

Your car loan journey





Looking to buy a new or second-hand car, but don't know where to start?

We'll take you through the steps of buying a car from initial research, to choosing your dream car, and driving away in your new set of wheels.

Take a ride through the 6 steps below to find the best car and car loan for you.

Step 1 ➔ **Step 2** ➔ **Step 3** ➔ **Step 4** ➔ **Step 5** ➔ **Step 6**



Step 1

New cars, new possibilities

Remember sitting in the backseat of the car while your parents drove you around? Or that feeling of freedom when you drove off in your first set of wheels? For so many of us, some of our earliest memories involve cars.

Cars get us from A to B and they are one of the biggest purchase decisions you will make. They are also a symbol of our lifestyle and with so many **makes and models** available, Australians are spoiled for choice.

! Maybe it's time for a change?

Did you know?

65%

'**Buying a car**'¹ is one of the most talked about topics among Australians aged 14 years and over, with 65% either giving advice, looking for advice or both.

\$2^{million}

More than two million Australians are considering buying a new car in the **next four years**.²

Step 2

Time for a change?

Whatever the reason, there is usually an event which will trigger your need for a new ride.

Still growing



Has your family recently **increased in size**

Lifestyle change




Does your current car no longer suit **your lifestyle** anymore?

Break downs



Did the lemon car you bought a few years ago finally **break down**?

 When buying your next car it's important to consider the reasons why. Maybe one of the above events has happened in your life and has triggered your need for a change? Knowing the reasons will also help you choose the right car for you.



Top tip!

When choosing your new car make sure to check the safety rating for the models you might be considering. ANCAP will give the safety rating for new cars, while the Used Car Safety Rating will tell you how safe any second-hand car might be.

[Find out more about car safety](#)



Step 3

What's right for me?

Once you've decided it's time for a new ride, you'll need to think about what you want from your next car and how to find out more.

Make a list



Make a list of what you really need in a car and then find the makes and models which suit your needs. Out of the surveyed RAC members who have a car loan, 57% made a list of car brands more than two weeks before purchasing their car.

Pros and cons



Consider whether you need a new car or a used car? Do you want to purchase your next car through a dealer or through a private sale? **Work out the pros and cons** and what will suit you best.

Car guides



If you need help narrowing down your options, check out our **helpful hints** or some car guides [Redbook.com.au](https://www.redbook.com.au), [Glass's Guide](#) and [Australia's Best Cars](#). Out of the surveyed RAC members who have a car loan, 33% shortlisted their favourite vehicles more than two weeks before purchasing their car. Giving yourself time to find the right car is important to make the right purchase.

Know your budget



The **costs of a new car** can quickly add up with registration fees, insurance, maintenance and weekly petrol runs. Take into account all the different costs of buying and maintaining your next car. This will help you to decide how much you can afford to spend on your next car.



Top tip!

Knowing your budget means you can decide how much you can afford to spend when purchasing your next car. If you think you'll need some extra help you can also consider a car loan. Did you know? In a recent survey we found that 40% of RAC members with cars loans researched their car finance options more than 1 week before purchasing their car.

Step 4

A car loan to suit you

You've narrowed down your list of cars and it's almost time to make that final decision. If you're planning on financing your car, it's time to start checking out your finance options.

We know that working out whether you're choosing the right car loan can be stressful if you don't know what you're looking for. In a recent survey with RAC members, we asked if there was anything they found tricky when researching their car finance options.



“Comparing interest rates”

Out of the surveyed RAC members with a car loan, 62% said that having the lowest interest rate is a critical feature. However, a lower [interest rate](#) is not always better. There may be additional fees that when added up can make the loan more expensive over the life of the loan, despite the attractive low interest rate.



“Hidden costs”

51% of surveyed RAC members with car loans said that having no or low ongoing monthly fees on their loan was a critical feature. When choosing your car loan keep an eye out for [fees](#) such as establishment fees, statement fees and early termination fees before you sign on the dotted line.



“Jargon used by the finance company”

'Secured loan', 'ANCAP rating' and 'comparison rate'. When you're taking out a new car loan sometimes the wording used can be tricky to understand! It's important to do your research and understand the [key terms](#) so you can choose the right loan for you.



Top tip!

If you think you'll need a [car loan](#) for your next purchase, check in with RAC Finance for a pre-approval. With a pre-approval, you'll know exactly how much you can afford to spend on your next car purchase. In fact, more than 45% of surveyed RAC members with car loans got at least one pre-approval.

Step 5

The final decision

You've found 'the one' and you're beginning to picture yourself driving around in your new ride.



Top tip!

Just before you drive away, have a look at the below checklist. Tick-off anything you may have missed out on, so you can be sure your next car is right for you.

How can I find the right car?

- Consider if you need a new or used car
- Make a list of what you need in a car e.g. at least 5 seats.
- Decide if you will purchase through private sale or a dealership
- Know your budget

I'm ready to choose my new car, what's next?

- Take the car for a test drive
- Have the car inspected by a mechanic at an [RAC Auto Service Centre](#).
- Complete a [PPSR check](#). When you take out a loan with RAC Finance, we complete this for you.

! Completing a PPSR check will determine whether the car has any encumbrances, like money owed by a previous owner to a financier, or if the car has been registered as stolen.



Top tip!

Once you've chosen your dream car and organised your car finance, don't forget to talk to your insurer to make sure you're covered from the moment you purchase your next car!

How will I pay for my next car?

- Decide if you will pay for your car outright or consider car finance?
 - Get a pre-approved car loan
- !** A pre-approval means you can know exactly how much you can afford to spend on your next car.

If you do need a car loan, ask yourself the below questions to find the right loan for you:

- Is it a fixed or variable interest rate?
- What loan term should I choose?
- What is the interest rate and what will my repayments be?
- How much is the establishment fee?
- Are there any ongoing fees?
- Is there an early termination fee?
- What is the total cost of the loan taking into account the interest rate and fees?

Step 6

The road ahead

So, you've got your new wheels and you're starting to explore what WA has to offer.

Take some time to learn about the features of your new car. Maybe the speedometer on the dash is different to what you're used to? Or maybe you need practice parking a bigger car? It's important to get to know these features for your own safety and so you can really enjoy your new car.



Top tip!

If you are a new driver make sure to check out our [tips on driving safely](#). Getting on the road can be overwhelming so plan your drive and be patient.

If you're a more experienced driver, you might like to use your new set of wheels to explore more of WA. Whether it's a trip to Wave rock, the winery Region of Margaret River or the blue waters of Yallingup, there is plenty to see and experience in WA.

[Your WA guide](#)



Top tip!

Preparation is key when planning your next road trip. Before a long drive it's a good idea to give your car a quick check over. Here are some [things to check](#) before you head off.



From our members

What's changed

Hear what some of our members have to say about their new cars and how their car loan changed their life for the better.



Sharon

"Thank you RAC for enabling us to buy our Landcruiser. We never dreamed we could afford it until RAC Finance made it happen. We've named her Pearl. We love the security of having a reliable vehicle, that gives us so much joy on and off-road. Everyday feels like a holiday, because we now get to go camping, fishing, on family road trips and just cruise in comfort and style. We are so grateful that you helped us find our forever vehicle and maybe in retirement she might get to tow a caravan and show us around this beautiful country."



Sarah

"After finding out we were expecting our fourth child last year, we realised we would need to upgrade our 20-year-old sedan to fit everyone in. RAC's fantastic interest rate on a personal loan enabled us to purchase a near new eight seater van - that means no more squishing kids into seats, a reversing camera for peace of mind and a giant boot that fits our double and single prams plus groceries. Transporting our family is so much easier and more enjoyable."



Craig

"We've always been a one car family. The morning is our time to catch up over takeaway coffee as I drop my wife off to her office and my daughter to child care. Changes to work circumstances meant we required a second vehicle. RAC provided us a loan to allow us to buy a new car to meet the families new work obligations. With a toddler running around and a new house on the horizon, this loan meant we did not need to dip into our savings to buy a car, instead choosing to pay it off over time."

For further information please
contact finance@rac.com.au

