

AUTO BUYING GUIDE

How To Buy A Great Car
And Avoid Expensive Mishaps

HOW DO YOU KNOW WHEN IT'S TIME TO BUY A NEW OR NEW-TO-YOU CAR?

For some, the very idea of buying a new car is the epitome of purgatory. Others salivate when they think of the proverbial 'new car smell.'

No matter which end of the spectrum you find yourself, this guide offers tips to get you through it.

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**HOW DO I KNOW
WHAT TO BUY?**

KNOW WHAT YOU WANT

For many, a car is an emotional purchase. And while we may not admit it, cars reflect how we see ourselves: financially well-off, concerned about our planetary footprint, looking for adventure, practical. It may be enough to have a reliable vehicle to get to work and back, or for those raising a family, maybe it's time to trade in the super-sweet sports car for an SUV or minivan.



SAFETY FIRST



Unless you're buying vintage, most vehicles come with standardized safety features — front airbags, anti-lock brakes (ABS), traction control — the list of what's included continues to grow. You may, however, pay extra for side airbags, reverse cameras, emergency response systems, emergency brake assist, blind spot detection, or night vision technology.

Depending on the type of driving you do and where you do it, these may be worth considering.



NORTHWEST AUTO BUYING TRENDS

TOP 5 VEHICLE MAKES IN SEATTLE

- 1 Toyota
- 2 Honda
- 3 Subaru
- 4 Ford
- 5 VW

\$26,000

The average price for all cars in Seattle

20%

The percent of us who own American-branded vehicles

SOURCE: [KJOW](#)

Brand loyalty is real. That said, brands aren't always consistent and some years are better than others for certain makes and models. Car & Driver or Consumer Reports are relatively fail-safe resources for comparing years within the same brand, as well as brands that are similar.

Comparison shop online to potentially save time and money. Know your top three-to-five vehicles — make, model and year, as well as the base price and extra costs.

Have a good idea of your must-have features — power windows, heated seats, cruise control, Bluetooth, air conditioning — many of these are standard, even for some bare-bones cars and trucks, but you'll want to make sure before making your purchase.

Know the extras you're willing to pay for — back-up or reverse cameras, leather seats, built-in navigation if they're not included. Sometimes, those 'extras' are worth paying for, adding to your resale value when it's time for that next new car. It's a good idea to check online or ask your credit union auto loan specialist what's worth it and what isn't.

NEW, USED, OR "CERTIFIED PRE-OWNED"?

There are different schools of thought about which is better, new or used. We've all heard that most **new** cars depreciate about 10% as soon as they leave the dealership. But they also come with reasonable assurance that by following recommended maintenance schedules, they'll run perfectly for years to come.

If you're **buying used** and you've found your car, get a CarFax report, either from the dealer or online. Dealers should be able to provide you with service and repair records. They're required to disclose whether or not a car's engine has been rebuilt, but you may have to ask. Dealers should also have the car title; if the car just came in on trade, they may not have it yet, but it's their responsibility to get it.

Certified pre-owned is either a dealer or manufacturer guarantee of quality (be sure you know who's certifying), offering more certainty about the car's condition. Most certified vehicles are no more than five years old, have no more than 75,000 miles, and had a single owner for at least a year. They're subject to extensive inspections prior to certification, and usually come with limited warranties.



Always look at the life of a vehicle, and the total cost of ownership. **Above all, your new car is about how it makes you feel.**

GO FAST, OR SAVE GAS?

The **powertrain** — the size and type of your engine and transmission — propels your car forward, while the **drivetrain** — front-wheel, rear-wheel, four-wheel, or all-wheel drive — determines how your car drives in different conditions.

Front-wheel drive (FWD)

Better traction in wet or slippery conditions, efficient gas mileage.

Rear-wheel drive (RWD)

Fast acceleration but worse handling at high-speeds, typically heavier than front-wheel drive, less fuel-efficient.

All-wheel drive (AWD)

Always on, provides good traction in most conditions and can be used at all speeds; not a substitute for an off-road vehicle on backroads.

Four-wheel drive (4WD)

Excellent traction in rain, snow, mud, and dirt; a good bet if you're doing a lot of off-road driving. Found most often on trucks, 4WD usually has multiple settings, can be turned on and off, and isn't designed to be used at higher speeds.

An **automatic transmission** powers the majority of new vehicles today. A **manual transmission** for those who like to drive them can save some maintenance costs. Also, because so few of us know how to drive a stick shift now, they're considered to be somewhat theft-proof.



Engine and fuel types matter.

Gas prices fluctuate, and engine size is part of the equation when assessing gas mileage. Lower horsepower and fewer cylinders make for better fuel economy but might not have as much get-up-and-go. **Diesel fuel** can offer better mileage but gets a bad rap environmentally (unless you run biodiesel and like the smell of French fries). **Electric, hybrid and plug-in hybrids** are more expensive and research suggests the economic benefits don't kick in until you've had the vehicle for seven years, but fueling up is easier than ever — charging stations around the country have increased in both rural and urban areas. That, and you're likely to qualify for a government tax credit*, rebates, or perks that vary by state (like HOV access). With an electric car, you will want to make sure that its trip range matches the distances you usually drive.

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WHEN AND HOW TO BUY YOUR CAR



*Consult with your tax advisor.

BEST TIME TO BUY

Bankrate says the best time to buy a car is before you need one.

A dealer will tell you every day is the best day to buy a car.

There's some truth in both.

Buying before you need one takes the stress out of decision making and you can wait for good deals, while a Labor Day deal may be possible any day of the year if you know how to ask. That said, negotiations may be quicker and easier on key dates, like Black Friday or major holidays. Weekdays, when the dealership isn't busy, may also work to your advantage. Dealers have month-to-month and year-end quotas, so it's always possible to negotiate a good price.

If buying new is important but so is saving money, buying the previous year's model, or close-out, may be a good option. Dealers are eager to move last year's models when the next year's models start arriving, usually late summer or early fall.

Research shows most car owners keep their vehicles between five and 10 years.



SET A BUDGET



Because buying decisions are typically 80% emotion and just 20% logic, even the practical among us can get suckered in, so set your budget once you've done your homework. Sometimes it's not what you can afford, but what you're willing to spend. Knowing what you can afford makes you more resilient to dealer persuasion and keeps you from tapping into your food budget with your monthly payments. Getting insurance quotes up front, as well as assessing licensing fees for your desired vehicle, will help you stick to your budget. Insurance rates vary by car value, age of driver, and where you live and work.

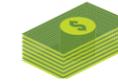
Purchase price, insurance, and fees are your biggest expenses, but also consider what you're willing to spend on fuel costs, as well as maintenance and repairs. Know how reliable your vehicle is expected to be, and estimate ongoing maintenance and repair costs.



Start with creating a spreadsheet so you can compare purchase costs, interest rates, annual fuel costs and insurance. This helps to visualize the ongoing cost of ownership.

Check out our auto calculator [HERE!](#)

GETTING A LOAN: PRE-APPROVED OR DEALER FINANCED



Financing through a dealer might seem easy, but getting a pre-approval from your lender often comes with other benefits, like greater negotiating power. They can also offer their professional insight on how your current debt ratio affects your payments, and help you.

Some dealers offer 0% financing but not all buyers qualify.

These type of loans typically require high credit, shorter repayment terms, and may exclude manufacturer rebates. You can see a chart [HERE](#)

- **Determine your ideal down payment based on your monthly budget.** They can also help you assess the trade-in value of your current vehicle and how that can offset some of your costs. Traditionally, 20% was the down payment sweet spot, but the actual amount most car buyers lay down is closer to 10%. The best down payment is the one you can afford, that also makes your payments affordable.
- **Evaluate the 'extras' you need,** like extended warranties and GAP insurance. Dealers often charge twice what a credit union charges for GAP insurance – what you'll pay if your car is totaled in an accident and what you owe is more than what the insurance company says it's worth.
- **Obtain a purchase order for an agreed-upon price** so that you're not tempted to purchase extras you don't want or that cost more through the dealer.

HOW TO NEGOTIATE



If you're **buying from a dealer**, the sticker price is the suggested price and lists all the extras included, but unlike grocery store items, this price is negotiable. Online research can tell you what the dealer paid for the car and how long it's been on the lot (you can also ask the dealer for this), and you should start your negotiation a little above this amount.

If you're **buying used**, there are online guides to assess a car's value, features, and benefits: [Edmunds](#), [Kelly Blue Book](#), or the [NADA guide](#), which is used by most credit unions.



Not into negotiating? You can bypass the whole process by purchasing online then picking up your new car right at the dealership.

NO HAGGLE BUYING SERVICES



If you can't stomach the idea of negotiating with a dealer, buying services may save you time, money, and headaches. At the very least, they work with trusted dealerships, so you're less likely to encounter a shady deal. These are particularly helpful if you're buying a new car with a lot of inventory. As with any other service, be aware of 'upselling' products and services you don't need and don't want.

AutoSMART¹

You know what you want, and you've negotiated your price online; this ad-free site lets you apply for a pre-approved loan before visiting the dealership. You can browse the make and model you're interested in at seattlecu.com/autosmart.

Costco²

They promise low, pre-arranged prices for members, in addition to manufacturer incentives; their website includes manufacturer's suggested price as well as what the dealer paid.

Rental Agencies

Car rental agencies buy millions of vehicles each year, and sell the top five percent at the end of that year, which means an almost new car at a greatly reduced price.

¹ AutoSMART services are provided by Credit Union Direct Lending and is not affiliated with Seattle Credit Union. Dealer fees may apply.

² Costco is not affiliated with Seattle Credit Union.



SEATTLE'S GRIDLOCK

ACCORDING TO THE SEATTLE TIMES, THE CITY HAS ADDED CARS AS FAST AS IT'S ADDED PEOPLE.

12%

2010-2015 growth percentage for both people and cars.

That means...

5,185

cars per square mile, or...

637

out of every 1,000 residents.

SOURCE: [The Seattle Times](#)

TIME FOR A TEST DRIVE

When you know what you want and what you can afford, head to a dealer and find your ride. **Before the test drive**, have the dealer walk you through and test all the components and features, and be sure you're happy with the aesthetics: interior and exterior colors, seating type, storage capacity, and quality of the electronics and sound system.

A test drive is not an obligation to buy. Even if you're sure you've found the one, it's a good idea to leave and return later to give yourself some objective distance before finalizing a deal. Get contact information from the salesperson and come back in an hour or 24.

WHAT TO LOOK FOR DURING A TEST DRIVE:

COMFORT: leg and head room, lumbar support, getting in and out, ease of reach for controls and pedals.

HANDLING: acceleration, shifting (automatic or manual), steering, turning, parking, stopping/braking, on hills, highway, arterial & residential streets, and in traffic, over bumps, and rough road.

VISIBILITY: blind spots, window ratio, cameras.

SOUND: listen for road, wind, and engine noise, as well as any type of rattle, squeal or squeak.

DEALING WITH DEALERS

You've got the power.

But that's easy to forget when you're in a dealer's grip. They'll try to keep you on the lot for as long as possible until you make a purchase. They may offer you a "buy now" price they say they won't be able to meet later.

You can often find **lower prices through a dealership's online sales** department. Online sales rely on volume rather than individual sales markups.



Walk away if the price is too high; they want the sale more than you.

TIPS FROM A FORMER CAR SALESMAN:

- Get their contact information, and let them know you'll be in touch.
- Visit two or three dealers, and be sure they know you're considering your options.
- If you've already done your homework online and know what you're willing to pay based on what you found, state it.
- If you're considering trading in your car as all or part of your down payment, don't share that information until you've agreed on a purchase price.
- Negotiate your price online, then visit the dealer to sign paperwork and pick up your purchase. Internet sales are less intimidating and can give you more negotiating power.

DONE DEAL

HERE'S WHAT TO REMEMBER WHEN YOU'RE READY TO BUY.

After you've agreed on a purchase price:

- Negotiate your trade-in price if you're selling to the dealer, or post it for sale.
- Apply advertised discounts.
- Let the dealer know your loan is pre-approved from your lender, and say 'no' to extras for now.
- Give the dealer the pre-approval letter from your lender (be sure you have it with you).
- Review all paperwork line-by-line to ensure you're not paying any extra dealer costs.
- Sign on the dotted line.
- Purchase or transfer your insurance.

**And... done.
Keys in hand? Safe travels!**

READY TO BUY YOUR NEXT CAR?

Seattle Credit Union members and soon-to-be-members can find us [online](#) or call us at **855.575.9352** for pre-approved financing and a monthly payment you can afford. We can even help you find your car!

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