



Smart Car Buying Strategies

We know that car buying can be a really stressful experience, so here are some tips to help you prepare for the event!

1. Know Your Car Buying Timeline(s)

- **8 to 12 months prior to purchase:**
 - **Develop the Dream**
 1. Save as much as possible for the down payment.
 2. Review and, if necessary, work to improve credit.
- **3 months prior to purchase:**
 - After the Dream phase, be realistic and decide what kind of car you need versus the car you want, and research prices.
 - Analyze your budget and determine how much you can afford to spend.
- **1 month prior to purchase:**
 - Look into interest rates and get pre-approved for the lowest rate possible.
- **1 week prior to purchase:**
 - Call or visit various dealers to negotiate prices and get different offers.
 - Weigh your best options before deciding.

2. Understand the Keys to Success

- **Preparation**
 - Assess how much you can afford to pay for a vehicle
 1. On average, Americans spends 17-18% of their income in each month on transportation costs.
 - Determine how will you pay?
 1. Cash
 2. Determine the amount to be borrowed
 - Save for a down payment to reduce the monthly payment and time to finance a vehicle, which saves lots of money on the interest costs for the loan, and reduces the time you have to pay to own your vehicle outright with no car payment.
 - Check Your Credit at www.annualcreditreport.com
 1. Check for errors, omissions, or outdated accounts
 - Pre-qualify with Credit Union of Atlanta prior to shopping and purchasing a vehicle.

- **Shopping**
 - Differentiate vehicle costs based on your wants versus needs
 - Compare car loan rates and at your lender with other lenders, if you are not offered comparable interest rates, ask why
 - Use a Car Buying Service if you are not comfortable going to a car lot and/or talking to salespeople
 - **Negotiating**
 - Know the **Book Value** of the vehicle you are considering at (www.nada.com)
 - Always ask about the lowest cash price the dealer will accept for the vehicle
 - Never reveal to the Salesperson details of your pre-approved loan
 - Never discuss a trade in before settling on a cash price
 - **Never base your decision on what you will pay for a vehicle based on the monthly payments**, instead focus on getting the best **cash price** for the vehicle.
3. **Avoid being Upside Down- (Anytime the Loan Balance is more than the Market Value of the Trade)**
- To mitigate this issue, make a down payment of 20% or more
 - Especially if it is a new car
 - Pay off car as soon as possible
 - Try to avoid loans that are more than 48 months
 - Avoid expensive interest rates
4. **Consider the Whole Picture**
- Auto loan
 - Consider the total cost
 - Avoid short term thinking such as only considering monthly cost
 - Maintenance
 - Gasoline
 - Insurance
5. **Survive the Business Office**
- Selling price agreed to send to the Business Office
 - Discuss financing
 - Pre-approved financing
 - Dealership financing
 - Cash
 - **Read ALL fine print**
 - **Think twice** about all those “extras”
 - Extended warranty – Check out CUA’s first!
 - Paint protection / fabric protection
 - Rustproofing /Undercoating
 - Window tinting

- Insurance: disability, life – Check out CUA's first!

6. Remember...

- The Business Manager is another salesperson working on commission