



Catch the Benefits of Buying a Used Vehicle

In 2006, some 44 million used cars were sold compared with 17 million new cars. The main reason so many more used cars are being sold? The price tag.

In 2006, the average price of a used car was about \$13,900, while the average price of a new car was around \$27,800. Even with the chance of increased repairs and maintenance costs on a used car, you could spend less per year than on new car payments.

Plus, by buying used you may get “more” car for less money. Another reason so many people are buying used cars is the rapid depreciation of new ones. A used vehicle loses less value than a new car when it’s driven off the dealer lot. In the first year of a new car’s life, it loses 20% to 30% of its value. A car’s first owner takes the largest depreciation hit. (Check out “See What Vehicle Depreciation Costs” p. 26.)

The Downside of Buying Used

While buying a used car can save

you money, be aware of some downsides. Many people won’t buy a used car because they’re afraid of buying someone else’s problems.

Unlike the possible repair troubles with used cars, most new cars are likely to be trouble-free for at least a few, if not several, years.

While more and more new cars are coming out with longer warranties that often transfer to the used-car owner, the warranties still will be limited or possibly not exist at all. With many used-car purchases you have the choice of buying extended warranties, but do your homework before buying one. (See “Take a Hard Look at Extended Warranties, p. 18.)

Depending on how many owners a used car has had, there also is the possibility of not having any or limited maintenance records. Insist on seeing the title and make sure it jibes with what you were told.

The following tips may help:

Narrow your search to three vehicle types and brands.

Do your homework and research the retail price of those vehicles before

shopping by using Web sites such as Kelley Blue Book, *kbb.com*. Do your homework in *Consumer Reports* or other places to find reliable models; look at blue book prices so you can spot a good deal; and search sources such as classified ads, bulletin boards, and the Internet.

Arrange financing before you shop and consider what car payment would comfortably fit into your monthly budget.

Talk with a representative from your credit union for help.

Use the phone to ask questions before a test-drive. This will help eliminate some sellers and cars without wasting too much time. Some questions you should ask: Why are you selling the vehicle? What is the mileage, and why is it low or high? What are its features? How many owners has the vehicle had? Was it ever in an accident? Do you have

10 Ways You Burn Money on Your Car

Even in the glare of a new-car exhibition, clear-eyed auto buffs can see how people squander money on what they drive. Enthusiasts at the Greater Milwaukee Auto Show say consumers sometimes pay extra for their ignorance, their arrogance, and their laziness when it comes to cars.

With the cost of buying a new car averaging more than \$27,000, it's easy to overlook the costs of driving one. There's no limit to how much you can spend on a car. Likewise, there are no limits on how you can waste money on a car. For starters, here's a list of 10.

1. Not knowing yourself

Think hard about why you need a vehicle. How you use it and how long you intend to keep it will make a difference on which car or truck to own and whether to buy an extended service agreement. The difference in gas costs between a 30-mile-per-gallon economy car and a 20-mile-per-gallon pickup is \$562 a year, based on 15,000 miles and \$2.25 per gallon.

2. Not knowing your car

Read through your vehicle's owner manual and warranty information to learn about your rights as a customer and the manufacturer's maintenance recommendations. Get familiar with



your car by washing it yourself and checking the oil level and tire pressure. Build a working knowledge of cars: Read automotive advice columns and ask lots of questions of mechanics and auto-savvy friends.

3. Not paying attention

Your car's gas gauge lets you know when you're low on fuel. But there are other less obvious signs that your vehicle needs attention, such as drips in your driveway, subtle smells, and squeals and rattles. Be alert and you can tend to petty problems before they become troublesome and expensive.

4. Not keeping tabs

Have a notebook and pen in your glove compartment. When you sense trouble, jot down the symptoms, including date and mileage. Keep a log of service visits and repairs. Collect receipts in a file folder. Records can

service records?

Take the car for a test-drive and always do a visual evaluation in daylight. During the test-drive, pay attention to such things as road noise; how the car handles; the brakes—firm, spongy, or pulling to one side during hard braking; comfortable seating; and headroom. (See “Make the Most of Your Test-Drive,” p. 10)

Have an independent professional mechanic inspect the car—it’s well worth the \$100 or so that it will cost

help diagnose car problems, support warranty claims, document expenses, and verify your vehicle’s value when you want to sell it.

5. Not being careful

Speeding, jackrabbit acceleration, and hard stops can waste up to 49 cents per gallon of your fuel efficiency, according to the U.S. Environmental Protection Agency. Aggressive driving also strains your tires. Sensible driving can save you from speeding tickets and parking fines. Reckless, inattentive, and drunken driving can lead to costly damages, injuries, and insurance.

6. Not shopping

For everything from the car you buy to the gas you put in it, it pays to look around for the best deal—which isn’t always just the cheapest. Use your personal networks as well as the Internet to help you shop for insurance, mechanics, and more.

7. Not seeking help

At the top of your shopping list should be a reliable service shop. Dealerships tend to cost more but offer a relationship through which you can manage your next trade-up. Independent garages are more motivated to keep your car running than selling you a new one. Wherever you choose,

for the inspection.

Take a friend with you when you go car shopping and make sure both of you are willing to walk away from a deal that is not going the way you would like.

Have a back-up vehicle. If your first car falls through (bad test-drive or during price negotiations), have your second car already test-driven and negotiations almost complete so you won’t feel pressured into a deal on your first choice.

recognize that regular maintenance pays off. A well-maintained car can save up to 60 cents per gallon in fuel costs. Clean air filters alone can add 10% to fuel efficiency.

8. Not thinking for yourself

Find a trustworthy mechanic, but don’t blindly follow advice without raising questions or seeking second opinions. Weigh your intentions for your vehicle against the sometimes conflicting maintenance schedules advised by your owner’s manual and your repair shop. Balance getting enough service with not getting too much.

9. Not following directions

At the same time, don’t think you can outsmart the experts by chasing after gimmicks that promise to enhance your vehicle’s performance or boost its fuel efficiency. Don’t buy expensive premium gasoline unless advised by your owner’s manual or mechanic.

10. Not being resourceful

To lower operating costs and make your car last longer, leave it at home. Walk when you can. Share rides with others. Use public transportation. Plan errands to schedule a number of stops in one trip rather than driving off every time you need a gallon of milk.