

Should I Buy a New or Used Car?

Is it better to buy a used car or go with a shiny new vehicle? Let's compare the two options and give you some good information to make a well informed decision.

BUYING NEW

Probably the biggest single advantage is the car itself. Since it's brand-new, it has never been driven by someone else. Possible abuse or failure on the part of a previous owner to have properly maintained the car are two things you don't have to worry about.

Another advantage to buying a new car is the new car warranty. Repairs can be expensive, but the warranty generally covers you during the first 3-5 years.

You can pick and choose exactly what you want. It's true that dealers would prefer that you to buy a car "from inventory" --- choosing one that is sitting on their lot. But assuming the model you're interested in is still being produced, you can opt to order it with everything you want --- and nothing you don't want.

New cars cost more than used cars. A new car is at the very peak of its value. Even with rebates, discounts and negotiation, you will be paying top dollar. If it's a just-launched/popular model, expect to pay full MSRP sticker. Also, consider the costs to insure the vehicle, which may be more than you anticipated.

New cars depreciate (lose value) quickly. On average, the vehicle will lose 10-20 percent of their original sales price during the first year of ownership. That comes right out of your pocket and should be factored into your purchasing decision, particularly if you know you will be trading it in within five years or so.

BUYING USED

You'll pay less! That's probably the single biggest advantage to buying a used car. Even a slightly used car (such as a former lease car that's only 2-3 years old) will cost considerably less than a brand-new version of the same make/model car.

Depreciation is not as big of a factor. Yes, a used car will continue to lose value the older it gets and the more miles you clock. However, the year-to-year differential is almost always less with a used car. Where a brand-new car might be worth 30 percent less than you paid for it by the time

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two years have passed, your used car will typically lose only about 10-15 percent of its value over the same time period. After a certain point (after about 5-7 years) the value of a used vehicle stabilizes, with further declines in value amounting to an ever-lower percentage of the vehicle's total worth.

You don't always know what you are getting. Be careful when buying a used car. Who knows how it was treated by its previous owner(s)? It may have been in an accident, poorly maintained, or not serviced per the factory recommendations.

The car almost always will have flaws and need maintenance more frequently. No matter how gently you drive, no matter how rigorously you service it, a used car will not last as long as a brand-new car. And it will have small flaws such as paint chips, minor damage, tire wear, stains on the carpet, etc.

CONCLUSION

There are a number of important factors to consider, so take your time in making a final decision. Consider your budget, your driving habits, your family situation, and how important a new vehicle is to you. Some people are car aficionados and take a great deal of pride in their vehicles. Others take a simpler approach and look at their car as a means to get to work and back, that's about it. Maybe you are in the middle --- you want a good, safe, reliable vehicle, at a fair price. Carefully consider your options and you'll come to the right decision.

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