

# A New Set of Wheels

## *A Guide to Buying a Car*

By REBECCA GITTELSON, Emory University student

Tired of public transportation? Ready to try a new set of wheels that doesn't involve MARTA tokens? It may be time to purchase a car. The huge range of available cars and the car dealers yelling at you on TV can be intimidating. There are quite a few things to understand about buying a car, but once you grasp certain information the process is relatively straightforward. To find a reliable car in your price range, consider the following questions and tips.

- *How much do you have to spend on a car?*
  - Because there are so many financing options, this can be a confusing question to answer. Just remember to find the option that fits your budget and lifestyle.
  - A good guide to follow is the three-year term rule. If you cannot afford the amount required in this time, you cannot afford the car.
  - CAUTION: Car payment interest piles up fast. A low minimum payment now means higher interest payments in the future. Always make sure that at any time you will be able to pay for any future interest rates on your car payment as well as the full price of the car. Never overextend your finances!
- *What kind of car do you need (not want!)?*
  - Most people do not need luxury cars. Pick something that fits your family, lifestyle, budget, and job.
  - Price is a determining factor in what kind of car you should buy. With the current skyrocketing price of gas, you can't afford to overlook the gas mileage of a car. Remember that larger cars require more gas, so be sure to include gas mileage in your consideration.
  - Also remember that sticker price and invoice price are not the same thing. Sticker price is the amount the dealer sets for sale. Because of increased competition, sales are now largely based on the invoice price, the money the dealer pays the manufacturer.
  - Because the dealer must make money, expect the price you pay to be somewhere between the two amounts. To know exactly how much you should be paying, investigate how much similar cars are selling for. Kelley Blue Book is a useful website for this purpose (see link below).
- *Should you buy a new or used car?*
  - New cars lose thousands of dollars in value as soon as you drive them off the lot. Keep in mind that a new car's resale value is much less than what you paid. Cars between three and five years old, however, both cost you less and depreciate much less than new cars.

- You can get a similar used car for less money than a new car. For example, a new Honda Accord, one of the most popular cars on the market, costs approximately \$21,500. You can buy a similar two-year-old Accord with 24,000 miles for about \$4,000 less. Similarly, you can buy a nicer used version of a new car for only a bit more than the less-luxurious new version with fewer features.
- If you are concerned about the quality of used cars, you can find a used car that has a warranty or is certified by the dealer. Certified cars undergo strict inspections and repairs. Although they cost a bit more, they provide a greater sense of security.
- CAUTION: Never buy a used car before looking at the certified CARFAX record check. Your car may have been in an accident or have other underlying problems that the dealer may not know about. CARFAX reports are available online.
- *Should you lease a car?*
  - Leasing a car is never a good idea! It is ultimately more costly to lease a car than buy one, even though car advertisements are very convincing to the contrary.
  - If you decide to buy the car when the lease ends, you will ultimately spend more money than if you had purchased the vehicle originally. It is also difficult to avoid the over mileage fees.
  - If you cannot afford the car payments on the car you want, then change your expectations. Buy a used car while you save up for your dream car.

Once you have considered the above questions, it's time to actually buy the car. Follow these steps:

- Search for the car you want at the price you want.
  - The Kelley Blue Book website ([www.kbb.com](http://www.kbb.com)) provides accurate, reliable information on the values of different types of new or used cars. When you visit the site, type in the make, model, and year of the car you want to buy or sell, and the site will give you the price you should ask for. This is an excellent resource that will help you work out a fair price with the dealer. Be sure to print out the Kelley Blue Book price and bring it with you to the dealer to help you settle on a reasonable price.  
CAUTION: Used car dealers sometimes list faulty Kelley Blue Book prices on their cars because they know that Kelley Blue Book is a trusted resource that customers rarely second-guess. So do your research and come prepared, so that you will be able to spot a deceptive price.
  - To find cars, check manufacturers' websites for available options that fit your needs. Just remember not to get too caught up in dealers' sites!
  - Then, compare the dealers' prices, financing plans, and car options with those of large car companies, such as Carmax, and individual sellers. Check the Internet and newspaper regularly for new deals. AutoTrader Magazine

lists private sellers and is available in gas stations and grocery stores. Helpful websites include AboutCars.com, Autotrader.com, Cars.com, and Edmunds.com.

- NOTE: Carmax is a very reliable resource for used cars. All of their cars have gone through background checks and come with quality guarantees. However, because of this maintenance their prices are a little higher than usual and cannot be haggled. But the prices reflect the good quality of the cars. And if you don't want to deal with the pressure of haggling, Carmax may be the place for you!
- Once you've found sellers, get on the phone and the computer! Speak to the individual sellers or to the dealership's manager about getting a quote. Once you have numerous quotes, you can pick the best deal.
- Negotiate the price.
  - Used car dealers expect you to haggle prices with them. The price they give you is often considerably higher than what the car is worth or what they paid for it.
  - If you are buying a car from a dealer, ask the respective dealers to e-mail you their quotes so you can compare without the pressure of a pushy salesperson. Otherwise, write down quotes so you can compare thoughtfully.
  - Don't be afraid to walk away! If someone quotes a price that is too high, tell that it's too high. Many sellers will then respond by lowering the price. If they still offer a price that is out of your price range, move on!
  - CAUTION: Used car dealers won't want you to leave their dealership and will often try to pressure you into looking at cars and signing up for deals that you may not want. Don't trust everything they say! Some dealers will give you inflated prices because they know their customers are vulnerable. This is why it is important that you do your research *before* visiting the dealership and come prepared. Remember, you always have the right to walk away.
- Sign the necessary paperwork.
  - Read what you are signing! It is important to be well informed about such a big purchase. Don't be afraid to have a friend, family member, or lawyer look over the papers before you purchase.
  - At the dealership, turn down offers of added and overpriced insurance, extended warranties, rust proofing, paint or fabric protection, anti-theft plans, etc.
  - "Handling charges," "administrative fees," "additional dealer markup," or "advertising fees" are not legitimate charges. Sales tax, however, is very legitimate!
  - The paper-signing process may not be as formal with an individual, used-car seller, but the same tips apply.

