

Common Mistakes When Buying a Car

None of us make perfect decisions every time. Here are some common mistakes even smart people make when buying a car.

- ▶ Spending more than necessary. Which car you buy and how much you spend is a personal decision, but every dollar you spend on a car is money that will not be saved or spent on other things.

Not negotiating every part of the purchase can cost you thousands of dollars. Save money by buying a slightly used car and by skipping dealer add-ons.

- ▶ Buying based on monthly car payment rather than total cost of ownership. A longer loan may mean that you owe more than your car is worth.
- ▶ Not having your financing ready. Waiting until after you negotiate a car purchase is the worst time to seek financing, especially through the dealer.
- ▶ Not researching your purchase. There's no reason to shop for a car without a target price, buy a car that's a known clunker, or to be surprised by fuel, insurance or depreciation costs after the purchase.
- ▶ Skipping the test drive. Make sure the car is comfortable, has enough room, does not have rattles, and is fun to drive.
- ▶ Negotiating down from retail. For new cars, learn the dealer cost and about any incentives before visiting the dealership and negotiate up from there. A seemingly large discount from retail may actually be more than you should spend.
- ▶ Not performing a mechanical check of used cars. Taking a used car to an independent mechanic typically costs \$150 or less. A mechanical inspection will give you more information about potential expenses you may incur sooner than later (new brakes for example).

A mechanical inspection can also give you the knowledge you need to negotiate a better deal.

- ▶ Impulse buying. Being pressured to make a purchase on the spot is a great way to pay too much for a car.



- ▶ Trading in your car rather than selling it yourself. Whether or not saving money is worth the time and effort of selling your car independently is a decision only you can make.

If you do choose to trade in, reveal that information only after you have agreed on a price with the salesperson. Because dealers will often factor in discounts they would have provided anyway into the "price" they are paying for your car.

- ▶ Forgetting that buying a car is a financial, not emotional, decision. You may absolutely love one particular car, but is it the best financial decision for you? Even if you find a car you love, take a night to sleep it over before making your decision – chances are it will still be there tomorrow.
- ▶ Not comparison-shopping. The simple act of telling a dealer that you are shopping around will often yield lower prices.
- ▶ Getting an insurance quote after buying the car. Insurance rates can vary considerably between cars. High rates may also cause you to skimp on coverage that you would need in the event of an accident. Get insurance quotes before shopping.
- ▶ Buying a car that does not suit your needs. At the end of the day, a car is designed to get you and your stuff where you need to go.

If you become confused during the car buying process, seek the help of someone you trust.