

Buying a Car

Buying a car isn't as simple as going to a dealership and driving away. It involves research, saving and financing.

The first thing you need to do is decide what type of car is best for you. To do that you need to ask yourself the following questions:

1. How many people does my car need to seat?
2. How much cargo space do I need?
3. What weather and road conditions will my car be subject to?
4. How often will I use my car?
5. How many miles do I expect to put on my car each year?
6. What do I consider acceptable gas mileage (miles to the gallon)?
7. How much can I afford to pay?

To find out the answers to your questions you can turn to automobile buying guides, the internet, etc.... Through these resources you may also find useful information such as a car's safety performance and environmental friendliness.

The next thing you need to focus on is financing a car. You should research banks and other lending institutions, as well as, the dealerships themselves and see what they offer for auto loans. Pay close attention for the **annual percentage rate (APR)** you will want to find the lowest rate. In addition to a loan you should consider putting down a **down payment** on your car purchase. A down payment is a percentage of the total cost of the car paid at the time of the sale. The larger your down payment the less the amount you pay back plus interest. Some buyers use an old car as part of a down payment. This is called a **trade-in**. You can make adjustments to your budget to arrange for a down payment and future car payments.

Once you have arranged your finances it is time to go shopping. You need to decide whether you want to purchase a new or used car. Automobiles quickly **depreciate** or lose value. A new car that you drive off the lot today will be worth half of what you paid for it in three years. After three years the rate of depreciation slows down. By the sixth year, it is down to three percent per year. You might want to buy an older car that is depreciating slowly. This will save you money. When you buy a used car make sure that

it is in good condition. A car with over 15,000 miles traveled yearly has endured a lot of wear and tear. To be sure the car is in proper condition you can choose to have it inspected by an **independent mechanic**, one separate from the shop. You should also check online with a company like Carfax to see if it has a record of any accidents or repairs. Some used cars will be sold “**as is**” while other will be sold with a **warranty**. If something goes wrong with an “as is” car you have to pay for it. If something goes wrong with a car under warranty the dealership will fix the parts covered under that warranty free of charge.

Going to the dealership can be somewhat intimidating. The salesman is more experienced in the sale of cars. To avoid being pressured into buying something you do not want follow the following tips:

1. Be prepared. Know what you want, what you do not want and obtain bids based on invoice price.
2. Do not be talked into options you do not want. If the dealer doesn't have the exact car you want, have him or her try to get it from another dealer, or go to another dealer yourself.
3. Do not discuss trade-ins until after you have settled on a sale price. Do not let the dealer consider the trade-in of your old car as a reduction in dealer sticker price. To trade-in your old car is simply to sell it to the dealer. It has nothing to do with the price of the new car.
4. Do not be pushed into a decision. If you are at a dealership just to look, do not let the dealer talk you into buying that day, no matter what one-day specials he/she dangles in front of you. If you are negotiating a price and the dealer says “take it or leave it,” do not be afraid to leave it. If you do not find a better deal elsewhere you can always come back.
5. Get it in writing. If a dealer is not willing to put all agreements in writing, walk away.

Last step: ride off into the sunset in your new car...

