



Learn 5 Questions to Ask Before Buying an Auto Warranty

Description

“I’m delighted we were able to negotiate a deal,” the salesperson says as he shakes your hand. But, just as you’re about to exhale a sigh of relief, you realize you’re on your way to the finance and insurance (F&I) office to sign the contract.



Once you’re inside, the F&I manager will almost certainly offer you paint protection, prepaid maintenance plans, theft-recovery devices, and a road-hazard warranty for your tires. But, on the other hand, the extended auto warranty is likely to be one of the most expensive goods available.

Extended automobile warranties, commonly known as “vehicle service contracts,” can give new car buyers peace of mind. They are popular with auto dealerships since they provide an extra profit center. You must investigate and assess the product’s merits, just as you would with any other selection in a

car purchase.

An extended automotive warranty provides repair coverage after the standard manufacturer's expired warranty. This extended vehicle warranty will cover the majority of major breakdowns and, in theory, will stabilize the cost of repairs because the prices of components and labor fluctuate over time. The manufacturer or a third-party administrator can provide this type of automotive warranty.

It is crucial to note that you can buy this auto warranty at any moment before the manufacturer's warranty expires. After the manufacturer's warranty expires, you can purchase an extended warranty, albeit the cost will be significantly higher.

You may have already asked the five questions that should be asked before finalizing a new car sale. But now it's time to ask yourself five questions about extended auto warranties. They will assist you in determining whether this vehicle service contract is worthwhile, as well as in obtaining the best pricing.

The Finance Manager sets the stage.

Before we get to the questions you should ask yourself, here's one from the financial manager: "Do you intend to keep this car for an extended period of time?" It's a popular question, and it's worth thinking about. For example, do you tire of an automobile after the third year? If this is the case, purchasing an extended car warranty makes little sense because the manufacturer's warranty will still be in effect. However, if you are the type of person who drives a vehicle until the wheels fall off, an extended car warranty may be worth considering. However, the length of time you intend to keep the vehicle isn't the only factor to consider. Here are five questions to consider before making a decision.

1. Who backs up the extended car warranty?

Many dealerships provide third-party warranties from a variety of companies. If you buy an extended car warranty, ensure it is backed by the manufacturer, not just the dealership or another firm. A manufacturer-backed extended warranty can be used at any dealership in the United States. However, a third-party car service contract may be valid only at the dealership where you purchased it.

If you're looking for coverage for a specific purpose, like a rental vehicle benefit or larger roadside assistance towing limit than the carmaker provides, read internet reviews to see what others say about it.

2. Have you shopped around for the best deal?

An F&I manager is unlikely to allow you to shop around on your phone while you're sitting at their desk with a pile of purchase paperwork between the two of you. This research is best done before going to the dealership to finalize your car purchase. If purchasing the vehicle is already a financial strain, you might check around for a better deal on the extended auto warranty after the sale. Here's how to go about it.

Request a price quote for the warranty offered by the F&I manager. Then, shop it about by phone with F&I managers at other dealerships to compare prices on the automobile you're about to buy.

The F&I manager at the dealership where you're purchasing the vehicle may tell you that the price of the extended auto warranty is non-negotiable. However, that may or may not be the case. If you check with other vendors, you will discover that some have a lower asking price for identical goods.

Alternatively, they may be more willing to bargain.

The only advantage to purchasing an extended auto warranty at the same time as you purchase a vehicle is the possibility to roll the coverage's cost into your financing. However, unless you've done your homework and can negotiate a lower price for the extended warranty on the spot, this strategy may end up costing you more in the long run.

Here are some negotiation methods an expert negotiator uses while looking for an extended warranty.

3. Do you understand what is covered?

An extended warranty is not all-inclusive. For example, most vehicle extended warranties do not cover wear-and-tear parts (things that will ultimately break or wear out).

To make matters even more complicated, many extended warranties are divided into coverage tiers — silver, gold, and platinum, for example — each with its price and degree of coverage. Take the time to read the small print to figure out what isn't covered.

It would also help establish who will pay for the repair costs. For example, is the cost of the repairs covered? Is there a small deductible to pay? Or do you have to pay for the repairs yourself and get paid later?

Finally, will you be able to take the vehicle to any repair shop? Some third-party auto warranty providers restrict repairs to the dealership or repair business named in the contract.

4. What is your track record when it comes to repairing costs?

Have you ever had a car with faults that a warranty would have covered? Consider how many times you've had a flat tire if you're considering a road-hazard tire warranty, for example. If there's a lot of debris on the roads in your neighborhood, or if you've had multiple flat tires in a short period of time, a road-hazard warranty might be worth considering. However, if you can't recall the last time you had a flat tire, you may not require the coverage.

You can also add up how much you've spent on out-of-warranty repairs in the past and compare the total to the warranty cost. For example, if you've paid \$500 for out-of-warranty repairs, compare that to the cost of the extended warranty.

Of course, no two automobiles will ever have the same repair history. However, if you are purchasing a vehicle from the same manufacturer, it can indicate what to expect.

5. Do you truly require this warranty?

Some F&I representatives may make you feel that declining the extended warranty is akin to playing Russian roulette with your vehicle. You never know when the expensive repair bullet will strike. However, new cars are more dependable than ever before. Furthermore, the data appears to imply that most consumers may not require an extended warranty.

According to the most recent J.D. Power research, total vehicle reliability has been improving for the first time since 2013.

You can self-insure if you still want an extra layer of security. Dave Ramsey, a financial guru, recommends saving aside half of the cost of a warranty and utilizing that money to cover any

unexpected car repairs.

No matter what counsel they receive, some people are either unwilling to take risks or prefer the convenience of an extended warranty. They're more at ease knowing that any major repairs would be handled. Nothing is wrong with that. If you're a belt-and-suspenders type, make sure you ask the correct questions before purchasing an extended warranty.

Category

1. Lifestyle

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