



**CHALLINOR**

# Money Matters

## Financing your new 4WD? Independent vs Dealership Finance

I remember when I wanted to purchase my first vehicle. I was so excited about the prospect of shopping for one and couldn't wait to get out to the car yards in search of my dream ride. Being a young bloke, I asked my dad to come along to help.

We visited our first dealership, moving on to the second and to the third. While I'm saying this, please bear in mind this was many years ago. As we moved from yard to yard, the salespeople would come up as soon as we arrived and say "How can we help you today?". Now, the majority were respectful and allowed us to roam the yard inspecting vehicles. However, there was the odd salesman that wouldn't leave us alone, pushing to get the sale. For me, being a first-time car shopper it took the lustre off the experience to the extent I didn't want to go back. To my dad's credit, he let me experience a very important life lesson.

For the most part, being able to purchase a motor vehicle and do your financing under the one roof can appear an attractive and painless option. Typically speaking, the dealerships offer additional services such as wheel and rim insurance, comprehensive insurance, consumer credit insurance, gap insurance and various other extended

warranties you can add to the loan.

Some people simply want to purchase the vehicle and get their hands on it as soon as possible. Something to bear in mind is anything you add to your loan on top of the vehicle purchase price will naturally increase the loan payments and increase the interest component over the life of the loan. There are pros and cons for each of these products that you should decide on yourself.

For those clients that choose to use an independent finance specialist, this can present more financing options resulting in cheaper loans for them. Typically what

are no different, as they are trying to always balance their lending portfolio, they too also offer rate specials, and an independent finance specialist that deals with multiple banks is able to take advantage of these.

Like everything in life, there are always exceptions to the rule and on the odd occasion, a dealership may be able to provide a better option. The only true test is when you are out shopping for your vehicle, see what their finance options are, then go and compare them with an independent finance specialist. When doing this, make sure you are comparing

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happens with most dealership financing options, they will only have one lender. A well-established independent finance specialist should be able to present you with options from multiple lenders.

Just like shopping at Coles, Woolworths, IGA etc, they all run specials from time to time. Banks

these same six items (loan amount, term, balloon, are payments in arrears or advance, rate and fees). Don't focus solely on the rate alone. Focus on your loan payment as this will be what comes out of your pocket every week.

Happy hunting,

**Dave Challinor**