

# Ways To Save When Buying A Car



You may spend hundreds of thousands of dollars on vehicles during your lifetime.

Consider these tips when purchasing your next car.

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

**New cars depreciate fast.** A \$30,000 vehicle will be worth as little as \$24,000 just one year later. A vehicle depreciates about 10% the moment you drive it off the car lot. So that \$30,000 car instantly dropped to \$27,000.

**Used cars cost much less.** A reliable used car can be a great option, because of the depreciation of that car. A vehicle that was originally \$30,000 brand-new five years ago is only worth around \$12,000 now.

**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.

**Avoid getting a 7-year loan.** Years ago, 4-year car loans were the most common choice. However, now 6-year loans are the most common and 7-year loans are now fairly common with one in five buyers choosing it. The longer loans do lower your monthly payments, but not as much as you might think. And the total amount you will pay in interest over the life of the loan goes up considerably.

**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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