



Learn How to Buy a New Car

Description

Purchasing a new car is similar to a game show. Choose the correct door, and you'll get your prize: a great price on a nice car. If you choose the wrong door, you will lose money and dislike the shopping experience.



The internet's transparency has made it easier than ever to navigate the car-buying process. So let's get this party started. (If a new automobile isn't what you're looking for, read our article on how to buy a used car.)

Make a budget.

Begin by determining if you want to pay cash, get a loan, or lease your new car. Paying in cash simplifies budgeting, but don't blow all of your savings. Remember to factor in sales tax, registration, and insurance costs. To determine the appropriate monthly payment and down payment, use the NerdWallet auto loan calculator.

The majority of consumers obtain a car loan or, increasingly, lease a vehicle. Getting preapproved for a car loan makes the purchase process easier and puts you in a better position at the dealership. You'll see how having a preapproved loan comes into the process later on.

Select the appropriate vehicle

Now comes the fun part: choosing the ideal car for you. Consider how you intend to use this vehicle. If you have a family, for example, you'll need enough space for everyone as well as plenty of cargo capacity. If safety is a primary consideration, look into crash tests at the Insurance Institute for Highway Safety.

Make a list of must-have characteristics to help you narrow down your options. Then, using the automobile finder function available on various automotive websites, look for models. Filter your results based on your budget and desired characteristics. As you proceed, make a list of three target models to investigate further.

Examine dependability and ownership expenses.

You should choose models that are not only dependable but also have a reasonable cost of ownership. Consumer Records and J.D. Power collect owner maintenance reports and assess all vehicles for dependability.

The total cost of ownership is a closely linked issue. Some cars are inexpensive to purchase but will cost a lot more in the long term due to insurance, upkeep, repairs, and depreciation. These costs are estimated on several automotive websites, including Kelley Blue Book's Five-Year Cost to Own and Consumer Reports' Cost of Vehicle Ownership. When purchasing a car, it may be advisable to spend a little more money up front.

Test-drive the vehicle

Ideally, you should test-drive all of the vehicles you're considering purchasing in fast succession so that your impressions are fresh in your memory for comparison. Consider scheduling the process for a morning or afternoon, and if feasible, do it during the week when the dealership isn't too crowded.

Instead of simply walking onto the lot, phone ahead and make an appointment with the internet sales manager. That manner, the appropriate model will be ready to go.

Choose a test-drive route that includes a mix of hills, bumpy pavement, curves, and even a stretch of highway.

Find your vehicle.

Perhaps one of the vehicles you tested matches your requirements and is the perfect color. If not, you'll have to look around at nearby dealerships until you discover the proper vehicle.

Almost every dealership lists their whole inventory online. However, if you're looking for a specific color or option combination, you can use websites that cover an entire region — or perhaps the entire country. Many new vehicles are posted on websites like Autotrader.com and CarGuru.com. Manufacturer websites may also allow you to search a larger geographic area rather than specific dealerships. Continue to broaden your search until you locate the exact car you want.

Find the best deal.

Pricing sources, such as Kelley Blue Book, cut to the chase and tell you what other people in your region are paying for the automobile you want. Input all of the options you desire on the website, including the color, because all of these aspects determine the price of the car.

Check to see if any incentives or rebates are available for the automobile you want. Most manufacturer websites mention current promotions, which typically change once a month.

Request dealer quotes

Requesting dealer estimates by email can help to reduce the stress of negotiating. You can request a price quote by contacting the dealership via their website. To save time, utilize a third-party service like Truecar.com to receive quotations from numerous dealerships at the same time. Compare the asking price of the seller to the average market price indicated by the pricing guides. The vendor is almost certainly seeking more than the market average.

Here are a few tactics to utilize on the vehicle lot if you are negotiating in person:

- Don't make a monthly payment. If you have a preapproved loan, you are a cash buyer, and you should negotiate the car's price rather than the monthly payment amount.
- Be unpredictably unpredictable. Don't let a salesperson abandon you in a sales office while he "leaves to speak with his boss." Instead, take a stroll through the showroom or go have a cup of coffee.
- Slowly negotiate and repeat the numbers you hear. It's easy to become confused, so take your time and even jot down the numbers that are hurled at you. Check to see if you're talking about the "out-the-door" price, which includes all taxes and fees, or just the car's purchase price.
- Before agreeing to a deal, inquire about fees. Some dealers may incorporate phony fees to make up for lost profits when bargaining. Before you commit to any agreement, request a summary of additional fees.
- Prepare to stroll. If you're not making progress on a transaction or don't like how you're being

handled, simply walk away. There is no need for farewells.

Maximize your trade-in value.

Many people prefer to trade in their previous automobile in order to handle all of their car-buying problems at once. However, this could be an expensive option. While trading in a vehicle is handy, dealers may try to undercut clients by paying only the wholesale amount. To find out how much it is, go to a pricing guide online, look up your automobile, and compare the trade-in price (what you would receive) to the dealer-retail price (what the dealer will try to sell it for).

The difference is frequently \$3,000 or more. For example, Edmunds.com's True Market Value used-car pricing shows that the difference between trade-in and dealer-retail for an average condition 2017 Honda Accord EX is more than \$3,700.

There are new trade-in possibilities, such as selling the vehicle to CarMax. You might also sell it to a private party. At the very least, research your car's trade-in value and negotiate the best deal available.

Complete the transaction

If you are negotiating over the phone or by email, request that the car be brought to you rather than picked up at the dealership. It's simple and stress-free.

However, most consumers go to the dealership to sign documents in person. Even if you have a preapproved loan to pay for the car, the finance manager at the dealership may offer to beat the conditions of the loan. It's not a bad idea to see if he or she can acquire a lower interest rate. Just make sure that all of the other loan terms are the same.

The finance manager may also try to offer you additional items and services before the deal is finalized. Purchasing an extended car warranty at an affordable price might bring peace of mind. But first, find out how much warranty is included in the price of your new car. Most new automobiles come with a bumper-to-bumper warranty that lasts at least three years and 36,000 miles, as well as a powertrain warranty that can last up to 75,000 miles. The powertrain warranty covers all of the components that make the vehicle driveable, including the engine, transmission, and suspension.

Take your time examining the contract and resist the urge to sign just to get it over with. The contract will include the agreed-upon sales price as well as the following figures:

The state sales tax. This is a proportion of the car's cost.

Fee for documentation. As strange as it may sound, the dealership charges you for filling out the contract. In some states, the "doc fee" is capped. Some dealerships in places like Florida charge up to \$700 for doc fees.

Fees for registration. A dealer may register the vehicle for you, which is convenient.

Some dealerships may charge additional fees, some of which may be fraudulent. It's difficult to tell what's genuine and what's inserted solely to increase their profit. If the dealer's finance manager cannot satisfactorily explain a fee in the contract, request that it be deleted.

Category

1. Lifestyle

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