

**10 COST-EFFECTIVE WAYS TO
GET A NEW CAR THIS YEAR**



One of the biggest mistakes we see often is someone buying a car without factoring in the total cost. And no, we're not just talking about the vehicle – but the auto financing, fees and insurances that come along with it.

You may spend days, if not weeks, making sure you're getting the lowest price on a vehicle. But, what about your financing terms? If you don't have a plan walking into the dealership, you're vulnerable to the terms the salesman offers.

Dealerships mark up interest rates higher than what you qualify for. They make a profit off of the loans they get approved. In return, this binds you to a contract that can cost you hundreds of unnecessary dollars over the life of the loan.

If you're willing to negotiate the price of the car, your loan rates and terms should be no different. If you're planning on purchasing a car in the near future, don't wait until you are at the dealership to explore your options. In this ebook, we'll be sharing 10 cost-effective ways to get a new car. Our hope is that you'll take this information and develop a payment strategy that works for your budget, not against it.

1. HAVE AN IDEA OF THE CREDIT SCORE YOU'RE WORKING WITH.

If you're not in a time crunch, check your credit score before applying for a loan. Compared to a mortgage or credit card, you can obtain a car loan with a more reasonable score because it's easier for banks to repossess a car if you can't meet the terms.

If your score is on the lower end, don't settle for just any approval. Take the time to shop around for the best rate. You may not be able to get the same deal as someone with a higher score, but that doesn't mean you have to pay the highest rate in your credit bracket. If you are in a time crunch, you can always take the loan and shop to refinance later.

2. TAKE A TRIP TO YOUR LOCAL CREDIT UNION.

Visit one of our local WEOKIE branches to see if you qualify for an auto loan (or apply with us [online](#)). A prequalification will let you know what kind of car you can afford and what your monthly payment might be.

If you're not in a huge hurry to get a new car, our specialists can work with you to improve your credit score over time, making it easier for you to get a better rate.

3. DO YOUR HOMEWORK AND LOTS OF IT.

Before you head to any dealership, research the models that fit your needs and budget. Try not to limit yourself to one make and model. Instead, start with three vehicles in mind then check their safety ratings, reliability and price.

You'll also want to review potential trade-in value (as vehicles depreciate over time). We'll show you how to assess this in section #6.

4. CALCULATE THE TRUE COST OF YOUR NEW CAR.

Consider the average depreciation rates of 20 percent in the first year and 15 percent thereafter. Most people are focused on how much a car costs right now but fail to assess how much it costs over time.

In addition to the factors mentioned in the previous section, you'll want to get a clear picture of all costs like taxes, fees, insurance, fuel, maintenance and repairs. Weigh the amount of interest you'll be paying over the lifetime of the loan with this number.



5. FACTOR IN SPECIAL DEALS AND PROMOTIONS.

WEOKIE offers fantastic rates year round, but dealerships operate on a different schedule. Typically, the beginning of the year is the best time to buy a new car as dealers are trying to clear the last year's models and make room for new inventory.

During winter, you'll be able to spot the best promotions as well. Cold weather means less shoppers walking around car lots – which you can use to your advantage. Another quick tip is you'll have a better chance of encountering a salesperson meeting a quota towards the end of the month.

6. WEIGH YOUR TRADE-IN VALUE.

It's important to treat your new car and your trade-in as separate transactions. If your existing car is in good condition, remember, trading in at the dealership will only score you a portion of its value.

If it's a newer model, you may consider taking the time to sell it yourself. But, if it's an older car, you may be getting your money's worth at the dealership. If you're having trouble deciding, we recommend using a [free online appraisal tool](#).

7. DON'T BE AFRAID OF ASKING FOR “EXTRAS.”

A car is an investment, so don't be afraid to ask for small things – like new tires, an extra set of keys or floor mats. Just make sure they're being given to you at no additional cost. Some other add-ons to ask about include extended warranties, gas vouchers, servicing and window tinting.

8. KEEP YOUR TERMS AS SHORT AS POSSIBLE.

First and foremost, start with your monthly budget. Shorter loan terms often come with lower interest rates, but higher monthly payments. So, the longer you take to repay a loan, the more interest you'll pay over time.

It can be tempting to stretch out an auto loan. But, determine what's manageable to your pocketbook (and what won't put you in a bind) will benefit you in the long run. If you have any questions about this, feel free to give WEOKIE a call.

9. PAY OFF THE ADDITIONAL EXPENSES UPFRONT.

It may seem easier to roll these other expenses into your financing. But by doing that, you'll be increasing the amount of interest you'll be paying each month (or causing yourself the need to extend the term). If possible, try to pay taxes, registration fees, documentation fees and other extras upfront.

10. LEVERAGE GAP INSURANCE IF YOU'LL NEED IT.

Guaranteed Auto Protection Insurance (GAP) covers the difference between what the insurance companies "perceived value" of your car is and what you still owe on your car loan. This type of insurance is used in the case of an accident where the insurer has declared the car a total loss. Without GAP, your insurance will only pay the book value for the car – regardless of what you owe on the loan.

For example, let's say you've crashed your car. You still owe \$15,000 on your loan, but your insurance will only cover it for \$12,000. You'll be responsible for paying back \$3,000 while being without a car. If you have GAP insurance, it will cover that outstanding \$3,000. Pricing for GAP insurance can vary, but the policies dealers offer can be the most expensive. We recommend talking to your local WEOKIE branch and discussing your specific needs. There's a way to structure your auto loan correctly so that your car wouldn't be worth less than what you owe.

We hope this information helps you in your search for a new car this year. If you'd like to discuss your needs with one of our auto loan specialists, contact us at **(405) 235-3030, 1 (800) 678-5363** or visit us online at www.weokie.org.

