

**kstate**  
CREDIT UNION  
**Car Buying  
Guide**

**Whether you're a first-time car buyer or an experienced car owner**, we've packaged some of the best advice to give you a head start. As the old saying goes, "let the buyer beware." Shopping for and finding the perfect vehicle can be stressful. That's why we've put together these tips on securing financing, researching your options, and closing the deal so you can avoid the potholes of car buying.

### **DO YOU KNOW HOW MUCH YOU CAN BORROW?**

The general rule is you shouldn't spend more than 20% of your monthly net income. Keep in mind that this take-home pay ratio should be applied to all vehicles in your household. While you may be approved for more, you don't have to borrow the full amount. In fact, it is important to consider your existing debt and the true total cost of ownership. Many factors including your FICO Score will determine the rate and the terms of your loan. When considering your monthly payment, be sure to factor in gasoline, insurance, maintenance and future repairs. With a better understanding of your car expenses, you'll be better equipped to find the car that fits your budget. Get pre-approved with kstate CREDIT UNION and see what you qualify for before you shop!

### **DREAD CAR BUYING? DO YOUR HOMEWORK.**

By starting with your budget, you've eliminated the trap of overbuying and helped narrow down your list to affordable options. Before you step foot inside a dealership, know what you are looking for:



How big is your household?



Do you want to save with a fuel efficiency vehicle?



Are power and performance crucial to your purchase?



Do you need the ability to haul or move things?



Do you need a car that's more spacious?



Do you want a trendy car that reflects your lifestyle?



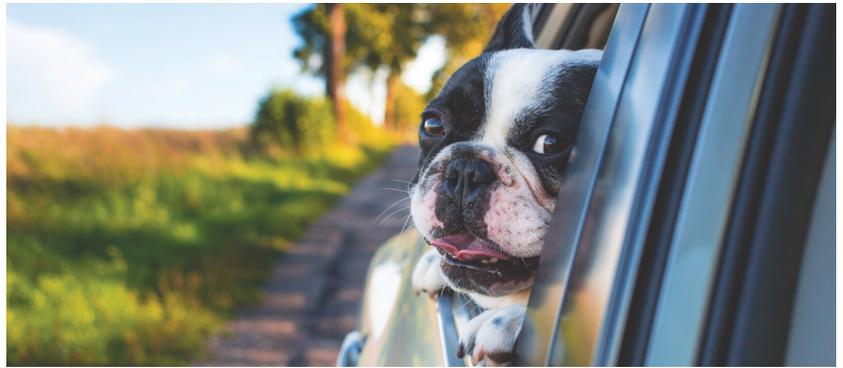
Is safety a chief concern?

# SIMPLE TOOLS AND ADVICE FROM KSTATE CREDIT UNION

## NEW, USED OR CERTIFIED-PREOWNED?

While you'll get the most bang for your buck buying used, certified-preowned vehicles usually offer some warranty, making it a nice compromise between used and new. When you buy new, however, you get the latest safety and performance features, longer basic and limited powertrain warranties, and other benefits, such as a roadside assistance program.

As you narrow your choices to your top 3–5 vehicles, research dealer incentives such as cash-back deals and the invoice price of your interested models (not MSRP). If you have a car to trade in, Kelley Blue Book® and the National Automobile Dealers Association are great resources, which consider condition, mileage and added options. The moment you step foot on a showroom floor, it's the dealer's mission to get you to buy. You can limit the hassle and the hustle by doing your homework first.



## READY TO BUY?

### HERE'S THE RIGHT WAY TO MAKE AN OFFER.

While you should know your ideal monthly payment, never tell your salesperson. With this key piece of information, there is no incentive for the dealer to go lower. And while they may still meet your figure, they may have fiddled with parts of the deal that are not as favorable. Most dealers will negotiate on the manufacturer's suggested retail price. This is the price the dealer would like you to pay for the car. Instead, focus on the invoice price, which is closer to what the dealer may have paid for the car. A target of 2% above invoice is usually a good deal, but nowadays you might be able to do better.

Keep the value of your trade-in separate. When negotiated together, you'll get a break on the new car or the value of the trade-in, but rarely ever both. While it can serve as a nice down

payment toward a new car, you won't get retail value for it. After all, the dealer wants to sell it for a profit. Instead, research the true wholesale value of your trade-in online and get free appraisals from multiple dealers. You may even want to consider selling the vehicle on your own. If you don't feel comfortable with the price, know that it is always okay to walk away. It's often the best bargaining chip you can play. If you've settled on a make and model, you can reach out to other dealers for the same car. When dealers compete, you win.

## MORE USED CAR BUYING TIPS

- Test drive cars on hills, highways and stop-and-go traffic.
- Examine the car for damage.
- Get the opinion of a hired mechanic.
- Ask for a car's maintenance record and search CARFAX® or eautohistory.com.
- If sold "as is," dealer has no responsibility. All repair costs are on you, the buyer.