

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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