

# NEW VS. USED CARS



ABOVE & BEYOND

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# NEW VS. USED CARS

Shopping for your next car is exciting, especially when there are so many to choose from. Between fuel-efficient sedans, spacious SUVs, powerful trucks, and more, it's easy to find your dream car.

However, you'll first need to decide whether a new or pre-owned vehicle is right for you. In this *New vs. Used Cars* eBook, you'll learn the advantages of each option. Plus, you'll get to see whether leasing or buying a vehicle is the right path to take.

Read through this informative guide, then contact your local dealer to start shopping for a vehicle!

# Advantages of a New Car

There are many reasons why someone might want to buy a new vehicle, aside from that new-car smell. One of the biggest reasons has to do with features.

New amenities and technologies are being introduced in new cars every few years. Therefore, you have a good chance of getting all the advanced features you want in a new model, such as heated seats or Bluetooth® technology.

You could also get a plug-in hybrid or electric vehicle. With the constant fluctuation of gas prices, these car types may be the way go—and it'll be easier to find a new one than a used one.

Another great reason to buy new is for peace of mind. If your new ride happens to break down early on, it can be fixed for free under the included warranty. However, you most likely won't need any major repairs for a long time. As long as you get routine oil changes, tire rotations, and other general maintenance when needed, the vehicle should run well for many years and miles.

Shopping for a new vehicle is easier, too, because there are so many options to choose from. Do you want a white SUV with heated seats and navigation? With so many makes, models, and trims out there, you can find your ideal automobile in no time.





# Advantages of a Used Car

While buying new is great, buying used has its own set of perks, too. One of these inherent benefits has to do with depreciation.

A new car depreciates in resale value the most during its first couple of years on the road. You'll want to keep this in mind should you want to sell or trade the car in in the future.

However, when you buy used, the vehicle has already undergone the bulk of its depreciation, which means you can budget less for a car. The other option is to take the money you would have used for a new car and get a used one that may be bigger or have more features inside.

Another thing to keep in mind is that used vehicles are more reliable than they used to be. In fact, many pre-owned cars can go more than 100,000 miles before needing any major repairs. Even brake pads and tires are lasting longer than they did in the past.



# Should You Get a New or Used Car?

Before deciding if a new or used car is right for you, there are several questions you'll want to ask yourself...

- What can you afford to spend every month?
- What are the features you need to have and the features you can do without?
- How important is fuel economy to you?
- Are you okay with the possibility of extra maintenance?
- How long do you plan on keeping the car?

By asking these questions, you'll get a better sense on which type of vehicle is right for you.

## What's a Certified Pre-Owned Vehicle?

You may think that your only options are to buy new or used, but there's actually a third option: a certified pre-owned (CPO) vehicle.

A CPO car is used, but it's a few years old and has a certain number of miles on the odometer (say, under six years old and less than 80,000 miles).

To become CPO, the vehicle must undergo an extensive multi-point inspection, so each part of the car can meet manufacturer standards. Otherwise, it'll get repaired or replaced with genuine OEM parts. Once it passes inspection, it'll get that certification.

Furthermore, CPO cars often come with a bevy of owner benefits. Some examples are:

- Powertrain warranty
- Bumper-to-bumper warranty
- Free CARFAX® Vehicle History Report™
- SiriusXM® Satellite Radio
- 24-hour Roadside Assistance





# Leasing vs. Buying a Car

Once you decide what category of car you'd like to shop from, you'll need to consider whether leasing or buying is the right course of action for you.

## Benefits of Leasing a Car

If you're the type of person who likes getting a new vehicle every few years, then it'd make sense to lease. The typical lease term lasts for three years. Once that time is up, you just bring the car back to the dealership and get a new lease.

This option is also great for getting some cutting-edge technologies. Remember before when we said that a new car can have lots of great features? Let's say you buy a car full of tech. Still, that same model might get even more upgrades in just a year or two. If you lease the car, you can look forward to always having the most up-to-date features in the car you're driving.

Leasing is also great when it comes to overall costs. When most people buy a car, they typically take out a loan to pay for it over a certain amount of time. To help lower the monthly costs, a down payment is usually needed and is generally around 20% of the car's total cost.

When you lease a vehicle, though, you only usually need to put down a small amount. Sometimes, a down payment isn't needed at all.

In addition, when you pay off a lease, you're simply paying for the car's depreciation. As a result, your monthly payments may be lower than a car loan, which is paying off the entire cost of the vehicle.



# Benefits of Buying a Vehicle

On the flip side, people who love keeping a car for a long time may want to consider buying one. As we mentioned above, buying a car usually consists of taking out a loan and paying it off once a month for a certain number of months. Then, once you've paid the loan off completely, the car is yours to enjoy for as long as you'd like.

By owning your car, you can modify it however you want. If you wish to repaint the body, change the upholstery, add in a new stereo system, and more, you can. However, you can't make any changes to a leased vehicle. It should go back to the dealership in the same condition as when you first got it. Otherwise, you may have to pay a fee.

Another great thing about buying a car is that you're not restricted to driving a specific number of miles. Meanwhile, when you sign a lease agreement, you're adhering to a set mileage by the end of the term (example: 10,000 miles a year). If you go over the mileage limit at the end of a lease, you may have to pay for the additional miles.

When a car is yours, you can customize it in every way and take it on road trips across the country if you want!

# Can You Lease a Used Car?

Most drivers think that you can only lease a new car. In reality, you can lease a used car, too! Cars available to lease are usually certified pre-owned vehicles that are just a few years old and have a small number of miles on the odometer.

Leasing a used car follows the same format as a new one. You'll work with a finance center to get a monthly payment plan once a down payment or trade-in is applied. You'll then agree to a set number of miles, and sign up for any vehicle protection plans, if you'd like. After signing some papers, you'll have a new lease.

Keep in mind, though, that leasing a used vehicle vs. a new one differs slightly. Money factors (i.e., interest rates) tend to be a bit higher when leasing a used car. However, that higher money factor pairs with a lower sale price and lower rate of depreciation. The result is a potentially lower overall payment on a used car lease vs. a new car lease.

Still, not all dealerships offer used car leases. So, you'll need to contact your local dealer to see if they have any available.



# Start Shopping for a New or Used Car Today

As you can see, you have many options when it comes to getting a new ride. Whether you decide to lease or buy a new or used car, you'll have a dependable mode of transportation with lots of great features to enjoy.

The next step is to see what car you want! You'll want to visit your local dealership and walk around their showroom and lot. Sit inside a few cars and even take them on a test drive to help solidify your decision.

Don't wait. Start shopping for a new or used vehicle today!

