

## Car Buying 101

No one ever said it would be easy to buy your first car, did they? Chances are you've received lots of advice on your way to the dealership - not all of it helpful and much of it conflicting. So, before you take that test drive, there are some things you ought to consider.

Dad may have told you how to get a good deal; and Mom may be more concerned with safety features and gas mileage. But did either of them go over the basic rules of financing your first wheels?

If not, here's the short course in how to do it right:

- **Think total price rather than monthly payment.** If that sounds basic, it really should be. But many people think if they can handle the monthly payment, it really doesn't matter how long it takes to pay it off. Problem is that it does matter. In a worst case scenario, you find yourself owing more than the vehicle is worth. Always look down the road, so to speak, before you agree to a longer term just to lower the monthly payment.
- **You pay interest every month on the unpaid balance.** Stretching out those payments adds dollars to the total price. It's basic math. So, when you compare a Kia to a Chevy, compare features and mileage, warranties and safety features, colors, options and cargo capacity. But always ask about the total price. That's a much more valid way to compare vehicles than choosing between a sunroof and navigation system.
- **Be clear about how you intend to use your car.** Daily commutes of 20 miles a day with an occasional weekend getaway are very different from extended driving that has you on the road for days at a time. If you plan to haul samples, sports equipment or strollers and bicycles, be sure the trunk or cargo space meets your needs. Also, try out the back seat for comfort and ease.
- **Insurance is vital.** Costs can vary substantially from one make and model to another, but your insurance premium is also based on your age and driving record as well as your location. If you don't currently have insurance, compare rates and coverage before you sign a contract to buy. Insurance is one thing you cannot afford to be without, but do take the time to understand what you're really paying for! If you already have insurance, make sure you contact your insurance company to see how much your premiums will change with the new vehicle *before you buy*.
- **Know all the upfront costs associated with buying a vehicle.** In addition to the down payment, other expenses are due upfront. Tax, title and license are typically rolled into the loan, but they don't have to be. Are you prepared to shell out the cash? There are also ongoing costs when you own a car - yearly inspections and license tags, parking and maintenance. Budget for them.
- **Finally, get pre-approved by the credit union first.** You'll be armed with a powerful negotiating tool if you know your dollar limitation and interest rate. In some ways, buying a car is like playing a game. If you know the rules, you'll be able to strategize effectively and you can win the prize.

Whether you're looking at a new or used vehicle, the basics are the same. Look for value, reliability and affordability as well as the right color!

## ***We're Here to Help!***

When you're ready to begin looking for your next vehicle, stop by the Credit Union or give us a call at 410-687-5240. We're ready to help you get pre-approved and lock in a great, low rate.

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