



community first
credit union

Should I pay cash or finance my solar panels?

Moving to solar energy has never been more popular with over 362,000¹ roof-top systems installed in Australia in 2020 alone! From saving on ever increasing energy bills or doing that little bit extra to help the environment, by considering solar you will be joining the 1 in 4 Australian households that have already made the solar switch!

Like any other purchase, determining how you will pay for your solar system is an important consideration. Paying cash is the most obvious method, however there are a number of different loan options that could help you keep your hard earned cash in the bank and still get solar on your roof with overall savings.

Is it best to get a loan for my solar or pay cash?

This will end up coming down to your personal situation. Before making a decision there are some questions you should consider;

- If you use cash to pay for solar, will you have sufficient savings for other purposes and emergencies?
- Do you have sufficient cash to purchase the most suitable system for your home?
- Are you eligible for a loan and can you afford the repayments?

Ok, so I am considering a loan for my solar, what about difference finance options?

Home Loans are one way of financing your solar. Home loans could give you a lower rate (that is the same rate as your existing home loan), but you could end up paying more in interest overall if the loan term for your solar runs the same as your home loan (i.e. 20 years). Application fees to increase your home loan may be higher and the application process tends to be longer with more documentation required.

Interest Free Finance (or Buy Now Pay Later) schemes can look attractive. They will typically offer approvals immediately with limited documentation – this could suit people with lower credit scores. These types of loans however come with “hidden fees” including a merchant fee of up to 20% that your solar installer pays if you take out



this type of finance. This could mean you end up paying more for your solar.

Unsecured Personal Loans can assist you purchase solar. These loans do not require any security, can be fast to apply and get approved. A personal loan requires a credit check and some documentation to be approved and personal loans for solar can be offered on very low interest rate terms.

How do I find out more about the different solar payment options?

Your solar installer will be able to advise the different payment options available and can advise if any discounts for cash would be extended to different solar loan options. Discussing your specific loan options, interests costs and repayments with a solar loan provider will assist you make your decision on how to pay for your solar.

This information is general advice only and does not take into account your objectives, financial situation or needs (your “personal circumstances”). Before deciding whether to buy any product on this website you should consider your personal circumstances.

¹<https://www.csiro.au/en/news/news-releases/2021/australia-installs-record-breaking-number-of-rooftop-solar-panels>