

Getting a Good Deal on a New Car

Most People Make These Mistakes:

1. Buy in the fall or spring when prices are at the highest
2. Impulsiveness and haste are the worst mistakes
3. Buy for styling rather than function
4. Fail to find out the invoice price, how much the dealer paid the factory
5. Fail to shop several dealers to compare prices
6. The result is that they overpay by thousands

Step 1 Narrow your choice

1. Before shopping decide what you need (example a large luxury car or small economy car).
2. Don't ask salesmen to help you decide they will suggest whatever they want to unload.
3. Use consumer guide to narrow your choices to a few you can afford.
4. Test drive the ones you have chosen and look for these things.

Step 2 Learn the jargon.

Step 3 Learn the dealer's cost

1. Find out what they paid--this gives you leverage.
2. During bargaining use a price guide (e.g.: the used cars in the Kelly Blue Book at www.kbb.com).
 - a. Start with the basics--prices
 - b. add in each option you want and subtract the rebate if one is in effect.

Step 4 Make a deal

1. Stay cool
2. Politely present your price figures (don't reveal quotes from other dealers and tell them you plan to visit several other dealers).
3. Be prepared to wait while the salesperson supposedly checks the price with the manager. Leaving you alone is a common pressure tactic.

4. Don't write a check for a deposit even if they say it is refundable. This can pressure you into hurrying your shopping. If a salesperson's firm quote is later rejected by the sales manager, go elsewhere--they can't be trusted.
5. A good price is \$400 to \$600 over invoice. That is a good deal. But \$1,000 or more may be reasonable on some imports and desirable domestic models depending on supply and demand.
6. Bargain up from the dealer invoice price--not down from the sticker price.
7. Be aware of common sales techniques and tricks.
8. Sales people sometimes spring extra costs at the last minute.

Step 5 Wrap up loose ends

1. Wrap up loose ends. After you have a firm price it is time to discuss your trade in, if you have one.
2. Trading in usually nets a lower price than selling privately.
3. Dealers sometimes offer below market loan rates as a sales incentive. Don't jump at these until you check with your bank or credit union.

LEASING

How do they tempt you?

1. Little or no down payment
2. Lower monthly payments
3. More car for the money

Sizing up a lease deal is more difficult than negotiating to buy a car because all the figures you'll need to make an informed decision may not be disclosed. You'll have to pry them loose from the dealer.

Don't lease a used car--it's less expensive to buy used

How to Lease

1. Negotiate a price just like a new car and don't buy add ons such as paint protection, rust proofing, etc.
2. Ask for the APR (annual % rate).
3. Ask about the residual value of the car (at end of lease). Cars that hold their value will have smaller lease payments.
4. Read the entire contract.
5. Watch out for end of lease charges. Such as security deposits, document charges, or other extras.
6. Decide if the annual mileage limit is appropriate for the amount of driving you do. Most allow 12,000 to 15,000--if you go over you may be charged \$.25 a mile.
7. Note how the contract defines excess wear and tear (For example, if you nick a windshield, you might get a big bill).