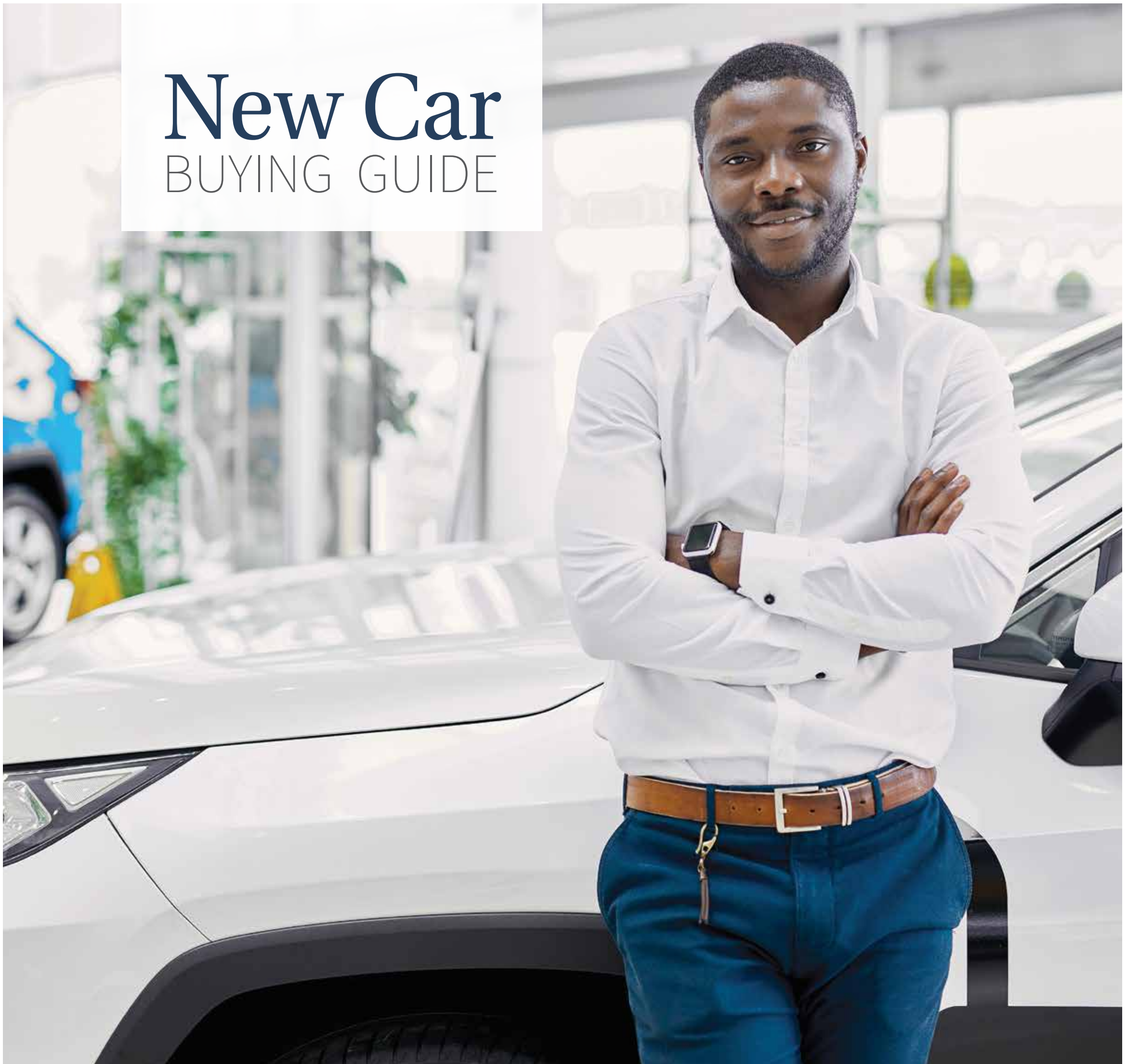


New Car

BUYING GUIDE



Comparing Warranties

The research you do before you choose a new car should include comparing warranties — and they are not all created equal.

You will need to understand some basic terms in order to compare the various warranty options available.

TERMINOLOGY

Bumper-to-bumper coverage: comprehensive coverage that protects everything in the car except those elements listed in the warranty documentation. Terms typically range from three years/36,000 miles to five years/60,000 miles.

Powertrain: the major parts of the car that provide power, including the engine, transmission and transaxle. This warranty is usually longer, up to 10 years/100,000 miles, and can save you thousands of dollars if a covered system fails.

Transferable: a provision that allows the warranty to be transferred to a new owner when the vehicle is sold. Some warranties, especially longer bumper-to-bumper warranties, may not be transferred to a new owner.

Wear-and-tear: degradation of car parts that is normal and expected. Wear-and-tear items are normally covered for a shorter period of time, such as one or two years, because those items will need to be



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replaced at regular intervals and are only covered by warranty if they need to be replaced prematurely.

Corrosion, or anti-perforation, coverage: protects the vehicle body and chassis from holes caused by rust.

RESEARCH COMPANIES

A car warranty is only as good as the manufacturer or

dealer. Each car manufacturer and each dealership has its own reputation for how well it honors its warranties and takes care of customers. Ask friends and family if they've had good interactions with a particular company or dealership, and read online reviews.

Some luxury manufacturers are also including regular maintenance in their warranty

packages. When comparing warranties, take this into consideration, as well as any other perks, such as roadside assistance, a travel interruption benefit or rental car reimbursement.

EXTENDED WARRANTIES

U.S. News & World Reports recommends only buying an extended warranty form the

manufacturer on a new car if you tend to keep your cars for 10 years or more. If you tend to trade in for a new car after five or six years, it's probably not worth the expense.

Third-party warranties are a different story. Consumer Reports calls them an "expensive gamble," saying most buyers never use the coverage that costs \$1,200 on average.



Consider Cost of Ownership

The average transaction price for a new car is above \$36,000, according to Kelly Blue Book. It's one of the largest purchases many families make, so it's important to understand the entire financial commitment you're making.

When you are weighing a new car purchase, a major consideration should be the cost of ownership.

These are costs other than the sale price of the vehicle that will be required to keep the vehicle in good working order on an ongoing basis.

DO YOUR RESEARCH

As with all aspects of a new car purchase, you'll want to do your research on the cost of ownership. Both Edmunds.com and KBB.com offer cost of ownership calculators to help you take into consideration the true costs of owning a particular make and model of vehicle over a five-year period. They account for depreciation, taxes and fees, financing, fuel, insurance, repairs and maintenance.

You also can compare the typical

depreciation for various models of vehicles, if preserving value long-term is a concern. Most vehicles lose about 20% of their value in the first year and begin to depreciate steeply after five or six years, but some vehicles are known to retain their value better. For example, Jeep Wranglers and Toyota pickups are known to retain their value better than average. Luxury cars tend to depreciate quickly, and all-electric vehicles also tend to lose value rapidly because the technology is advancing rapidly.

When making a purchase, consider how long you intend to keep the vehicle and how many miles you typically drive in a year, and calculate the

expected depreciation.

FIT YOUR BUDGET

When you're comparing your monthly expenses for car ownership, consider how much mileage the car gets and any potential fuel savings. For example, you might worry about having a higher payment if you buy a new car, but if the car will be much more efficient than your current model, you could end up breaking even or even saving money each month. Hybrid and electric models tend to be more expensive than conventional gas engine vehicles, but calculate the fuel savings for the full financial picture and you might find you can afford it.

Local Dealer Relationships

When buying and selling cars, relationships are key. Developing a long-term relationship with a dealer in your community can pay off for years.

Here are some good reasons to get to know and support your local automobile dealerships.

HELP WITH THE SEARCH

If you're looking for a specific year, make and model or a hard-to-find vehicle, your local dealer can keep an eye out for you as vehicles pass through the dealership. Your local dealer also can use its professional network to help locate a specific vehicle.

If you've developed a relationship with a salesperson, you could get the first crack at a vehicle, before it even hits the lot, which can make the difference between finding your dream car and settling.

FINANCING

Good relationships with your local dealer also could help you land a great financing deal. They might already have your financial details on file and can shop your loan to their partner financial institutions to get you the best deal. Chances are good that they use local lenders, as well.

If you know your dealership well enough, you could even



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start the loan process over the phone and come in person to simply sign loan documents and drive away.

SERVICE CONNECTION

When you're buying a new car, your local dealer will likely be your nearest warranty service provider. This means you

will likely need to work with the dealership on an ongoing basis, so it's good to have a connection from the beginning. Your local dealer's service department might even be willing to go the extra mile and cover small repairs that otherwise would not be covered under warranty at no charge

when you've been a loyal customer over many years.

SHOP LOCAL

Supporting your local automobile dealerships also helps keep your dollars local. Your dollars help provide jobs to local residents and put tax money into local coffers, pro-

viding roads, emergency services and other public services. Your local purchase sends ripples of economic activity pulsing through your community and is just one way you can shop local. Also consider shopping locally for car-related products and services, such as accessories and insurance.

COVID Changes to Car Buying

The process of buying a new vehicle has been going online more and more, but the COVID-19 pandemic made technology even more crucial.

News organizations including Axios and Car & Driver have noted that while we have all been staying home, the process of buying a car has been forever changed.

“Car buying is changing and all it took was a pandemic,” writes Car & Driver, noting that car dealerships had been slow to adopt technology before COVID-19.

THE TREND

Due to safety requirements and regulations, dealerships have been conducting more of the buying process online, letting customers test drive vehicles alone and conducting much of the financial paperwork for a loan or lease online or over the phone.

Many dealers have adopted no-haggle pricing to help minimize the time customers spend in the building. Dealers are also providing more data to customers, such as full access to their online inventories and invoice pricing.

HOW TO BUY

If you want to schedule a test drive, you’ll likely need an appointment as many dealer-



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ships are limited in the number of people they can have inside at one time. You’ll want to leave children at home, because they aren’t allowed in most dealerships right now, and you will definitely need a mask. It’s also a good idea to use hand sanitizer frequently

when you’re on the premises.

If you decide to go forward with the purchase, you might be asked to wait in your vehicle rather than lounging around the dealership while the paperwork is put together. Or you might make an appointment for a later time

to finish the deal.

You might find, however, that dealers also are willing to provide some extra perks during the sale, such as delivering the car to your home or workplace.

Overall, you should plan to spend more time on your car

purchase than you would have in the past, to allow for social distancing and other safety measures. All of these measures, however, are meant to keep not only you and the dealership’s employees safe but to help prevent spread of the disease.

Selling to a Service

There have been a lot of changes over the past several years in how people sell their cars, mostly driven by data and technology.

Some online services will make you an offer on your vehicle based on data about the current market for your car. Be prudent, however, when using such services, as you might not come out on top in the deal.

KNOW YOUR STUFF

Check several different valuation websites to get a good idea of what your vehicle is worth before you entertain any offers. Knowing what your vehicle is worth will give you leverage in any negotiation, whether it's with a dealership or an online service.

You also should know how much you owe on your vehicle. If you get an offer that's less than your loan balance, you will need to pay the difference in cash in order to complete the sale.

BE HONEST

Most websites that will make an offer on your car work off data you provide to arrive at an offer value. Be forthcoming about the mileage and features of your vehicle, and any defects or damage, which all can affect its value. The more accurate your description of the vehicle and the photos you provide, the more likely the offer value



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you get will be accurate. When the service sends a representative to purchase your vehicle, they will confirm that it meets the description you provided. Any discrepancies could lead to a lower value.

WEIGH YOUR OPTIONS

One benefit of trading in your car rather than selling it on your own is that it might save you some money on sales taxes. In some states, the value of the trade-in is deducted

from the new car price when calculating sales tax.

Remember that you will likely be paying for the privilege of selling your vehicle easily. You will simply provide your car info and receive a check. The

purchasing service will do the rest. You won't need to advertise and deal with potential purchasers. You will, however, probably not receive as much money as you would make in a private sale.

Camera 101

Beginning in May 2018, all passenger vehicles sold in the United States were required to have backup cameras installed.

Cameras have improved safety and convenience for drivers. They are now used all over vehicles for safety features such as safe lane changes, parking sensors and surround views of the vehicle.

Here's what you need to know about how automotive cameras work.

BASICS

Typical locations of surround-view cameras include behind the center of the front grill, underneath each side view mirror and above the license plate. The car's computer stitches the images from each camera together to make a full photo.

Know where the various cameras are located on your car. During rainy, snowy or icy weather, you might need to clean off the cameras to get a good image.

OPTIONS

Some cameras can be used while the vehicle is in motion at speed, such as those used to assist in changing lanes. Others, such as those designed for parking and surround view, are only operational at low speeds.



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Camera systems in some vehicles provide multiple views with the push of a button.

Read through your vehicle's user manual for details about your car's camera system. With so many technological features in modern cars, reading the manual is the best way to get the most out of all of your

vehicle's features.

DO YOU NEED A DASH CAM?

One type of camera which typically does not come pre-installed in a vehicle is a dash cam. These small cameras are mounted on the dash and can record images either for-

ward-facing, driver-facing or both.

If you do a lot of driving, it might be a good idea to have a dash cam installed. The footage it records can be used in the event of an accident to give a clearer picture of what occurred.

Some cameras record con-

tinuously and overwrite the previous footage with new footage when space is needed. You may also choose a model with the ability to store a larger amount of recorded footage remotely.

A dash cam may record only while the vehicle is turned on or at all times.



Shopping Tips for Buyers

Buying a new car can be an exciting time, but also a stressful one.

Here are some tips from the experts at Consumer Reports and Money Crashers about how to buy a car like a pro.

Arrange financing beforehand. Having your loan pre-approved through your credit union or bank can take a lot of the uncertainties out of car buying. You'll need to fill out an application and provide some supporting documentation in order to get pre-approved, but the effort will pay off when you're able to negotiate as a customer with verified ability to pay. Check with the dealer and manufacturer for any special financing

promotions, as well.

Know your trade-in value. If you know your existing car's value, you will have an idea of your financial situation before you start shopping. If you owe more than your car is worth, be sure you can cover the shortfall.

Have a maximum price in mind. Buying a car can be an emotional process. Once you start looking at vehicles, you might be tempted to splurge on options and conveniences you hadn't planned on. Do your research and set a maximum price for a vehicle based on overall cost, and stick firmly to it. Negotiating by monthly payment doesn't give you a full picture of all your total costs, and can land you in a longer-term loan than you expected. Your budget will

thank you later.

Get competing quotes. Check several dealers' prices to get the best deal. Don't be shy about asking one dealer to match another's price.

Consider a used car. Since new cars tend to depreciate quickly during the first year, consider a late-model used car. You can probably find one on the dealer's lot with low miles and a lower price.

Test drive like a pro. According to Money Crashers, during a test drive, you should check that a car idles smoothly, has good driver visibility, is comfortable, has easy-to-use controls, and handles and brakes well. If you have children, bring them along, if possible, to discover any issues that might come up once your kids are in the car.