

# Financial Wellbeing- Buying and Owning a Vehicle in Queensland




Drivers Education

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The Neighbourhood Hub

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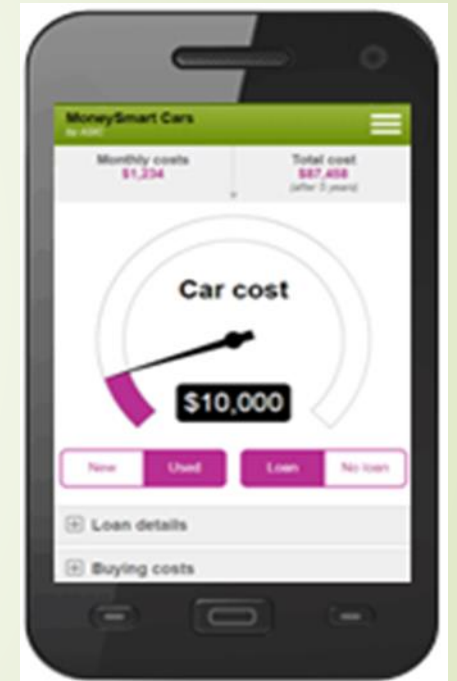
# BUYING A CAR- What are we talking about today?

- How much can you afford?
- Work out which car is right for you
- Set your price range
- Going to a private sale, car dealer or auction
- Get a vehicle inspection
- Insurance

# MONEYSMART CARS APP

The app helps you:

1. Save money by giving you the real cost of your car purchase.
2. Avoid common car buying traps and identify hidden costs.
3. Find alternate ways to finance a car.




# Savings Goals Calculator

## Savings goals calculator

This calculator helps you work out:

- how long it will take to reach your savings goals
- steps to take to put your plan into action

For detailed information see [disclaimers & assumptions](#) below.

 Estimated time: 5 mins



### Savings goals calculator

#### Your goal

I want to save:

As much as possible OR

I want to spend it:

As soon as possible OR

 Years 

Starting balance:

Interest rate: (max 10%)

#### Results

<https://moneysmart.gov.au/saving/savings-goals-calculator>

# The Cost of Owning A Car

Buying a car comes with lots of extra costs. The costs are different in each state, but here are some examples of the extra costs you might need to pay:

- ▶ **Stamp duty** - a payment made to the state government when you buy a car.
- ▶ **Motor vehicle registration** - (3, 6 or 12 months) Paid on all vehicles and if it's due on the vehicle you buy, you must renew it. In Queensland **Compulsory third party (CTP) insurance** is included. (Covers injuries you may cause to other people.)
- ▶ **Registration transfer fee** - if the car is already registered you must pay to have this transferred to your name
- ▶ **Car insurance** - to cover damage to your car, other people's cars and yourself.
- ▶ **Petrol** - will be your biggest single running cost.
- ▶ **Regular repairs and service** - to keep your car running.

# The Cost of Owning A Car



MAZDA 3

4 TYRES- Brand new

➤ \$540 (\$135 each).

FUEL- full tank

➤ \$68.54



TOYOTA RAV 4

4 TYRES- Brand new

➤ \$70 (\$175 each).

FUEL- full tank

➤ \$80.64full tank

Prices of tyres will vary. This is just a guide.  
Fuel estimate is based on price as of 28/02/2018.

# BUYING A CAR

## ▶ Work out which car is right for you

It pays to focus more on the functions of the car than how it looks. Ask yourself:

- ▶ **Are you licensed to drive a manual or will you need an automatic?** Manual cars are often cheaper than automatic cars, and can cost less to repair.
- ▶ **How much can you afford to spend on looking after your car?** A small (1-1.6 litre) car makes sense if you're mainly driving around the city and want to save fuel. Larger cars have higher costs for registration, servicing, tyres and petrol.
- ▶ **Are you looking for a new or second-hand car?** While new cars may seem more attractive, a good used car can be just as effective and could save you thousands.
- ▶ **Will the car have good resale value?** This will be handy if you plan to sell or trade in your car in the future.

# BUYING A CAR

## ► Set your price range

*Work out exactly how much you have to spend on buying a car. On top of the sale price and the yearly costs mentioned above, when you buy a car you also have to pay for an inspection, transfer of registration and stamp duty.*

Here are some tips on getting a good deal:

- **Save hard:** You'll have more options if you've been saving or can arrange a [car loan](#) in advance.
- **Do your research:** Decide on the type of car you want, then visit a few dealers, look in the paper and go online to compare prices. Decide on a maximum price.
- **Stick to your maximum price:** When you find a car you like, don't be tempted to go over your maximum price. If you do, you may not have money to pay for other necessities.
- **Try bargaining:** You can often get a better price if you bargain with dealers. If they know you're serious, they may be prepared to do a deal.
- **Rego expiry dates**

*Some cars are sold very close to their registration (rego) expiry date. It means that shortly after buying the car, you will have to pay more money to renew the registration, and possibly for new tyres and repairs so it's roadworthy. Then there's compulsory third party [car insurance](#). These costs can add up very quickly, so it may be worth looking for a car with a longer rego period.*



# BUYING A CAR

## ➤ Car Loans

- A car loan is a personal loan for the specific purpose of buying a new or used car.
- You borrow an amount of money that you have to repay within a certain period of time (called 'the term'). You will have to sign a credit contract that specifies the amount borrowed and how you will repay it.
- The term can vary, but is usually between 12 months and 5 years. If you don't pay off the full amount of the loan by the end of the term, or if you can't afford to make equal payments over the life of the loan, the final payment must be made as a lump sum. While this makes repayments affordable, you may be left with a large amount of money to pay off or refinance when the term ends.
- Shop around- Banks vs Dealer

# BUYING A CAR

## ► Car Loans

*Many credit providers will give you 'in principle approval' for a loan, so you know exactly how much you can borrow and won't be tempted to spend beyond your means.*

### **Dealer finance**

- If you buy from a car yard, the dealer might offer to arrange finance for you.
- Dealer finance may be convenient, but it's important to shop around to make sure you get a good deal on your loan.
- Banks, [building societies](#), [credit unions](#) and specialist lending and leasing companies all offer car loans, so check out what's on offer so you can compare and choose the best loan for you.

# BUYING A CAR

## ➔ Car Loans

<https://moneysmart.gov.au/loans/personal-loan-calculator>

Many credit providers will give you 'in principle approval' for a loan, so you know exactly how much you can borrow and won't be tempted to spend beyond your means.

### Personal loan calculator

**How much will my repayments be?**

**Personal loan details**

Amount borrowed:

Interest rate:

Repayment frequency:

Length of loan:

Fees:

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Your repayments will be: **\$303 per month**

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[Compare alternative](#)

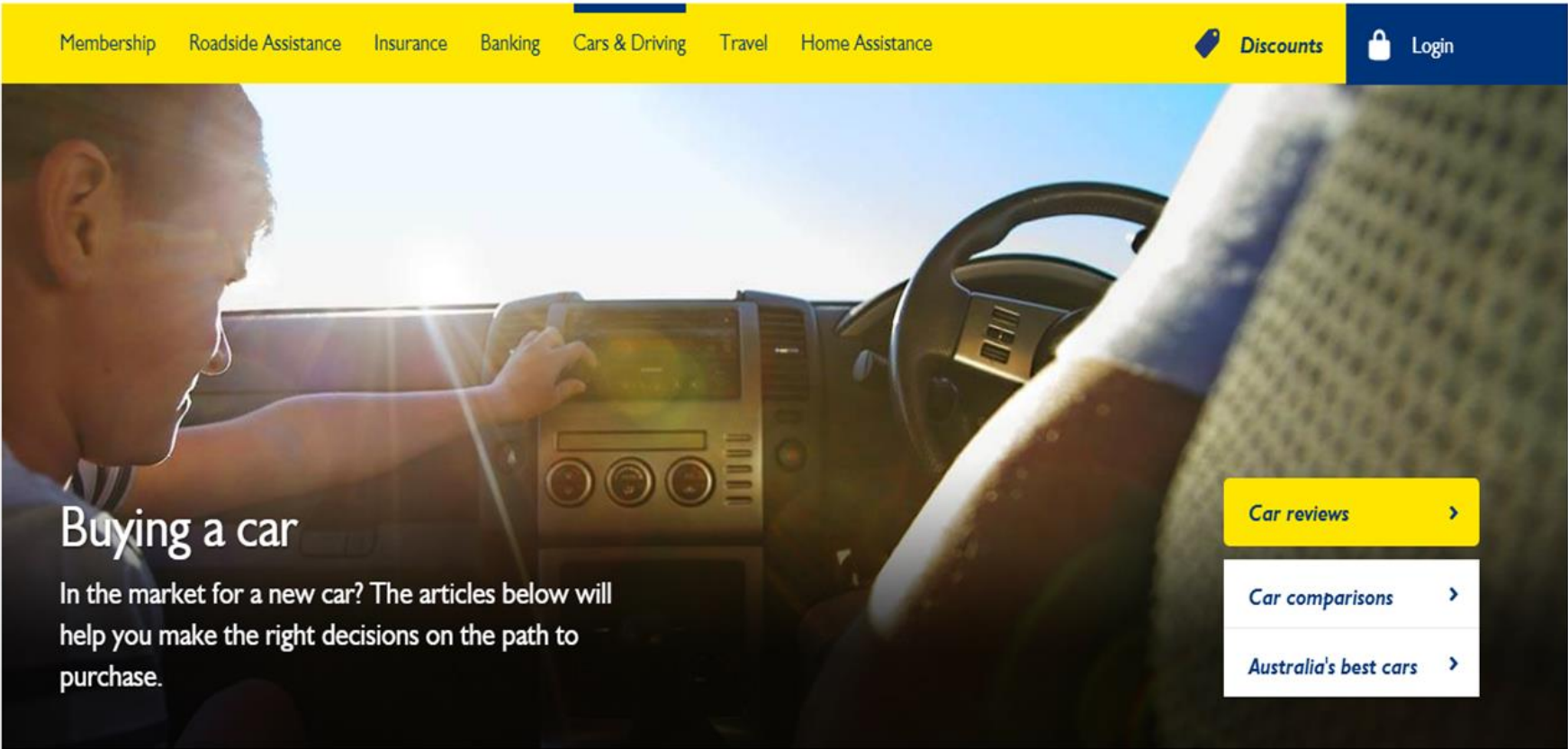
### Total repayments ?

The chart shows two bars. The first bar, labeled 'Personal loan details', has a total height of \$18,210, with a pink segment on top and a dark purple segment below. The second bar, labeled 'Alternative', has a total height of \$0.

Option	Total Repayments
Personal loan details	\$18,210
Alternative	\$0

Repay **\$303** per month  
6.5% for 5 years

# RESEARCH- Reviews and Safety



The screenshot shows the RACQ website interface. At the top left is the RACQ logo and the phone number 13 1905 with the text '24 HOURS EVERY DAY'. To the right are navigation links for ABOUT, BUSINESS, SUPPORT, and CONTACT, along with a search bar. Below this is a yellow navigation bar with links for Membership, Roadside Assistance, Insurance, Banking, Cars & Driving, Travel, and Home Assistance. On the right side of this bar are links for Discounts and Login. The main content area features a large image of a person driving a car. Overlaid on the bottom left of this image is the heading 'Buying a car' and a paragraph: 'In the market for a new car? The articles below will help you make the right decisions on the path to purchase.' On the right side of the image, there is a vertical list of three links: 'Car reviews', 'Car comparisons', and 'Australia's best cars', each with a right-pointing arrow. At the bottom left of the page, there is a breadcrumb trail: 'Home > Cars & Driving > Cars > Buying a car'.

**RACQ** 13 1905  
24 HOURS EVERY DAY

ABOUT ▾ BUSINESS ▾ SUPPORT ▾ CONTACT ▾ Search... 🔍

Membership Roadside Assistance Insurance Banking Cars & Driving Travel Home Assistance Discounts Login

## Buying a car

In the market for a new car? The articles below will help you make the right decisions on the path to purchase.

- Car reviews >
- Car comparisons >
- Australia's best cars >

🏠 > Cars & Driving > Cars > Buying a car

[www.racq.com.au](http://www.racq.com.au)

# Where Can I Buy a Car?

**Private Sale- Friend, Newspaper, Pocket Trader, Online Facebook, Gumtree etc.**

Ask the seller to show you the following:

- A current certificate of registration for the car
- A Safety Inspection Report that is no more than 42 days old
- Proof that they own the car, e.g. a sales receipt and service records.
- If the Safety Inspection Report is marked 'failed - repairs needed', this means the car is not roadworthy. Do not buy the car.
- Also check the Australian Government's [Personal Property Securities Register](#) (PPSR) to make sure the car won't be repossessed because the owner still owes money on it.
- Buying privately means you won't get a warranty. If anything goes wrong, you will have to pay for it.

# Where Can I Buy a Car?

## Licensed Car Dealership

- Buying through a licensed dealer can be more expensive than finding a car privately. Generally, however, buying from a licensed car dealer should give you more protection if things going wrong. A licensed car dealer will give you:
  - a guarantee that the car will not have any money owing on it;
  - a cooling-off period where you might be able to get a refund if you change your mind. Check the rules for cooling off periods in your state, because sometimes the cooling off period is waived when you drive the car away from the caryard; and
  - a warranty period on new and used cars.



# Where Can I Buy a Car?

## Auction

- Buying a car at an auction will be cheaper but there's no warranty, no test drives and no inspections. Make sure you check the paperwork and read the **Private sale** section above on researching debts and warnings on pre-owned cars.
- Learn about the conditions of bidding at your auction. Many auction houses ask for a 10% or \$500 deposit at the fall of the hammer, and payment of the balance within a short period.





# BUYING A CAR

## ► Get a vehicle inspection

It may cost a few hundred dollars but getting a professional inspection on a second-hand car will uncover any problems that can be even more expensive to fix later on. A test drive will also help you see if there are any issues.

- Smart tip- Check the value of your car by searching for cars online.
- Check how many kilometres are on the odometer and that it doesn't look as if it's been tampered with. The numbers should line up and the kilometres should match the service history in the car's log book.
- If you're buying a second-hand car, it's a good idea to take someone with you who knows what to look for, and can explain what to check in a car.



# BUYING A CAR- Activity 1

See Learner Guide

## Activity 1.1 Hidden costs (Level 1)

### Car for sale

#### 2003 Toyota Camry – \$6,700

Well maintained car in excellent condition!

Silver sedan, 4 speed, 6 cylinder Petrol 3.0i, 235,000 km,  
11.2L/100km, 4 doors 5 seat, stamp duty costs (approx \$200).

### Questions

- 1** Apart from the purchase price, what are examples of additional costs you would need to pay if you bought this car?

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- 2** Which of these costs are one-off?

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- 3** Which are ongoing expenses that you could budget for?

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# BUYING A CAR

**RACQ** 13 1905  
24 HOURS EVERY DAY

ABOUT ▾ BUSINESS ▾ SUPPORT ▾ CONTACT ▾ Search... 🔍

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## Vehicle Inspections

Buying a new car or heading away on a road trip?  
Know your family will be safe with an RACQ Vehicle Inspection.

[Book mobile check online](#)

[Enquire online](#)

📞 Need Help? Contact us on 1800 629 501

🏠 > Cars & Driving > Products & Services > Vehicle Inspections

<https://www.racq.com.au/cars-and-driving/products-and-services/vehicle-inspections>

# INSURANCE

This table explains the difference between third party, third party property, fire and theft, and comprehensive insurance.

## Types of insurance

Type	Damage to your car	Damage to other people's property (other cars)	Damage or loss caused by theft of your car	Injuries or death to other people in an accident
Compulsory third party	✗	✗	✗	✓
Third party property	✗	✓	✗	✗
Third party property, fire and theft	✗	✓	✓	✗
Comprehensive	✓	✓	✓	✗

## Cost of insurance

The cost of car insurance depends on many factors:

- Your age
- Driving record
- Make and model of vehicle
- Annual distance travelled
- Whether you are male or female
- Where the vehicle is kept overnight
- Your address
- Whether your vehicle is owned completely or whether you still owe money on the car loan

# INSURANCE- Activity 2

Activity in learning guide.

## C: Car insurance

### Activity 1.8

#### Who and what is covered? (Level 3)

Insurance Type	Costs arising from damage to your car	Costs arising from damage to other people's property (e.g. other cars)	Costs arising from damage or loss caused by theft of your car	Costs arising from injuries or death to other people in an accident
Compulsory third party				
Third party property				
Third party property, fire and theft				
Comprehensive				

## Buying a car

Starter pack

🕒 1 MINUTE

On this page

### Up next in Buying a car

#### 1 Work out a budget

Work out where your money is going

20 MINUTES



#### 2 Start a savings plan

Reach your savings goals

5 MINUTES



#### 3 Research car loans

How to compare personal loans and get the best deal

3 MINUTES



#### 4 Download our car app

2 MINUTES



#### 5 Choosing car insurance

Getting the best price and protection with your car insurance

4 MINUTES



#### 6 Understand add-on insurance

Resist the pressure to buy insurance from car dealers

5 MINUTES



<https://moneysmart.gov.au/buying-a-car>



# THANK YOU

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