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## Tips if you're thinking about a new car

Next to buying a home, buying an automobile is probably one of the largest purchases you will make. Especially if you're looking at any new luxury auto, where the price can easily run from \$50,000 to \$100,000 and more.

Talk to ten different people about buying a car and you'll get ten different opinions. When it comes to buying a car, there is no pat answer for everyone.

For some people a car is just a means of transportation and as long as it is reliable, it's fine. For others, a car is a very personal thing, an expression of who they are. Some people are concerned only about value and economy, others are concerned about comfort and luxury. Most are somewhere in between.

Wherever you stand, there are dozens of tips on the best car-buying strategies. Here are just a few key tips you may find helpful.

- If you're excited about a car, don't let the salesperson know how you feel. The more excited you seem to be, the weaker your negotiating position.
- Price is important, but it may be worth paying a little more if you know you're buying from a dealer with a good reputation for customer service.
- Ask your friends and neighbours about their experiences.
- You will obviously need service so you may want to choose a dealer that is conveniently located, either close to your home or office.
- Do some price research up front (the web is easiest and fastest) so when you ask to see the "sticker price" at the dealers, you'll be armed with real numbers.
- Don't settle for an around-the-block test drive. Insist on taking the car out on the highway so you can see how everything performs.
- No matter how much you are pressured – and it could be a lot – do not sign a contract until you've carefully read it. There may be quite a bit of reading to do so don't hesitate to take the contract home. And if the salesperson tells you that the deal is only good if you sign right now, all the more reason not to sign.
- If you want value, consider buying a smaller car. Car companies tend to price them lower to sell more cars and meet government quotas for average fuel efficiency. Mark-up is generally much higher on full-size, sports and luxury cars.
- Negotiate for options rather than dollars off. Dealers usually have very high mark-ups on options and can afford to give good deals on them.
- Keep in mind that if the smell of a new car is not all that important, you can save many dollars by buying a demo or used car.
- Finally, knowledge is power. The more you know about the car you're interested in and the auto market in general, the more powerful you will be. So be sure to use the web to do some research.

*Your car options: Lease or buy?*

One reason this question is asked so often is that there is no simple answer. It really depends on your own situation and what you're looking for. Here are a few pros and cons of each you may want to keep in mind.

*If you buy . . .*

- You own the car and you can keep it for as long you want – sell it in a year or drive it forever.
- If you're financing, you'll likely have higher monthly payments than if you leased. Of course when the payments are over, you do own the car.
- You're free to do whatever you want to the car – customize it any way you like.
- You don't have to worry about putting on high mileage – there are no penalties other than the resale value when you decide to sell.

*If you lease . . .*

- You can drive a car that you might not be able to afford to buy. Your monthly lease payments would be lower than the payments if you bought it.
- Sometimes you can lease with no or very little down payment, not really possible when you buy.
- You can't put high mileage on a leased car – usually no more than 20,000 kilometers a year – or it could cost you a fortune in penalties.
- You must maintain the car according to a very specific contract and you can't customize it in any way.
- You shouldn't have to worry about any major repairs because the car will still be covered by the warranty.
- Your payments could be tax deductible if leasing for business reasons (but if you buy you get tax deductions through capital cost allowance). Talk to your tax advisor about which may be best for you.
- If you want to terminate the lease early for any reason, you will have to pay penalties.

There are many other issues involved in this question, but space does not permit. If you'd like to get some advice on leasing or buying for your situation, click [here](#) to find the CPA financial planning professional closest to you.