

# Buying A Car

## Buying Your First Car

Buying your first car is probably the first big financial commitment most young people make. It's easy to get carried away in the moment and purchase a car that won't fit your long-term needs or is too expensive for your current budget.

### Before you buy

Before you buy, make a list of things that are important to you. Do you need a two-door or a four-door? If you have to drive 100 miles round-trip to work every day, you don't want to buy a gas-guzzler. Ask your friends and relatives about their cars. What do they like about their current car? What do they wish was different?

Look at your budget. How much can you spend on a car payment each month? You don't want to overlook the automobile maintenance costs either. How much will it cost you to change the oil and make repairs when needed?

### Insurance

Research the cost of insurance before you make your final decision. It's going to cost more to insure a sports car than a compact. Ask your insurance company to give you an estimate for the cost of insurance your top choice cars.

### Financing

You may not be able to pay cash for your car, so it's important to understand your financing options. You can finance your car through your bank, credit union, the dealership, or other lenders. Check the interest rate on any financing options. Credit unions often have lower interest rates than banks. You also may want to take a look at any special financing options offered by the dealership.

### The negotiation

Negotiation is part of buying a car. For many car dealers, the price on the car's window sticker is just the starting point. Try and negotiate a reduced price on the car you're purchasing as well as an increase in the value of your trade-in. Know the value of your trade-in before you begin negotiating by looking it up in the Kelly Blue Book or at Edmunds.com.

Don't be afraid to shop around. Visit several dealerships and see where you can get the best deal.

### Stop and Think

Finally, stop and think before you buy. It's a big decision, and you want to be sure you're making the right one. The car probably isn't going anywhere, so it's okay to take a night and think things over. Make sure the car you're trying to buy is really the right one for you.

Copyright 2006, The American Institute of Certified Public Accountants