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This year's model, or next? 4 things to know before you buy a new car

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Consumers ought to investigate the model year, affordability, needs and lifestyle choices before purchasing a new vehicle



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Before you buy a new car, you'll want to consider four things – the model year, if you can afford the car, if you really need a new car and if the car matches your lifestyle. Automotive purchasing experts warn new car buyers of common mistakes in the car buying process that can be averted if you

carefully consider your options.

This year's model or next?

Often, last year's model appears to be a bargain compared to the latest model year. But, choosing last year's model could be costly for short term car owners or it could lack the latest technology.

"Buying last year's model is only a good value if you're going to keep the vehicle for a long time. Unpopular defunct vehicles will lose value with great depreciation if you're going to trade it in immediately," warns Steve Lang, co-creator of the Long-Term Quality Index.

Sometimes, the difference between two model years is not that significant. However, automakers have been adding technology very rapidly and often the newer model has the latest technology, says Scot Hall, executive vice president of Swapalease.com – a website that provides vehicle lease swapping.

"Some automakers offer more safety features on the newer model that are priceless. For example, if the safety feature costs \$1,000 and you have a \$500 deductible in the case of an accident, the new safety technology may more than pay for itself," says Hall.

Can you afford it?

Before you buy a new car, you'll want to make sure that you can afford it. Many car buyers just look at the monthly payment price and then keep extending the length of the loan until they can afford it. That could mean financial trouble in the future, advises Phil Kelton, president of Requisite Press – publisher of books and data about car buying.

"With a long-term loan, you may find out that in five years you have a five-year-old car in which you may owe more on than what the car is worth," warns Kelton. "That can lead to a negative cycle and hurt your credit history."

He says it is considered prudent to opt for a four-year loan with 20% down, and don't spend more than 10% of your income.

In figuring affordability, don't forget to factor other costs such as maintenance, interest and car insurance, says Hall. He recommends buyers shop for insurance and loans before buying the car. Often, new cars cost more to insure and some models have higher maintenance costs.

Car buyers should not only read car reviews online, but consumer-focused publications that rate safety, cost of ownership, reliability, owner satisfaction and customer service, advises Kelton.

Do you really need a new car?

Instead of buying a new car, some buyers may find it more economical to repair their current car or buy a pre-owned car.

"A few thousand dollars in repairs could keep a reliable car running for years," says Lang. He also suggests that buying a used vehicle is more affordable.

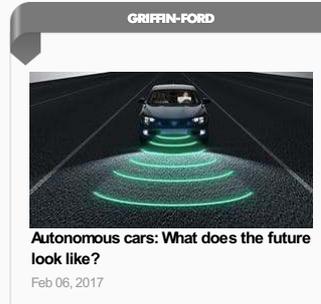
"The downside of buying a used car is that you usually have fewer options and less negotiating power," counters Hall.

Does the vehicle match your present and future lifestyle?

Often car buyers make emotional – not rational – decisions when they buy a car.

"To avoid being emotional about your buying decision, write down exactly what you need and calculate the total cost of ownership," says Hall. He recommends car leasing as an alternative form of financing. Car leasing often includes maintenance and can be a better option for drivers who like to return cars after a few years or who are not sure about their future needs.

When car buyers don't understand their car mileage and future needs they can make mistakes. For example, some drivers bought electric vehicles and then found that the



cars lacked the battery range mileage for common trips. A young couple may buy a sports car with only two seats and then find out they are having a baby, says Hall. Therefore, it makes sense to think about not only how you use your car now, but in the years to come.

"Once you sign the paperwork, it is a binding agreement and you can't get out it," warns Hall.

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