

NEW CAR Buying Guide



Improve Your Credit

When it comes to purchasing a new car, a good credit score is one of the most important weapons you can have in your arsenal. That's because more than 85 percent of American consumers rely on financing to obtain a new vehicle, according to Experian's 2016 State of the Automotive Finance Market report.

Bad credit can lead to no financing. Good credit, however, shows lenders that you are reliable when it comes to making payments on time, which leads to a better chance of securing a loan. Besides that, a better credit score usually means a lower interest rate.

A simple online search will reveal many sites where you can check your credit score before you begin your search for your dream car. If your credit score is less than perfect, there are some simple ways to improve it. A good rule of thumb is to consider your credit score as important as your driving record. Both can greatly improve or hinder your everyday life.

LOWER YOUR CREDIT CARD DEBT

The 2015 American Household Credit Card Debt Study found that the average American household carries a credit card debt of \$15,762. The easiest way to cut down on your credit card debt is to start with the smaller outstanding balances.

Once you resolve a smaller debt, start applying that money toward a card with a larger balance. Obviously you're not going to overcome your debt overnight, but by cutting out smaller debts, the extra money will make your larger debts look less intimidating.

PAY YOUR BILLS ON TIME

Today's technology gives us a huge advantage in the struggle to pay bills on time. With nearly everything being electronic, we are able to have our



creditors take payments out of our bank accounts automatically on the due date.

Sometimes it is too easy to justify spending the electricity bill on something frivolous and trying to make up for it the next month. This is a downhill battle. Your credit score will thank

you if you make an assertive effort to make sure your bills are paid first.

PROPERLY USE YOUR CREDIT CARD

An active credit card shows lenders that you are in control of your credit. How you use credit cards can be the

most beneficial or detrimental influence on your credit score. The trick is to pay your balance off in full before your due date.

A month's worth of gas or groceries that you charge to your card can be a great help to your overall score if paid in full on time.

Finding the Right Fit

There are many factors to consider when purchasing a new car. It is crucial to consider your budget, an accommodating size and various comfort and safety features. The average car loan will require payments for five years. It is important to determine that any upcoming life changes will be compatible with a vehicle that you will likely have long after the loan is repaid.

The good news is, you're not alone in this decision. It is in your local dealer's best interest to ensure that you are purchasing a car that will meet your needs. But what questions do you need to ask your local professional?

IS IT IN YOUR BUDGET?

Besides your initial investment of a down payment plus monthly payments, make sure that you can afford regular maintenance on your new vehicle. Your dealership's salesman or local parts store will be willing to do research to determine the cost of regular maintenance for your new vehicle.

There's a large cost difference between oil changes for a truck with a diesel engine and a standard passenger car that uses gasoline. It's important to know these cost differences before you commit to a five-year loan.

DOES YOUR NEW CAR FIT YOUR FAMILY?

A sleek body style and extra horsepower under the hood can be tempting to anyone. But if you have small children, you know that convenience is second to none. Perhaps, a two-door coupe isn't the best vehicle for you if you're constantly shuttling kids around town.



If you have children or are considering adding to your family, a sedan or minivan may be your best bet. These will supply comfort and convenience for your budding family.

If you're concerned about

gase mileage, consider a small or crossover SUV.

DO YOU NEED EXTRAS?

Your new car may come with extras that you never considered, but these extras come at additional costs. Ask

yourself if you need the extra towing package. Sure it can be handy, but if you have never considered hauling a trailer, then it's probably an extra that you don't need.

Another extra is four-wheel drive. If you live in an area

that experiences tough, snowy winters, four-wheel drive will probably be beneficial. If you don't plan on driving in snow or off-roading, however, you're safe to bypass this pricey option that can also cost you in gas mileage.

Get the Best Trade-In Deal

If it's time to purchase a new car, it may also be time to upgrade your current vehicle to maximize its trade-in value.

There are many ways to make this happen.

In addition to a down payment, a good price on your trade-in can greatly lower the total amount that you will ultimately owe for your new vehicle. It's important to research your vehicle's value so you're not negotiating blindly when it's time to close the deal.

RESEARCH

A good way to get a great handle on the trade-in value of your car is to check with a resource like Kelley Blue Book. You can use the company's database to find a rough estimate of what a dealer may offer for a trade-in. Answer the website's questions honestly to give yourself the most accurate value.

Dealers are experienced in this department and know what they're looking for when valuing a trade-in. It's easy to be discouraged if you are offered less than you are expecting, so having a realistic value in mind is critical to keeping you on track at the dealership.

GIVE YOUR VEHICLE SOME TLC

The impression your vehicle

makes on the dealer is up to you. Make sure to spend some time scrubbing the exterior and vacuuming the interior. It may not be a bad idea to hire a local professional detail company to really make it shine.

Many of these detail companies also work for dealerships, sprucing up vehicles before they're sold. They will have a good understanding of how to beautify your vehicle when you tell them you're taking it in for trade.

MECHANICAL DIFFICULTIES?

Apart from the appearance, you will benefit from correcting any minor mechanical problems your car is experiencing. If you're hearing noises from under the hood, that may be unattractive to a dealer looking to re-sell. Have a local expert take a look and give you advice on which repairs are most pressing.

Knowing about these minor issues will give you an upper hand when negotiating. You can refer to your mechanic's repair quote, letting your dealer know exactly what type of work is required to get the vehicle into top shape.



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Buying Your First Hybrid

Hybrid vehicles have been growing in popularity thanks to their reputation of being better for the environment and their great fuel economy. If you're considering making your first hybrid vehicle purchase, there are a few factors that to keep in mind.

Owning a new hybrid isn't all great gas mileage and a lower carbon footprint. Maintaining a new hybrid car can be expensive, so it's important to understand what you're getting into before signing the final sales contract.

WHAT IS A HYBRID VEHICLE?

A hybrid vehicle generally uses two different powertrains — typically a gasoline engine along with an electric motor. By working together, they are able to consume less fuel by allowing the gasoline engine to carry less of the load.

Regenerative braking is one of the signature features of a hybrid vehicle. When you apply your brakes, it causes the electric motor to run backwards in order to stop the vehicle. While the motor is in reverse mode, it feeds electricity to the batteries. This system is one of the most unique features of hybrid vehicles on the market today.

GAS MILEAGE

Toyota boasts that its new 2016 Prius will get an average of 54 miles per gallon. While some hybrids may get lower mileage than the Prius, the numbers are still much higher than a convention gasoline vehicle.

While you're getting more bang for your buck at the



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pump, also know that you'll get less power from a hybrid than you would a conventional engine. Gasoline engines will accelerate considerably faster and offer more horsepower. Consider this major difference

when making your decision.

MAINTAINING A HYBRID

Possibly the biggest issue related to owning a hybrid vehicle is the cost of maintenance. Replacing a hybrid bat-

tery can cost thousands of dollars. Fortunately, car manufacturers usually offer great protection on the hybrid components, so make sure to understand what kind of warranty you're getting.

When it comes to a hybrid, a good rule of thumb is to go back to your local dealer for repairs. Their mechanics have been trained on the complexity of a hybrid engine and will have special tools for repairs.

Fall: A Good Time to Buy

New models, quotas and the holidays are just a few reasons why dealerships offer the best deals at year's end. There are many incentives a dealer can obtain if they are able to hit the numbers that are set for them. Why not help them help you?

Fall ushers in the last few months of the year. Car dealers and manufacturers are in a frenzy to finish the year strong. Traditionally, the first few months of a new year are slow ones in the car sales department, making it a necessity for local dealers to boost their end-of-year sales to get through the slow months.

CAPITALIZE ON LEFTOVER INVENTORY

You will likely grab a great deal on a new vehicle by waiting for late summer and early fall. This is generally when dealerships are rolling the year's newest models into their showrooms, meaning they begin marking down last year's models to unload inventory.

Out with the old, in with the new is a practice for dealerships during the fall season. It's in your best interest to take advantage.

HOLIDAY SALES

Car dealerships have jumped on the Black Friday shopping phenomenon. Great deals can be found the day after Thanksgiving and the weeks immediately afterward as manufacturers offer reduced pricing on new models.

Other than great prices, be on the lookout for financing deals and various rebates that can make a big difference in your final cost.



SMART SPENDING

Consider getting a big purchase like a new car out of the way before the holidays tight-

en your wallet. Taking advantage of sales in September or October can give you plenty of time to readjust your budget

for Christmas gifts.

If your current vehicle isn't the most reliable machine, a new vehicle can give you

peace of mind that you'll safely get where you're going during the busy holiday travel season.

Leasing Vs. Buying

The decision of whether to lease or buy a vehicle is one worth considering if you're shopping for a new vehicle. Both options carry pros and cons. Ask yourself if you're looking for a long-term vehicle or would rather have the option to switch out your ride every few years.

When leasing a vehicle, you will likely pay less per month than you would by buying. Think of leasing and buying a vehicle the same way you would think of renting or buying a home. Your personal situation and preferences should be the defining factors in your decision.

LEASE TERMS

While every dealership will be different, a lease term will have its own unique stipulations. Typically, you will receive a mileage limit for your leased vehicle. You will be required to keep the mileage under a certain number during the term of your lease. Otherwise, there is a chance that you will be responsible for paying a fee for every mile over your limit. There may be lease-specific contingencies, so make sure you understand what you're getting into.

MAINTAINING YOUR VEHICLE

When leasing, it's important to remember that the vehicle is not actually yours. You are required to return your vehicle in excellent condition to avoid paying a penalty. However, if you own your car, you can endure some scratches or dings that may come up.

Your leased vehicle will typically be under warranty for the duration of the lease, so you shouldn't have to worry about any pricey repairs.

One con to consider when purchasing is that once your warranty expires, all repair responsibilities are placed solely on you.

HOW'S YOUR FINANCIAL SITUATION?

For many lease promotions, you are generally required to come up with a down payment. When buying, it may be easier to use the value of a trade-in vehicle as a down payment, rather than coming up with a certain percentage of the total price in cash.

If your credit is less than perfect, you may have a harder time leasing. Dealers can be more apt to lease their vehicles to people with reputable credit scores. When buying, banks can be more lenient on a purchaser with a lower score and allow for a co-signer.



Negotiate the Best Deal

When purchasing a new vehicle, dealerships are expecting you to negotiate with them, so don't be scared. The sticker on the windshield isn't always the bottom dollar that a dealer will take for a vehicle, opening the door to a win-win compromise.

There are ways to negotiate in a respectful, non-contentious manner. The key to a favorable outcome is to never reveal your price first. For example, if your salesperson asks you how big of a payment you can afford per month, it's time to turn the tide of the conversation.

CHECK PRICES OF MULTIPLE DEALERSHIPS

Chances are that if you're in the market for a new vehicle, you have done your research and found the best prices in your area. This knowledge can give you an advantage when it comes to negotiations.

If you explain to your salesperson that you found a similar vehicle for a better price at the dealership down the street, it's likely that your dealer will come down on the price. Research can be your best friend when it comes to making a deal.

HOW MUCH CAN YOU EXPECT TO SAVE?

After you've done your research and discovered that most of the dealers in the area are asking for nearly the same price for similar vehicles, you may be asking yourself if negotiation is really worth it.

The experts at Edmunds.com claim that a strategic negotiation can save you up to \$2,000. That's a big chunk off the bottom line that can lead to lower monthly payments and total interest charged.

MORE THAN JUST LOWER PRICES

When negotiating for your new vehicle, remember some extras that your



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dealer can throw in to ensure a better deal. Most new vehicles come with a solid warranty through the manufactur-

er, but consider asking your dealer if they offer an extended warranty. Try to convince your dealer to offer

more warranty or broader coverage to sweeten the deal. You never know if it's a possibility until you ask.