

# Buying A Car



*You may spend tens of thousands of dollars on vehicles during your lifetime. Consider these tips:*

**What are your vehicle needs?** You might not be able to afford all your “wants” so prioritize needs first.

**New cars depreciate fast.** A \$22,000 vehicle will be worth as little as \$15,800 – \$18,000 just one year later.

**Used cars cost much less.** A \$22,000 vehicle may cost as little as \$6,600 – \$11,000 five years later. Let someone else take the hit on the depreciation.

**Insurance can be expensive, but newer cars are usually the most expensive to insure.** Older cars can cost much less to insure. And means less owed on property taxes, too.

**Only borrow what you can afford, as opposed to borrowing as much as you can.** Buying a vehicle and *keeping* it can be two very different things. There’s a temptation to overbuy, which can greatly stress family life. And it can be a formula for repossession.

**Shop lenders for rates and fees.** Be sure you’re dealing with a reputable lender. If you choose an online lender, do your homework first and make sure it’s a trustworthy company.

**Consider getting a 5-year loan or less.** A smaller monthly payment is always attractive. However, a 6-year-loan’s monthly payment doesn’t significantly drop. Avoid paying a lot more in interest by sticking with 5-years or less.

**Sell your old car rather than trade it in.** Dealers buy low and sell high. People generally do far better by selling their car themselves vs. the trade in amount they’d get for it.

**Research online the value and reliability of the vehicle’s make and model.** Test drive the vehicle before you buy it – and for more than just a couple of miles. If buying a used vehicle, pay a mechanic to check it out so you don’t get stuck with a lemon. Arkansas’ “Lemon Law” only protects *new* car purchases, not used.

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