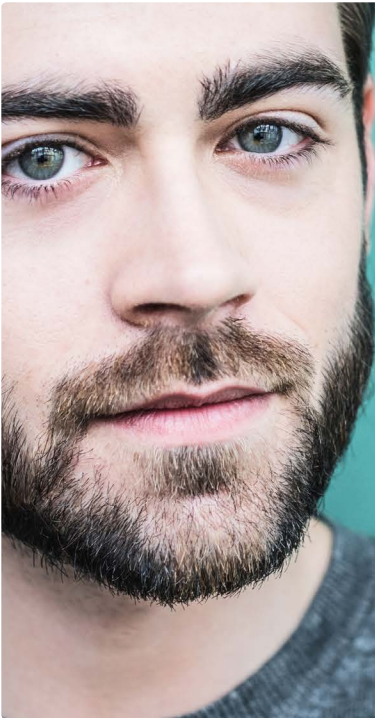


Don't pretend you get it if you don't when you're having conversations about finance. Be clued up so you don't end up making decisions without fully understanding the detail.

WHAT'S A CREDIT SCORE?

A credit record is a bit like a report card for Money Management 101 at the University of Life.

The credit score puts it into a number. For example, the way you handle your payments for clothing accounts or a student loan is 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.



How can you expect me to have a credit score when I don't even have a job yet?

We get you. That's why, with WesBank Graduate Finance a credit history isn't essential.



PRIME | PRIME + | PRIME -

Unless you're a BCom grad, this prime mumbo jumbo could be really confusing.

Interested to get the lowdown?

You should be very interested in understanding interest because it affects how much you pay in total for a car.

It is the amount that a bank charges you for borrowing money. The amount of interest you pay is determined by the interest rate on your finance agreement.

The prime lending rate is the benchmark rate set by the South African Reserve Bank for banks to lend to people. This is where the plus and minus kicks in.

Generally, a borrower who the bank considers to be a higher risk of not paying will be charged an interest rate of prime plus an additional percentage. For established clients with long-term relationships and excellent credit scores, prime minus a % rate may be given.

The up-to-date prime interest rate % is displayed on the home page of the SARB website www.resbank.co.za

FIXED & LINKED INTEREST RATES

The two interest rate types for vehicle finance agreements are fixed and variable (aka linked) interest rates. A fixed interest rate stays the same each month so your instalment will be the same every month.

Control freaks may choose fixed interest because it allows them to know exactly what their instalment will be, which makes for easier budgeting.

A linked interest rate, on the other hand, changes with the prime lending rate so you'll feel the pinch if the interest rate goes up and you'll be smiling if it goes down. Which one do you think you'd choose and why?

WHAT'S WITH THE DEPOSIT?

A deposit is an amount you pay in cash before the vehicle finance agreement starts.

The deposit amount is removed from the car price so you have less to pay off. Taking your time and saving up for a deposit will save you money in the long run and could influence the number of options available to you.



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'll be paying less interest in total. That'll definitely be better for you in the long run. *(Make a plan - how about going easy on those extra-large cappuccinos and put the money towards your instalment? ;)*

BALLOON PAYMENT

Balloons are appropriate for your graduation party, but 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 will do wonders for reducing your monthly instalments. Don't be naïve! Think long term. The balloon payment means you're 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

This is an important one. 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 - expenses like fuel, insurance, servicing, tyres, tolls, speeding fines and ...

Bottom line, 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.

COMPREHENSIVE INSURANCE

Comprehensive insurance generally covers accident damage, theft and write-off as well as third party cover for the other vehicle in the case of an accident.

Comprehensive insurance is usually mandatory for a vehicle finance agreement, but even after the car is paid off you should keep your insurance going. However cautiously you drive, it's a huge financial risk to drive an uninsured vehicle - especially with South Africa's high rate of both accidents and theft. If you are uninsured and have an accident, you may be solely responsible for covering your costs as well as for the other vehicle. If you're tempted to 'save money' by cancelling your insurance, don't. Rather shop around for better rates and also get your insurer to reassess your premiums every year because of depreciation.

WHAT'S A WARRANTY?

A manufacturer warranty covers damage caused by errors that happened during the car's manufacture. It does not cover wear and tear or any damage that you've caused.

So for example, a warranty would cover a fuel gauge that goes on the blink, but it won't cover worn out brake pads. A new car comes with a manufacturer warranty but it only lasts for a certain length of time. Your finance provider may also offer you a warranty when buying a second-hand car or an extended warranty for after a manufacturer warranty expires. Similar to a manufacturer warranty, it may only cover damage caused by manufacturing faults to certain parts of the car.

SERVICE PLAN

This pays for your car's regular services as prescribed by the manufacturer at set intervals of either a period of time or mileage.

It usually only covers the cost of a standard service, and no other repairs or replacement of parts. Don't be shy to ask questions. You need to clear on exactly what the service plan covers so you don't have nasty surprises caused by assumptions later.

MAINTENANCE PLAN

Maintenance plans differ in what they cover, but most include the cost of servicing plus general wear and tear repairs.

Maintenance plans are really great for keeping your car running well. Again, don't assume anything, make sure you're 100% clear on what's covered so you can manage things well.

GOOD LUCK!

Enjoy this exciting time in your life, use good judgement and remember - knowledge is bliss!

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