

Cutting Car Costs



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Cars and trucks can be expensive! According to Edmunds.com, the average buyer pays just over \$26,000 for a new vehicle. In addition, consumers are now stretching out their loans to an average of 62 months – just over five years. That means a typical car loan of \$23,801 for five years at 5.63% will cost a consumer over \$3500 in finance charges!

Of course, those figures don't include insurance, maintenance and repairs, fuel or taxes. In fact, the average cost an American family will pay for their vehicles over their lifetime is more than \$500,000!

Here are some strategies for saving money on your vehicles.

Payments

When people think of how much their vehicle costs, the monthly payment is usually the first item that comes to mind. Lower that cost and you'll definitely feel the difference.

Refinance:

If you have a high interest rate vehicle loan, but your credit

is good or has improved, you may be able to save money with a lower-rate loan. Call your current lender to find out if they can refinance your loan, or visit www.CarBuyingTips.com for links to companies that will refinance auto loans, even if your credit is less than perfect. It costs nothing to find out whether you may qualify for a lower rate.

Tip: Make sure you get a simple interest loan with no prepayment penalty.

Know The Score:

Your credit score determines the interest rate you're paying now on your vehicle loan, and also the rate you're paying on your auto insurance. If you're paying a high rate for insurance, or for your loan, due to your credit score, order your credit report and score to see if you can get either of these rates lowered.

Downsize:

Some vehicles are more expensive to own and operate than others – sometimes a lot more expensive. For example, according to Runzheimer International (www.Runzheimer.com) a BMW 540I costs an average of \$16,600 a year to own and operate, a Dodge Intrepid will set you back \$10,323 a

year, and a Honda Civic LX will run you \$7475 annually.

If auto costs are squeezing your budget, you may want to scale back – at least for one of the family’s vehicles.

Insurance

Not sure how much you’re paying for insurance? Not sure if you’re getting a good deal? You’re not alone. One in three drivers (30 percent) surveyed by the Progressive group of insurance agents didn't know how much they paid every six months to insure their newly purchased vehicle.

Get A Good Deal:

The cost of your insurance coverage can vary by as much as \$500 per year among different insurers, so it pays to shop around. Contact at least three insurance companies for quotes. Ask about discounts if you have an anti-theft device or alarm, get married, or take a driver safety course. Also, check out the rating of the insurance company you may use at www.StandardandPoors.com. You want highly rated insurance company to make sure that they can afford to pay the bills if you have to file a claim.

Lighten Up On The Lead Foot:

Ninety percent of drivers admit to driving over the posted speed limit, and 39% speed more than 25% of the time that they're behind the wheel according to a nationwide survey by the Progressive group of insurance agents. Does that sound like you? Not only does driving fast expose you to more accidents, you will be using more fuel and your insurance rates may go up by 25% if you are caught and ticketed.

Don’t Leave Yourself Exposed:

Auto insurance can be expensive, but going without the right coverage can be financially devastating if you are in an accident. Make sure you understand the types of coverage and have enough insurance if, for example, an uninsured motorist hits your vehicle or you suffer severe injuries requiring expensive medical attention. If raising your total coverage makes your policy more expensive, consider raising your deductibles to offset the cost. Remember, the main reason to have insurance is to take care of losses you can’t afford.

Fuel

With gas prices rising, it has become more important than ever to save energy (and money). Here’s how:

Check Tires:

Properly inflated tires do make a difference in gas mileage. Check yours at least once a month when they are cold. Fill them to the figure recommended by the manufacturer, not the figure printed on the tire itself (which is usually the maximum tire pressure, not the recommended one.)

Make the Grade:

Check the grade of gasoline recommended for your vehicle and stick with it. Using premium gasoline when your vehicle doesn't need it is like burning money.

Lighten the Load:

The lighter your vehicle, the better your gas mileage will be. If you're using your trunk as an extra closet, get rid of the junk – maybe even have a garage sale!

Don't Go Too Low:

Driving your car until it's empty before you refill means your car frequently has to use the dirtiest gasoline, which can lead to poor performance and even engine damage. Fill up long before the gasoline warning light comes on.

Slow Down:

Coast to a stop as much as possible. Sudden stops not only wear the brakes faster, but can use up more fuel as well. On the highway, keep in mind that faster speeds use more gas.

Keep Cool:

Running the air conditioner on the highway can save fuel, because it puts less drag on the vehicle than keeping the windows open. For a local run around town, though, rolling down the windows and turning off the a/c will usually be the cheaper choice. And forget about "warming up the engine." It's usually a waste of fuel and money.

Shop Wisely:

Driving across town to get the cheapest gas may or may not save you money. To find out where the cheap gas is locally, visit www.gasbuddy.com. Then calculate the benefit of driving to the cheaper station at <http://www.bankrate.com/dls/calc/gasPrice.asp>

Repairs and Maintenance

Force Yourself To Save:

When you make your car payment each month, put \$20 – or

whatever you can afford – into a savings account for repairs and maintenance. When you pay off your car, continue to make the same monthly car payment you were making to the lender – but put it into a savings account for repairs. Ultimately, you may decide to use it for a down payment on a new vehicle.

Stay on Schedule:

Regular oil changes, a clean air filter, changing the antifreeze every year or two, and other regular maintenance will make your car run more efficiently and last longer with fewer repairs. Find a good mechanic and stick with a schedule for routine maintenance.

Get Good Help:

According to research by Consumer Reports, the cost for service and repairs can vary a great deal among dealerships and independent repair shops. Ask for recommendations from friends and relatives, make a few calls to compare prices, and check out complaints with the Better Business Bureau (visit www.bbb.org).

Know When to Say When:

Don't give up on your older car just because it needs repairs. Even a \$2500 new transmission may be a bargain when you

compare it to the \$10,000 annual tab of a moderately priced new car. But, if you are finding yourself forking over a wallet full of cash for repairs again and again, it may be time to shop for a new car.

Finally...

Dump The Wheels: Try going without your car (or a second car or a third one) for a week or a month. If you can make it, you may want to dump that car and rent on the occasions when you really must have a vehicle. Considering that even a “cheap” new car costs about \$7500 a year to operate, you may benefit by hoofing it, by using public transportation, or by taking a cab once in a while.

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