



NEW CAR
Buying
GUIDE

Timeline for Buying a Car

The big day has finally arrived. You have been preapproved for the loan and decided on the perfect car. It won't be long before you're on the way home in a vehicle of your dreams, right? Not quite.

The process of purchasing a car can take a while. If you have never purchased a new vehicle, here's what you should expect from the time you step on the lot.

THE TEST DRIVE

Before getting to the dealership, you should have a few different cars in mind. Be sure to research safety and performance ratings and have a good idea of what it may cost. After viewing the vehicles you have chosen in person, it's time to take a test drive.

During this trial period, be sure to travel roadways like the ones on your daily commute. You deserve to know how the vehicle will perform in your everyday life. You should also pay attention to functionality. If the dashboard and onboard controls seem overwhelming, consider another model with fewer features.

CRUNCHING THE NUMBERS

Now that you have decided which vehicle works for your budget and lifestyle, it's time to make a deal. Negotiating is part of buying a car, so don't feel like your salesman will be offended if you ask for a better price. When buying a new car, you can take advantage of rebates offered by the manufacturers. With a little



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research, you can find out about these discounts and use them as leverage.

Expect your salesman to make several trips to the sales manager's office before the

deal is finally done. Don't settle for a price that you will struggle to afford. It's also important to avoid a decision based strictly on the monthly payment. Consider what you

will pay in the long run.

SIGNING THE PAPERS

Once the deal is done, you will put your wrist to the test. Be prepared to sign numerous

papers to make the sale legal and complete. Your sales professional will explain the purpose for each signature. Take your time. Be sure you understand what you're signing.

Ideal Financing Terms

Purchasing a brand new vehicle is an investment. Researching finance options is crucial to ensure you don't get in over your head with payments and the terms of your loan. According to Edmunds, the length of the average car-loan terms has increased 6.5 percent in the last five years. In 2017, most drivers spread their payments over 69.3 months.

While you can save a little money in the short term, there are some risks you are accepting when you choose an extended finance period.

UPSIDE DOWN

A long-term finance situation puts you in serious risk of becoming upside down in a car loan. Basically, this means you wind up owing the lender more than a vehicle is worth. If you need to sell the car, it's possible you won't get enough from a buyer to completely resolve your loan.

A study by Edmunds reveals that a brand new car worth about \$30,000 will depreciate around \$17,000 over five years. The key to avoiding an upside down situation is to pay the vehicle off as quickly as your budget can handle. Try to pay extra towards the principal when you can; every penny helps.

STUCK WITH THE SAME CAR

While you may be thrilled with your new car when you first drive it home, the flame will eventually burn out. As technology in vehicles increases at a rapid pace, your investment can seem outdated and drab. When you are facing a long-term financial commitment, it can be difficult to get your hands on



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an updated model without piling more money on a loan.

Make sure you consider the future before buying a new car.

PAY MORE INTEREST

Each month, your payment helps to reduce the amount of your principal loan and the interest earned by the finan-

cial institution. Depending on the rate you agreed upon when you signed the commitment, the number may shock you when your vehicle is paid

off.

To reduce the amount you pay to your lender, you can lessen the number of months you have to resolve the debt.

Maintaining Your Warranty

One of the biggest advantages of buying a new car is the peace of mind that comes with having a manufacturer's warranty. Since each automaker may set different limits or standards to keep it intact, it is important to follow the recommendations set in the manual.

Keep in mind that a full warranty is likely limited to the engine and powertrain. Normal wear items like braking components, wiper blades and batteries usually aren't covered. To ensure the parts that are included in the warranty can be replaced at no cost, you must follow specific instructions regarding maintenance.

Learn how to understand the manufacturer warranties and how you can protect yourself with tips from the Federal Trade Commission.

WHAT IS A WARRANTY?

The FTC defines a warranty as a promise, often made by a manufacturer, to stand behind its product or to fix certain defects of malfunctions over a period of time. The warranty pays for any covered repairs or part replacements during the specified period.

New car manufacturers vary in the mileage limits and number of years the vehicle is covered. Check with your sales professional during your visit to the dealership to find out exactly what they offer.

WHAT IS COVERED?

There are typically two types of warranties offered by a manufacturer. Become accustomed to their meanings before you head to the dealership.

Powertrain: This typically covers the vehicle's main pro-



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pulsion system, like the engine and transmission. Repairs to these components can be expensive and labor intensive, so a warranty is welcome insurance.

Bumper-to-bumper: This type of warranty covers system components like air condition-

ing systems, suspension, audio system and electronic technology. High-tech vehicle owners can benefit greatly from this assurance.

IMPORTANCE OF MAINTENANCE

Any warranty can become

void if proper maintenance is not being performed to a manufacturer's specifications. Make sure you stick to a schedule made by your service advisor to ensure everything is completed at the proper intervals.

It's crucial to keep records of everything an authorized facil-

ity has performed to your vehicle. Warranties can be voided for something as simple as using the wrong viscosity of oil that the engine calls for. DIY repairs or maintenance should be avoided when your car is covered by a manufacturer warranty.

Go Custom

If you have scoured the local dealerships and still don't see the car that checks every mark on your list, you may be interested in ordering a custom car. Years ago, buyers could walk into a dealership and hand pick each feature they wanted in their vehicle; this isn't typical today.

In the modern world, manufacturers like to package most of their features into different trim levels. You have probably noticed these tags on the rear of your current vehicle, they symbolize enhanced features over different classes of the same model.

WHAT TRIM LEVELS MEAN

A trim level is used to identify special features on a group of vehicles. Most models have a base option which offers the fewest extras. Many manufacturers then have a series of trim levels which offer more features as they progress.

Each level of trim will offer its own set of unique features, giving buyers many options to find what they're looking for without completely customizing their vehicle. If you choose a pre-packaged option with a high-level package, consider the difference in cost between different packages. You can save a considerable amount of money by settling for a trim level that isn't quite as loaded.

WHY CUSTOMIZE

Buying a new vehicle is an exciting experience but can be disappointing if you feel like you're not getting exactly what you want. If you're unfamiliar with custom ordering from a manufacturer, here are some great reasons for why it makes sense.



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More color options: Just because the perfect interior or exterior color combination isn't available at your local dealership doesn't mean it's not possible. Custom ordering provides buyers with incredible options in the color department.

Choose options: If you can't

live without an option that's not featured in a particular trim level, you can add it during a custom order.

All your own: When buying a new car from a dealership, it's likely that it has been test driven by other drivers. A custom vehicle will ensure you are the first driver outside of the man-

ufacturer.

DISADVANTAGE OF CUSTOM ORDERING

While you can land the car of your dreams by creating a custom order through the factory, there is the issue of the amount of time it takes before the vehicle is delivered. The automotive

experts at Edmunds state it can take up to 12 weeks before it will arrive.

Also, depending on the automaker, they may only accept custom orders during specific times of the year. If you're in a hurry for a vehicle, custom ordering may not be a plausible situation.

Get to Know the Car

Facing buyer's regret on an investment as large as a new car can be tough to manage. With so much on the line financially, it is important the vehicle you choose performs exactly as expected. That's why researching a few different options will ensure you made the right decision.

Here are a few tips to get your car-buying journey started the right way.

BEFORE THE DEALER

Start your research to discover features that are most important to you. These are some helpful resources which can help answer common questions you may have.

- **Insurance Institute for Highway Safety:** Here, you can review safety ratings for new vehicles, based on rigorous testing methods.

- **Environmental Protection Agency:** This group reveals fuel economy for cars and trucks hitting the market.

- **Kelley Blue Book:** This resource can show you the average price a dealer will pay for the vehicle you are considering and help you negotiate your trade-in value.

AT THE DEALER

After choosing several vehicles to consider, you should go see them in person at the dealership. Sometimes, it's best to go after hours or on a weekend to avoid any pressure from a salesperson. Most new cars will have a sticker in the window showcasing the features a vehicle is equipped with along with the cost and fuel economy.

Once the dealership is open, visit the lot and test



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drive the cars you have researched. It can also be beneficial to record the Vehicle Identification

Numbers on the vehicle and research the exact model on a manufacturer's website. Some automakers will disclose the

factory it was built in, the exact warranty and special technologies you may have failed to notice during the test

drive. Understand exactly what you are buying before signing the papers.



New Car Checklist

A vehicle will likely be the second-largest purchase most Americans make during their lifetimes.

The average-estimated transaction price for light vehicles in the United States landed at \$36,270 in January 2018, according to the Kelley Blue Book.

The process of successfully purchasing a new vehicle requires several steps and meticulous planning. Preparing yourself for such a large investment begins before you even have a vehicle in mind. Follow these steps from KBB before you visit the dealership.

PRE-APPROVED FINANCING

Visit your local lender to discuss a pre-approved loan for your new vehicle. It's important to finance an amount you can afford, comfortably. Going into a dealership knowing the amount for which you are approved will give you leverage in negotiations and help you avoid going overboard on a vehicle out of your price range.

Dealership financing is incredibly convenient and a good option for some buyers. However, you will benefit from being pre-approved for a loan when discussing interest rates, so you'll know who is making the best offer in regards to the rate and term of the loan.

INSURANCE QUOTES

If you are paying for the bare minimum insurance for your current vehicle, expect an increase in the premium when you opt for full coverage on a new car. Schedule an appointment with your insurance agent to get a quote.

Make sure to bring along the year, make, model and VIN of the vehicles you are considering so your agent can give you an accurate estimate. Adjust this new expense in your budget as you plan for an additional monthly payment when financing a new car.

You will benefit from using a reputable local insurance agent, as they will be nearby if you ever need assis-

tance. It also is important to ensure the deductible and amount of insurance is appropriate, given the high costs of brand new cars.

DETERMINE YOUR BUDGET

If you are financing a new vehicle, a budget is incredibly important. Make sure you can easily afford your new car and avoid the credit-crippling experience of a repossession.

When creating your budget, consider factors related to the new vehicle, not just the monthly payment. Even brand new cars require maintenance, insurance and fuel. The extra expenses can add up in a hurry, leaving you unprepared financially.



Shop Different Dealerships

If you don't have your heart set on a certain vehicle manufacturer, you can do yourself a favor by shopping around for a new car.

Viewing inventories at several different dealerships will give you an understanding of average price points for similar cars.

Visiting different dealerships also can reveal unbeatable sales you might have

missed during your research. While you are inspecting their lots, you also might find that you feel comfortable with a certain salesperson, which makes the experience more enjoyable.

Don't miss out on the best experience and deal because you didn't have the patience to shop around.

CHOOSE A BODY STYLE

While you probably have a few vehicles in mind, you can see what automakers offer by choosing a body style, rather than a specific model. Here are a few of the popular styles

you will probably consider.

SUV: These vehicles are gaining in popularity for families who need ample storage. They are offered in compact or mid-sized options, some even feature third-row seating.

Trucks: Those with towing or hauling needs, a pickup truck makes a great option. Pickups offer plenty of options featuring gasoline or diesel engines and spacious cabs to fit several passengers.

Cars: A compact option coming in two- or four-door options, new cars typically feature amazing fuel econo-

my and lower costs.

Once you find the body style that works best for you and your family, it's exciting to compare different manufacturers' options.

NEGOTIATIONS

Spending time at several dealerships in town gives you an advantage in the negotiation process. When you can explain to your salesperson that there is a similar vehicle down the road with a much lower price tag, they will be more open to discuss discounts.

It's also a great tool to have

several dealers looking to make a sale. You might be surprised with the incentives they offer, including discounted services, upgraded packages or free details.

STICK TO THE PLAN

It's easy to get distracted once you get on the lot. Perhaps you are planning to purchase an inexpensive car but get blown away by a heavy-duty diesel truck.

Stick to the plan and budget you developed when you first began your hunt to avoid becoming stuck in a loan you cannot afford.