

HAPPY CAR BUYING: ULTIMATE GUIDE TO GETTING THE BEST DEAL



eBook

CopperState
CREDIT UNION



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INTRODUCTION

Chances are, you and almost everyone you know use a personal vehicle on a daily basis, so getting the best deal on a car is pretty important. Relying on a personal vehicle means you'll have to learn the art of car-buying sooner or later. [If you haven't already!]

In this eBook, we'll provide a comprehensive guide to getting the best deal on your next vehicle. We'll discuss the best and worst times to buy a car, car financing guidelines, how to negotiate a car price, how to make an offer, and specific tips to help whether you're buying used or new. We'll also share our favorite car payment calculators.

Most Americans still need a car to live daily life. Are you one of them?

If your answer is an automatic "Yes" like most Arizonans, the time is coming when you'll have to go car buying.

And likely at the forefront of your mind is the [several thousand] dollar question:

How can I get the best deal?

Dealerships have the reputation of being intimidating and time-consuming. Private party sales can be sketchy, and do you even know if you want to buy a new vehicle or a used one? Or Certified Pre-Owned? There's a lot to consider, so read on.



I know I'll be car shopping sooner rather than later, so I'm really glad I have this eBook. I feel more confident now!

-Christina, Employee



BEST AND WORST TIMES FOR CAR BUYING

Potential Car Buyer:

Oh hi, yes I'm just browsing. I'm not sure if I'm ready to buy yet.

Car Salesperson:

YOU NEED TO BUY A CAR RIGHT NOW!!!! THIS DEAL WON'T LAST!!!!

If you've heard this slick sales tactic, you're not alone. Car salespeople agree on a universal truth when it comes to buying vehicles – that the best time to buy a car is -always- now!

But let's step back and look at the data.

Best & Worst Time of Year to Buy a Car

Cars are designed and released by manufacturers in cycles. Yearly, old models are shuffled off the lot to make room for the shiny new versions.

This means that generally, the best time of year to buy a car is towards the end of the year: the last quarter (October, November, and December) in particular.

The summer months are a strong second option for the best time of year to buy a car, because some models for the following year release as early as spring or summer of the prior year, trying to race ahead of their competitors!

Holidays are another good time to take a look, including particular three-day weekends like Memorial Day and Labor Day. You can try to buy on Black Friday, but due to the usual frenzy, a lot of the legwork will have to be completed ahead of time – and be prepared to wait a while at the dealership!

Try not to buy a car in February. It tends to be the most expensive month, so if you're nearing the end of the year and your current car is on its last legs, either go for the purchase early or wait until after February.

Our general advice would be to look for those cash incentives and rebates. These are almost always going to be better than the financing deals they give you; [stick with your credit union for financing](#) and take the cash!

Best Time of the Month to Buy a Car

If you're in sales, you know that many folks have month-end quotas to meet. Car sales are no exception. The likelihood that you'll get a good deal is a bit higher at the end of the month as salespeople scramble to meet their goals and get cars out the door.

Best & Worst Time of the Week to Buy a Car

Sun ✗	Sometimes, you may plan to buy during an optimal time of year, but fate has other plans for you. Like that transmission finally deciding to kick it, or the suspension being shot, or even an accident occurring *knock on wood*. Luckily, there's also a best time of the week to buy a car.
Mon ✓✓	
Tue ✓	If you like saving money, plan your car buying on a weekday, not on a weekend. The earlier in the week, the better.
Wed ✓	Particularly Mondays!
Thu ✓	Maybe because there's less foot traffic during the week, or you have more focused attention from sales folks when they aren't rushed to work multiple deals at once, or the fact that community lenders such as credit unions are open during the week and you can get a better loan deal.
Fri ✗	
Sat ✗	Although - if you get a pre-approval , you won't have to worry about the financing at all.



TOP 4 CAR BUYING OPTIONS

1. Independent Dealers

An Independent Dealership is one who is not affiliated with any particular car manufacturer.

These dealerships usually offer used cars only. However, a few independent dealers are also brokers, which means they can get you a new car direct from the manufacturer in the year/make/model and all the trimmings you want. Pricing will be comparable to franchise dealers because they do the negotiating on your behalf.

Independent dealerships often can be more flexible on price for their used cars because they don't have the overhead from the automaker standard [but be ready to negotiate fiercely for it!]

They also have a wider variety of used vehicles because they buy and sell without regard to a single manufacturer. If you're looking for an older vehicle, they will typically have a larger selection than a franchise dealership.

When it comes to independent dealers, be careful. Some have more integrity than others. Read online reviews, get recommendations from friends and family, or find a [list of certified dealers](#) from a trusted credit union or bank.



2. Franchise Dealers

Easy to spot due to the car manufacturing company's name being in the title, franchise dealers tend to carry vehicles for only one (or a couple of partnering) manufacturers. For example – Bell Ford, or Camelback Toyota.

They also offer used cars but price tends to be a bit higher than independent dealers and they certainly won't have as much variety. They do offer certified pre-owned vehicles, which is a nice option that gives the buyer more peace of mind regarding the condition and history of the used vehicle.

3. Online Dealerships

A newer phenomenon, online dealerships exist 100% on the web. No physical showrooms, no test drives (usually) and no price negotiation or haggling are involved. What do you get in exchange? Lower priced vehicles and a 7-day return policy.

They'll typically deliver the car to your house! The most well-known dealerships like Vroom, Carvana, and Shift may be a good option if you can live with the limitations above. Note that you should act quickly if your heart is set on a popular vehicle as they tend to sell fast.



4. Private Party Sellers

Thinking of buying your friend's mom's dentist's old car directly from them? This would be considered a private party sale.

Be careful and do your homework if you decide to go this route. The Arizona Department of Transportation has a [private party purchase checklist](#) that can make sure everything is done correctly.

We also have a [used car checklist](#) - how to buy a used car with confidence that tells you exactly what to look for when surveying a vehicle you want to buy.

When it comes to financing for a private party sale, most traditional banks won't offer it. But we're happy to offer this benefit to members here at Copper State CU! We'll even run the Carfax for you for free. Make an appointment with us so that we can discuss all the details with you regarding financing for a private party sale.

The Bottom Line on the 4 Types of Car Buying

When trying to get the best deal on a car, know this: There can be less-than-perfect sales people at a great dealership. There can be amazing sales folks at a mediocre dealership.

The important thing is that you feel comfortable with the sale. If you're uncomfortable or something doesn't feel right, you don't have to go through with it.

HOW MUCH CAR CAN I AFFORD?

Know Your Budget

Now that you know your options for buying a vehicle, it's time to pause and do the math. First, do you have a household budget? Take some time and review our [Ultimate Budget Plan to Save You Time and Free Your Money eBook](#) and download our popular [free budgeting template](#). Or, watch our [webinar on easy budgeting](#) if that suits you better.

Why are we harping about budgeting in an eBook about car buying??

Because you can't be successful in the car buying game if you don't know some basics about your household finances and what you can afford.

Beyond using a car payment calculator, consider the following questions:

- How much do I have saved for a down payment on a car?
- How much can I afford for a car payment on a monthly basis?
- How much can I afford for gasoline, routine maintenance, and repairs?
- How much can I afford for insurance on a monthly basis?





Know Your Vehicle Options & What They Cost

Kelley Blue Book's [5-Year Cost to Own car payment estimator](#) and [Edmunds TCO True Cost to Own car payment estimator](#) are invaluable resources when trying to choose between several vehicle options.

They both use data to help capture those other expenses like gasoline and maintenance/repairs that are difficult to estimate ahead of time.

For example, did you know that a luxury car oil change can cost about \$400? Performance vehicles are going to have much higher costs to maintain, even if you buy them used.

You'll also want to call your insurance company and get a quote based on year/make/model or get the VIN (Vehicle Identification Number) off the dealer's website.

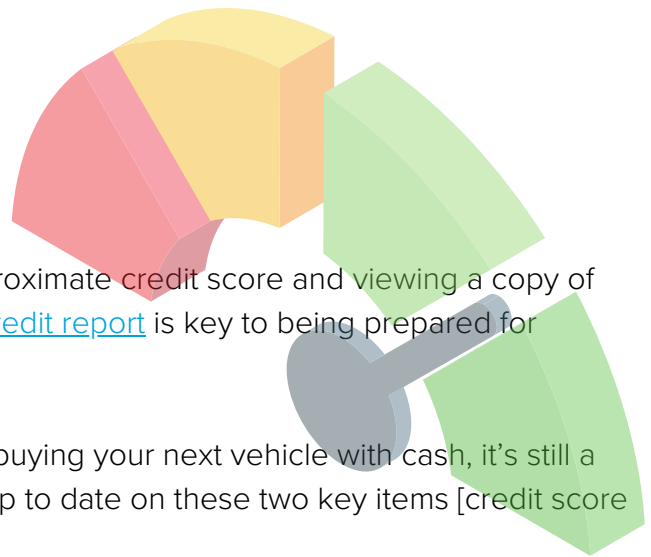
Many people think that insurance costs won't change if you're simply swapping one vehicle for a different one, but there can be over \$100 per month difference in insurance costs, especially with high-powered vehicles.

Crunch the Numbers

Use a calculator like this one - [Auto Loan Affordability Calculator](#) - to explore how much car you can afford based on payment preferences.

You'll enter a preferred monthly payment, your down payment (cash you have on hand or trade-in value), the loan term or length of loan that you prefer, and the [interest rate](#) you hope to get.

Know Your Credit



Knowing your approximate **credit score** and viewing a copy of your [free annual credit report](#) is key to being prepared for financing.

But even if you're buying your next vehicle with cash, it's still a good idea to get up to date on these two key items [credit score + credit report].

Luckily, this is easy for all Copper State Credit Union members. We offer members access to their [free daily credit score, report, and monitoring through online banking](#). Simply [log in to online banking](#) and enroll via the Free Credit Score box on the right hand side of your portal.

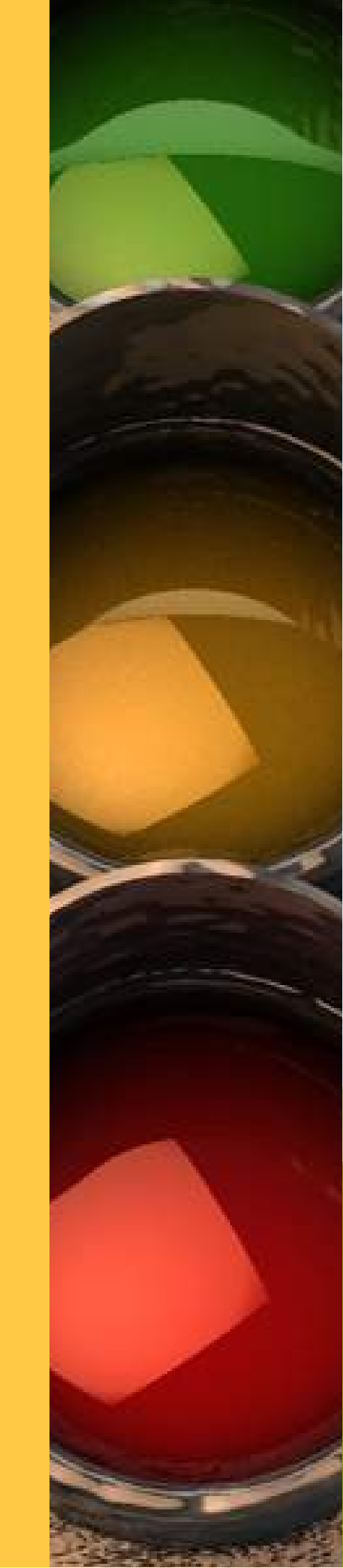
Not a Copper State CU member? With just \$5 and valid ID with proof of address, you can [open a membership savings account](#) and register for online banking, as long as you live, work, or worship within 6 counties in Arizona.

Then, your credit score, report, and monitoring tools will be right at your fingertips, and you'll be on your way to car buying in no time.

Your qualification for an auto loan as well as the interest rate you're offered is directly correlated with your credit report and score. The APR (Annual Percentage Rate) impacts the amount you pay for your new/used car over the term of the loan.

Although the age of the car can affect rate as well, you'll be likely to get the lowest advertised rate if your credit score is above 760.

If you have mid-range credit and want to go rate-shopping to find the best deal, just ensure all credit pulls (pre-approvals at different locations) are done within a 14-day period so that it doesn't damage your score.



CAR BUYING PAYMENT OPTIONS

Paying Cash

Paying for a vehicle in cash doesn't necessarily mean you hand the dealer a stack of hundreds.

It does mean that you have liquid (available) funds that you can pull out of your account via check, or certified money order, etc. in order to pay in full for a vehicle, without having a lien on the vehicle at all.

If you want to pay for your next vehicle in cash, our advice is to start by putting away a 'car payment' every month into a separate savings account. For example, if you know you're able to afford a \$350 per month car payment, challenge yourself to pay that faux car payment into your savings account every month for one year.

If you can save a car payment per month, you'll learn three things:

- 1** Whether you can afford that amount (\$350, or whatever it is) per month while still covering other expenses.
- 2** That you now have a hefty sum (\$4,200 for this example) ready for use as a down payment, if you end up deciding to finance the rest.
- 3** Exactly how long it will take to save up the entire sum of the car you want to buy, to pay for it in cash. (Per our example, if the car you want is about \$12,000, it'll take 34 months to save up at \$350 per month.)

Financing Your Vehicle

What is an auto loan?

It's money you borrow from a financial institution to buy a car, usually! Then you make payments on the loan amount, plus interest, until it's repaid.

If you're going to get an auto loan for your next vehicle, it's a great idea to [get preapproved](#) before going to a dealer. You'll want to complete a preapproval once you're serious about buying, because it's considered a hard inquiry on your credit report. It will give you an idea of the loan amount and rate you qualify for. In order to get a preapproval, you will have to provide documentation like proof of employment and income.

Preapproval makes you equivalent to a cash buyer at the dealership which is very valuable for many reasons. You're in control of the financing, and you don't have to share how much you were preapproved for. You can stay in control of your purchasing budget and not go over it. You'll also know where the loan ends up instead of financing at the dealer and tossing the coin for where your loan will be sent.

When it comes to financing a vehicle, the age of the vehicle you choose can significantly impact the rate you receive, if the car is more than a few years old. If the vehicle is over 100,000 miles this will make a big difference on rate as well.



HOW TO NEGOTIATE WHEN CAR BUYING



Prepare Before You Go

- Research the dealer. Online reviews from Google, Yelp, or social media are very important to dealerships, so you can usually use these as a gauge of quality.
- Eat, sleep, and get a babysitter. Crying kids are a surefire way for you to sign paperwork even if you're not fully satisfied. Be mentally prepared so that you aren't rushing through the transaction!
- Bring your car seats, dog kennels, or luggage – anything you regularly fit into a car that you'll want to test for comfortability and size.
- Know car values of the models you're considering – Edmunds, Kelley Blue Book, or True Car can help. They have great comparison tools if you're undecided between a few models.
- Be aware of your trade-in's approximate value. How much do you owe on it? How much is it worth? Be prepared with these numbers so that you can negotiate a fair car price for your trade-in.



Negotiating Price

So now you're asking, how do I make an offer on a car? Our answer – Don't (at first)!

Instead, ask the salesperson what they want for the car. Whatever they state out loud, they can't go any higher than that. On the flipside, be aware that once you state what you're willing to pay, you can't go any lower.

Once the salesperson quotes a price, don't take that first offer or MSRP (sticker price).

Focus the conversation on total car price and compare it to your research. Always come back to total car price, including all charges and fees.

Don't get sucked in to focusing on one of these 3 common myths:

- **Monthly Payment Myth**
- **Trade-In Myth**
- **No Free Perks Myth**

Monthly Payment Myth

Some dealerships will try to get you to focus on the monthly payment dollar amount and what you're willing to pay per month. They'll offer you a 'deal' to meet your preferred monthly payment amount, but will achieve this 'deal' by extending your term or making other adjustments which mean you pay more overall.

Negotiating Price (cont.)

Trade-In Myth

Be careful with negotiating a car price for your trade-in. If your trade-in vehicle is paid off, or you have significant value that exceeds the amount of the remaining loan, consider waiting until the end to 'decide' you're trading in the vehicle.

Some sales folks will use the value of your trade in to their advantage (for example, lowballing the value of the trade-in but dropping the price of the vehicle, to make it seem like you're getting a great deal) Avoid this by delaying talk of trade-in for as long as possible during negotiation. Wait until late in the process, when you've already gotten the deal you want (or you're close) to commit to the trade-in as being part of your deal. Exception: If you're upside down with your current vehicle, you'll want to disclose the trade-in at the beginning because it may impact how much car you can afford to finance.

No Free Perks Myth

What services or accessories can be added to sweeten the deal? Many dealers will hand out free car washes, service discounts, free oil changes, or accessories like car air fresheners or floor mats. Ask for what you want, and you may just get it in this case!



Negotiating Price (cont.)

Extras and Insurance

Be careful with adding extras. They're often brought up towards the end of the deal, and are positioned as 'only adding \$5/month to your payment' but if you extend that out over the life of the loan, it's a lot of money!

Some examples of extras are interior leather protection, exterior paint protection, insurance on tires/rims, or an extended service plan, to name a few. Only buy these extras if you really are going to use them and you need them.

Extras on a car purchase are like a gym membership – they make the gym a lot of money if you never go. And the majority of people who buy extras on their cars never use the extras, or never need to use them.

A note on GAP insurance – GAP insurance can be really helpful, but only if it's needed. In the example above (page 14) where the car's value is less than the loan amount, GAP insurance is essential, because it's covering the 'gap' between a vehicle's value and the loan amount. It's there in case you were to get into an accident soon after the car purchase or in case you made a very low/no down payment and could be underwater on the loan for a while. Something people don't think of is to talk to their current auto insurance provider to get a quote on GAP coverage, before getting a quote from the dealer or from your credit union.

Know When To Leave

Most importantly, if you don't feel comfortable while car buying, be willing to leave. Yes, even if you've already been at the dealership for several hours. Try not to fall into the trap "We've already spent so much time here, we need to see it through." You can always leave your contact information along with a calm offer to give you a call if things change on their end. If you aren't willing to leave, you may not get the best possible deal.

TIPS SPECIFIC TO CAR BUYING USED OR PRE-OWNED

Shop Certified Dealers

Not sure who to trust? Copper State CU has a featured [list of certified dealers](#) you can feel safe shopping with. All of these dealers have been vetted by our organization. We do financing for our members with these dealers on an ongoing basis.

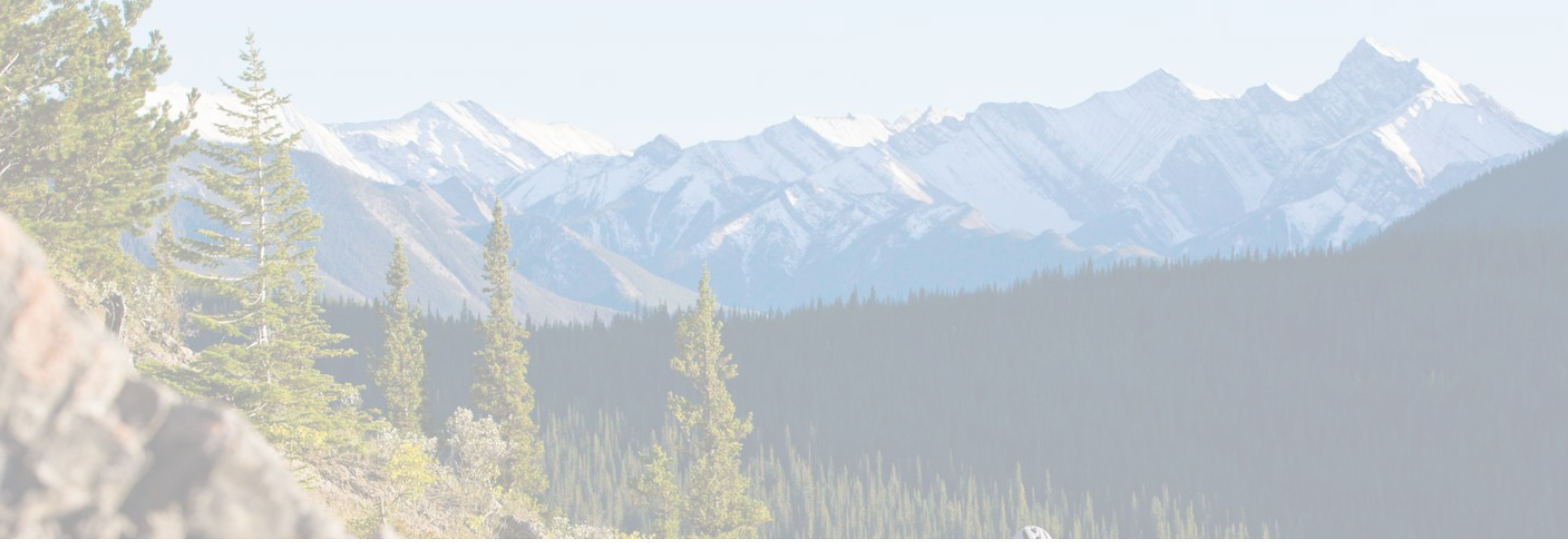
Research Multiple Options

Create a list of potential options that fit your needs and price range and check prices/look in your area for what's available. When buying used, know that you're not likely to get the exact model or color you want, so be flexible and start with several options, narrowing it down as you go.

Consider Certified Pre-Owned

If you want a stress-free used car experience, this is the way to go. These bad boys go through rigorous testing to ensure all is working properly. Though you'll pay a little more for this, knowing you didn't buy a lemon might be worth it. You're likely to get a good rate on these vehicles too, since they tend to be pretty reliable. Another perk? They often include an extended warranty for free or very low cost.





Utilize a Used Car Checklist While You Shop

How to Buy a Used Car with Confidence [Free Checklist] will ensure you don't miss anything while you're inspecting the vehicle you're about to buy. You can download, print, and take it with you to any test drives or vehicle viewings.

Check Vehicle History

To complete this on your own, use the vehicle identification number (VIN) to check the history of the vehicle on Carfax or AutoCheck. This makes sure you know accident information and have a clean title. Good independent dealers and franchise dealerships will provide the vehicle history report for you, for free. If you're buying private party, it's extremely important you take care of this before making a deal.

★ Copper State CU Member Benefit: If buying private party, we can run CARFAX for our members for free if they're financing with us.

Seriously Think About A Third-Party Inspection

Only a mechanic will be able to see certain issues with a vehicle that an untrained eye would miss. This is especially important if you're buying private party or from a small, lesser-known independent dealer. Getting the car inspected can help you save thousands of dollars over the life of the vehicle.

Check for Recalls

Using the VIN at <https://www.nhtsa.gov/recalls> will tell you if the vehicle has any past or current recalls, and whether they've been repaired or not. It's not like you have to pay for a recall repair, but it is a hassle to get taken care of when you want to be just enjoying your new vehicle.



TIPS SPECIFIC TO NEW CAR BUYING

Research Price

Getting a new car at the lowest price possible starts with preparation. Searching online, you should be able to find average invoice price as well as MSRP for the car you want, before you go to the dealership.

INVOICE PRICE = WHAT THE DEALER PAID

MSRP = WHAT THEY'LL TRY TO SELL IT FOR

When you know these numbers going in, it gives you a better idea how to get a new car at the lowest price.

Get Multiple Quotes Online

If you don't love the idea of confrontational negotiation, try chatting online with several different dealers' internet managers and get quotes on the same car from multiple dealers. Getting the best deal on a new car means making sure the price quotes include all fees and other charges.

Consider a Broker

As an alternative to franchise dealers, a select number of independent dealers can also act as brokers and can order new vehicles direct from the automaker. Use your internet search engine to find 'auto brokers' near you. If you're someone who knows exactly what you want, you can likely get the best deal on a new car by going this route.

Weigh Offered Incentives

Use a calculator like this one - [Auto Financing: Low Rate vs Cash Back](#) - to determine whether you're better off with a low-interest rate financing or a cash rebate offer.



In the world of car buying, there's a lot to learn. Hopefully, you feel more prepared to step up to the task when the time comes! Happy car buying isn't as far away as you think if you follow the tips above. 😊

Strengthening Arizona families through financial empowerment.

[Become a Member](#)

