

Article Date	Headline / Summary	Publication
13 Sep 2024	Planning To Buy A Second-Hand Luxury Car Like A Mercedes Benz: Here's What You Should Know	Outlook Money

[Planning To Buy A Second-Hand Luxury Car Like A Mercedes Benz: Here's What You Should Know](#)



A second-hand luxury vehicle will have a higher cost of ownership as maintenance costs could be much higher. Also, it would have higher rates of interest if you are looking for a loan, compared to when buying a new car

Planning to Buy A Second-Hand Luxury

For many luxury cars are what dreams are made of. You do not need to drive a Mercedes to go from point A to B, but people do spend on luxury cars.

However, with their high prices luxury cars are out of the reach of many. For example, a Mercedes E class will set you back by at least Rs 76 lakh. However, if you really want a luxury car, you can buy a 2014 E class for as less as Rs 15 lakh, which would be the same price as a brand-new SUV car from the Kia or the Hyundai stable.

Owning a luxury car has been a dream for many, but the high price tags often make them unaffordable for most. "Opting for a second-hand luxury car, with the proper checks, can be a practical and cost-effective alternative. This choice allows buyers to access premium features at a reduced price, making it an attractive option for those who want to experience luxury without straining their finances. Additionally, because luxury cars depreciate rapidly, purchasing a pre-owned vehicle helps avoid the steepest depreciation curve," says Subhasish Mazumder, head- of motor distribution, Bajaj Allianz General Insurance.

The Heart Versus The Brain However, while the heart may want you to invest in a second-hand luxury vehicle, personal finance wisdom may suggest otherwise.

For one, used luxury vehicles can cost a lot to maintain, which would be much higher than a regular car. In case you get the car for a loan, you will be paying an equated monthly instalment (EMI). You also have to keep in mind the maintenance costs.

Vishal Dhawan, CEO and founder, Plan Ahead Wealth Advisor, and Sebi-registered advisor said that a second-hand luxury vehicle will have a higher cost of ownership as maintenance costs could be much higher. Also, it would have higher rates of interest if you are looking for a loan, compared to when buying a first-hand car.

The Final Decision If you look at personal finance wisdom, you should not perhaps buy a used luxury car. "Why are you buying a second-hand luxury car, when you can get a mid-sized new sedan of a good brand with that money?" says Renu Maheswari, chief executive officer and principal advisor, Finzscholarz Wealth Manager and a Sebi-registered investment advisor.

Let us assume that you still want to buy a second-hand luxury vehicle. Ask yourself whether it is only for a status statement. "Calculate if you can afford to be frivolous with this kind of money," says Maheswari.

Doing some research online will give you an idea of how much you would need to maintain a particular car model that is a certain number of years old. Find out whether that will stretch your finances and whether you can meet your other financial commitments properly. Consider your EMIs and high maintenance costs. In case you can, there is no harm in purchasing a pair of used luxury wheels. You do not really need a luxury car, but still ask yourself why you need it. In case you want to go on long drives or want to create an impression at business meetings, that is still a reason to buy such a car. "Do not buy a luxury car just to 'keep up with the Joneses'. Such behaviour can land you in financial trouble," says Maheswari.

Remember a car is a depreciating asset and not an investment. The money you would spend on buying a used luxury car and maintaining it could perhaps be used to give your retirement corpus a much-needed boost.

But, in case you can afford it and have it planned out, there is no reason you should not buy a pre-owned luxury car. After all, nothing can beat the experience of being behind the wheels of a Mercedes. Or any other luxury car for that matter.