

10 WAYS TO HELP YOUR GRAD

PREPARE FOR NEW CAR EXPENSES





After graduating college, many young adults start the process of buying a new car. There are several important factors to consider when taking on such an expense.

While it may be tempting to stretch out a loan for lower monthly payments, the value of the car will become less than the loan amount. In other words, it'll take on negative equity. So, a long-term loan isn't wise unless you're planning to keep the car for a long while.

A problem many young adults are facing is finding it difficult to obtain a lower interest rate because of the lack of credit history. Often times, the credit score gets overlooked until they're applying for loans and learn they don't qualify for the most favorable terms.

Purchasing a car after graduation can be overwhelming so our experts at WEOKIE recommend checking the credit score beforehand so you can start planning accordingly.

If your graduate is considering purchasing a car, this checklist is designed to help them bypass common hiccups and take control of their financial future. Here are 10 ways to help them prepare for new car expenses.

STEADILY BUILD CREDIT

Help your grad build their credit responsibly by opening accounts in their name, adding yourself as a cosigner and ensuring payments are submitted on time.

SPREAD OUT PURCHASES OVER TIME

Instead of your son or daughter spending their entire paycheck on items for an apartment, have them spread out their purchases over time in preparation for the big move. Start gathering smaller things like dishes, bedding and a microwave. Then, when it's time to move into the new apartment, they'll have the funds to purchase more expensive items like a sofa or dresser.

CHOOSE PRACTICALITY OVER CONVENIENCE

Rather than spending \$5 on a Starbucks latte every morning, encourage them to invest in a coffeemaker. Or, help them develop the habit of packing a lunch over stopping for fast food. Small habits like these can help them save hundreds of dollars a year.

FUNNEL 2-5% INTO SAVINGS

If your grad has difficulties saving money, help them explore ways to streamline the process. Start by having them funnel 2% of each paycheck into a high-yielding savings account. Some banks even allow you to automate your transfers for specific dates. Once your son or daughter enters the job force, they can slowly start raising the percentage over time.

INVEST SAVINGS INTO VEHICLE ACCOUNTS

Once your graduate has a 3 to 6-month emergency fund set aside, recommend redirecting a portion of their savings into a health savings account, traditional or Roth IRA.

PRACTICE JOB OFFER CONVERSATIONS

Have your son or daughter research their field ahead of time to know what to expect in terms of pay. Then, practice the job-offer conversation with them ahead of time so they'll feel confident during negotiations. If the salary is fixed, encourage them to ask about health plans, vacation time and other company benefits.

CONSIDER BUYING USED

When your grad is headed to the dealership, we recommend resisting the flashy new model (especially if they're still working to pay off student loans). Encourage them to start out with a modest vehicle and upgrade in a couple of years when they've become more established in their career and finances.

SHOP SMALL TO MID-SIZED VEHICLES

While larger cars are generally safer, young adults who are still fairly new to driving should assess their experience and handling of a big car. Aim for a small to mid-size sedan or SUV. Not only does it strike the perfect balance of space and fuel efficiency but can be much more affordable.

PROVIDE A SIZABLE DOWN PAYMENT

If your grad doesn't qualify for favorable terms on his or her own, we recommend working with them as a co-signer on the account. It also helps to have them save up a large down payment to reduce the borrowing amount.

NEVER STOP STUDYING

Be a shining example that you should never stop learning. Encourage your son or daughter to always search for better personal finance strategies. From blogs to books and community courses, there are endless ways to learn how to save more and invest in future endeavors.

IN SUMMARY

Before you and your grad head to the dealership, research ahead of time in regards to model and prices. Keep in mind that you'll often receive better pricing with your credit union or bank than you would the dealership. You may even be able to prequalify without negatively impacting your credit score as you shop around for rates.

Have your son or daughter dress professionally to make a good impression with the lender. It's also helpful to be present during the meeting. Not only do you have experience in loan shopping but can help your grad stand their ground during negotiations.

Money doesn't have to be an intimidating topic; it just takes a bit of planning and perseverance.

To learn more about auto loans, reach out to our WEOKIE expert lenders today at **(405) 235-3030** or **1(800) 678-5363**. We'd love the opportunity to help you and your new grad make the best financial decisions for the future.

