



My Vehicle to Freedom

How to *navigate*
an auto purchase
without *getting lost*.

(B) Broadview

Federal Credit Union

The mission of Broadview Financial Well-Being is to guide and encourage individuals to focus on achieving economic stability—using innovative tools, making informed decisions, and encouraging positive habits.

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Welcome!

What says “freedom” more than a new set of wheels? If you are attending this session, chances are you are considering the purchase of a vehicle. There are many elements that make up the true cost of owning a vehicle. In this session, we will cover topics including the buying process, how to obtain credit, terms of automobile loans, and costs associated with purchasing and owning a vehicle.

Since a typical consumer spends 17% of his/her net income on transportation, making a good financial decision about which car to drive is important. In addition, you want to be able to buy the right car for the right amount of money that fits your budget and your situation. Learn to *navigate* the process now, so you don't get *lost* on your way to freedom!



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Purchasing an Automobile

Your mission: Find the perfect automobile for yourself or the scenario provided.

This workbook will guide you through the planned buying process to evaluate your options, determine how you will pay for the vehicle, and protect your investment.

STEP ONE

Prioritize Wants



Draw a picture of the person/family purchasing this automobile.

Describe how the automobile will be used.

How Much Car Can You Afford?

Directions: Use the Practical Money Skills for Life™ website to calculate what you can afford.

www.practicalmoneyskills.com/calculators

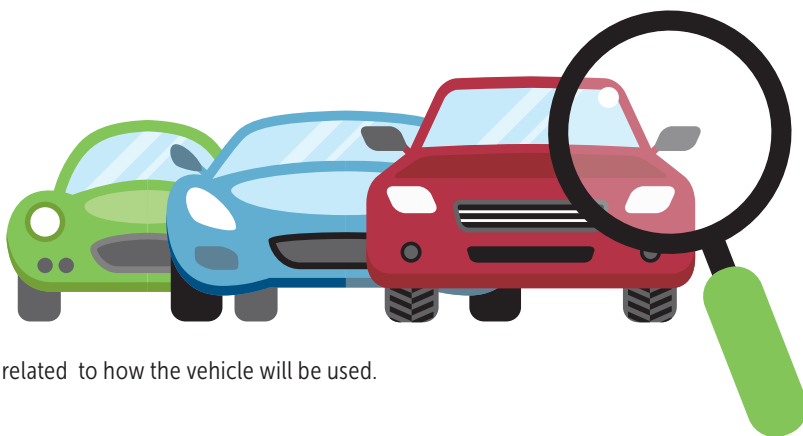
DOWN PAYMENT, TRADE-IN VALUE AND REBATES	LENGTH OF LOAN	AFFORDABLE MONTHLY PAYMENT	INTEREST RATE	SALES TAX
Varies	60 months	Monthly net income x .054 = _____	4.5%	Varies by State and County of Residence

What is the total amount you can afford?

STEP TWO

Conduct Research

What Type of Cars Meet Your Needs?



Directions: Place a check mark next to important features related to how the vehicle will be used. Add features if needed.

<input type="checkbox"/> Price	<input type="checkbox"/> Navigation system
<input type="checkbox"/> Year made	<input type="checkbox"/> Amount of trunk or cargo space
<input type="checkbox"/> Gas mileage	<input type="checkbox"/> Towing capacity
<input type="checkbox"/> Fuel type	<input type="checkbox"/> Warranty
<input type="checkbox"/> Number of doors	<input type="checkbox"/> Safety ratings
<input type="checkbox"/> Total number of miles (if used)	<input type="checkbox"/> Interior style
<input type="checkbox"/> Country of assembly	<input type="checkbox"/> Environmental impact
<input type="checkbox"/> Number of seats	<input type="checkbox"/> Color
<input type="checkbox"/> Type of engine	<input type="checkbox"/> _____
<input type="checkbox"/> Transmission (automatic or manual)	<input type="checkbox"/> _____
<input type="checkbox"/> Body style (e.g. SUV, compact car, etc.)	<input type="checkbox"/> _____

Directions:

1. Visit the Kelly Blue Book "Show Me Cars That Meet My Needs" website www.kbb.com/cars-for-sale.
2. Enter your zip code.
3. Answer the questions to indicate your desired features.
4. Click "View" to learn what models have your desired features.
5. Click the picture of any model to learn more about that model, including additional features (under specs), vehicle history, and consumer reviews.
6. Identify three automobiles you would like to research further. Record the make, model, year, and price in the table on the next page.

STEP TWO continued

Conduct Research



Prioritize Features

Directions:

1. Column one: Identify the eight most important automobiles features, and list them in order of importance. When applicable, be specific and identify what is important about that feature. For example, if high gas mileage is important, rather than listing gas mileage, indicate 30+ miles per gallon.
2. Column two: Indicate why that feature is important.
3. Columns three–five: Evaluate each vehicle and place a check mark along with any applicable notes in each column if the vehicle has that desired feature.
4. Last row: For each option, total the number of check marks.



DESIRED FEATURES (listed in order of importance)	WHY	AUTOMOBILE 1:	AUTOMOBILE 2:	AUTOMOBILE 3:
		Make: _____ Model: _____ Year: _____ Price: _____	Make: _____ Model: _____ Year: _____ Price: _____	Make: _____ Model: _____ Year: _____ Price: _____
(most important)				
1.				
2.				
3.				
4.				
5.				
6.				
7.				
(least important)				
8.				
	Total Desired Features			

Which vehicle would you select and why?

Were you able to have all of the features you wanted?

If not, what trade-offs did you make?

STEP THREE

Spending Plan Evaluation

Financing Options

1. Identify three financing options for your desired automobile. Consider a variety of lending sources including the dealership, depository institutions or websites such as www.bankrate.com/funnel/auto.



	FINANCE OPTION 1:	FINANCE OPTION 2:	FINANCE OPTION 3:
Lending Source			
Interest Rate			
Additional Terms/Fees			
Length of Loan			

2. Visit the Practical Money Skills for Life™ website to calculate the monthly payment for each finance option. www.practicalmoneyskills.com/calculators

Monthly Payment	\$	\$	\$
-----------------	----	----	----

3. Identify an advantage and disadvantage of each finance option.

Advantages			
Disadvantages			

Which financing option would you use and why?

In addition to the monthly payment, what are three additional automobile expenses to include in your spending plan?

1.

2.

3.

What happens if you pay more than the minimum monthly payment each month?

If you had a poor credit score, what are two ways this could influence your access to credit and/or credit terms?

1.

2.

STEP FOUR

Make the Purchase

Your Present Self Impacts Your Future Self

Directions: Use short answers to respond to the following questions.



<p>Over time, how will the automobile's depreciation impact your net worth?</p> <hr/> <hr/> <hr/> <hr/>	<p>What are two ways you could minimize or reduce your out-of-pocket transportation costs?</p> <p>1. _____</p> <p>_____</p> <p>2. _____</p> <p>_____</p>
<p>Would you purchase an extended warranty for this vehicle? Why or why not?</p> <hr/> <hr/> <hr/> <hr/>	<p>If you have an automobile loan, what are two actions you will take to maintain a positive credit rating?</p> <p>1. _____</p> <p>_____</p> <p>2. _____</p> <p>_____</p>
<p>What are two ways you will protect yourself from fraud when purchasing/owning an automobile?</p> <p>1. _____</p> <p>_____</p> <p>2. _____</p> <p>_____</p>	<p>Why is it important, and required, to have insurance for your automobile?</p> <hr/> <hr/> <hr/> <hr/>
<p>Throughout the research and purchase process, what are two strategies you can use to critically evaluate information?</p> <p>1. _____</p> <p>_____</p> <p>2. _____</p> <p>_____</p>	<p>What are two steps you can take to feel confident with the potential lenders, dealerships, and/or sales personnel you interact with?</p> <p>1. _____</p> <p>_____</p> <p>2. _____</p> <p>_____</p>



Buying A Car: Consumer Tips

Before You Negotiate: Terms You Should Know

Manufacturer's Suggested Retail Price (MSRP) is the price recommended by the manufacturer that is posted on a new car. Most are NOT sold at this price.

Invoice price is the manufacturer's initial charge to the dealer.

Extended Warranties or Service Contracts are expensive and very profitable to the dealer. Check carefully to see what both the manufacturer's warranty and the extended warranty cover. Often, the items most likely to need repair or replacement will not be covered by the extended warranty. A copy of the terms and conditions of the service contract must be provided by the dealership. You are entitled to a full refund, less any claims paid, within twenty days of the mailing of the service contract or within ten days if the contract is delivered at the time of sale.

Considering a Used Car?

- Have a trusted mechanic check out a used car before you buy it.

- Check an online service, such as **www.CarFax.com**, to find accident and repair records, including whether a car was declared salvage, labeled a "lemon," or if there are problems with the odometer.



- Beware of odometer tampering. Check the title carefully for inconsistencies, erasures and numbers that appear to have been written over.

- Be very wary of titles that say "NOT THE ACTUAL MILEAGE".

- Look for signs of tampering—loose dashboard, broken speedometer, digits on the left side that don't line up.

Know Your Price Range

Before you start looking at cars, determine what you can afford to pay. Consider:

- How much do you have on hand to pay up front, in cash and/or trade-in?
- If you will borrow, what is the highest monthly payment you can afford?
- Take into account take-home income, living expenses, and any debt you currently owe.

Choosing a Vehicle

- Do some research. Websites, such as Consumer Reports, include reviews of reliability and value for new and used cars over several model years. They also compare features to help you choose a make and model.



- Other sources, such as Edmunds (**www.edmunds.com**) or Kelley Blue Book (**www.kbb.com**), record the price of new and used cars.

- Some surveys indicate that consumers who carefully research the price of cars pay an average of 5% less than consumers who have not.

- Test drive any vehicle you are interested in, including driving on different road conditions.

Choosing a Dealer

- Check with the Better Business Bureau to find out if the dealer is reputable.

- Visit websites that review dealerships to see what other customers say.



- Considering a private sale for a used car? You may find a lower price, but such a sale is not covered by the Used Car Lemon Law, which provides important protections.

Consumer Tips

Trade-Ins

- Trading in your current vehicle? Remember: a selling price discount is sometimes off-set by under-valuing a trade-in or charging a higher interest rate.
- Get a trade-in value from several dealers.
- Check websites or publications such as the NADA Official Used Car Guide (www.nadaguides.com) or Kelley Blue Book for suggested trade-in values.

Signing a Contract

- Don't give in to high-pressure sales tactics; don't be afraid to walk out of the dealership if you feel like you are being manipulated.
- Be wary of "one-day only" deals.
- Take your time to read the contract. Make sure all verbal promises are included in your written contract. If necessary, take the unsigned contract with you and read it over in the quiet of your own home.
- Be certain the car's Vehicle Identification Number (VIN) matches the number on your contract.

Financing

- Shop around for financing. Often, your own bank will "prequalify" you for a loan. Use that to compare other offers.
- Dealers sometimes make greater profits on financing than they do on the car itself, so negotiate finance charges.



- If you have credit problems, you may not be eligible for the advertised financing.
- Look out for a balloon payment, which is a large payment due at the end of the finance agreement.
- Always know the total amount that you are paying for the car, including interest, and not just the monthly payments.

Refunds of Deposits

- Many consumers mistakenly believe they are entitled to a refund of their deposit if they decide not to buy a car. However, there is no right to cancel a contract, unless the dealer fails to conspicuously post the refund policy. If the dealer assists you in arranging for financing and you have not picked up the vehicle, you may cancel at any time prior to signing a finance agreement and receive a full refund.



New and Used Car Lemon Laws

- If your new or used car is a "lemon" there is help. Contact the Attorney General's office for directions on how to file a claim or work out a settlement with the car dealer. Consumer Help Line 800-771-7755 or visit www.ag.ny.gov.



New York State Used Car Lemon Law Consumer Bill of Rights

- (1) If you purchase a used car for more than \$1,500, or lease a used car where you and the dealer have agreed that the car's value is more than \$1,500, from anyone selling or leasing three or more used cars a year, you must be given a written warranty.
- (2) If your used car has 18,000 miles or less, you may be protected by the New Car Lemon Law.
- (3) • If your used car has more than 18,000 miles and up to and including 36,000 miles, a warranty must be provided for at least 90 days or 4,000 miles, whichever comes first.
 - If your used car has more than 36,000 miles but less than 80,000 miles, a warranty must be provided for at least 60 days or 3,000 miles, whichever comes first.
 - If your used car has 80,000 miles or more but no more than 100,000 miles, a warranty must be provided for at least 30 days or 1,000 miles, whichever comes first. Cars with more than 100,000 miles are not covered.
- (4) If your engine, transmission, drive axle, brakes, radiator, steering, alternator, generator, starter, or ignition system (excluding the battery) are defective, the dealer or his/her agent must repair or, if he/she so chooses, reimburse you for the reasonable cost of repair.
- (5) If the same problem cannot be repaired after three or more attempts, you are entitled to return the car and receive a refund of your purchase price or of all payments made under your lease contract, and of sales tax and fees, minus a reasonable allowance for any damage not attributable to normal usage or wear, and, in the case of a lease contract, a cancellation of all further payments you are otherwise required to make under the lease contract.
- (6) If your car is out of service to repair a problem for a total of 15 days or more during the warranty period you are entitled to return the car and receive a refund of your purchase price or of all payments made under your lease contract, and of sales tax and fees, minus a reasonable allowance for any damage not attributable to normal usage or wear, and, in the case of a lease contract, a cancellation of all further payments you are otherwise required to make under the lease contract.
- (7) A dealer may put into the written warranty certain provisions which will prohibit your recovery under certain conditions; however, the dealer may not cause you to waive any rights under the law.
- (8) A dealer may refuse to refund your purchase price, or the payments made under your lease contract, if the problem does not substantially impair the value of your car, or if the problem is caused by abuse, neglect, or unreasonable modification.
- (9) If a dealer has established an arbitration procedure, the dealer may refuse to refund your purchase price until you first resort to the procedure. If the dealer does not have an arbitration procedure, you may resort to any remedy provided by law and may be entitled to your attorney's fees if you prevail.
- (10) As an alternative to the arbitration procedure made available through the dealer you may instead choose to submit your claim to an independent arbitrator, approved by the Attorney General. You may have to pay a fee for such an arbitration. Contact your local consumer office or Attorney General's office to find out how to arrange for independent arbitration.
- (11) If any dealer refuses to honor your rights or you are not satisfied by the informal dispute settlement procedure, complain to the New York State Attorney General, Executive Office, Capitol, Albany, N.Y. 12224.



How to Obtain Credit

Shopping for Credit

As with the purchase of any good or service, it pays to shop for credit. Comparing offers across different lenders provides you with the opportunity to find the best credit terms to fit your needs. Consider the following:

- **Interest rate**—What is the annual percentage rate (APR)?
- **Fees**—Are there fees associated with the application process and/or the use of the credit? Are there any fees for repaying the loan early?
- **Missed or late payment**—What does the credit contract indicate are consequences of missed or late payments?
- **Default**—What is the consequence of not paying back the borrowed amount in full?

Credit scoring models recognize that a person may want to shop around to find the best credit terms for them. Therefore, multiple inquiries for the same type of loan, like a mortgage or automobile loan, are counted as a single inquiry if conducted within any 14-day period. This minimizes or eliminates any impact on a credit score.

Applying for Credit

The exact process to obtaining credit varies depending on the lender and type of credit. However, most lenders require two steps:

1. **Credit application:** A credit application is a form requesting information about the applicant (you). Depending upon the lender, credit applications may be completed in person or online. Credit applications usually ask for the following categories of information,

but specific questions will depend on the type of credit and the lender:

- a. **Personal information:** Name, address, Social Security number, etc.
- b. **Amount of credit requested:** The lender will ask how much you want to borrow, and may also ask how long you need to pay it back and how you intend to use the loan.
- c. **Information regarding your ability to repay the loan:** Lenders will probably ask about your income, and may require proof. They will also want to know of any additional debt.

2. **Credit history check:** Most lenders will check your credit history by obtaining a copy of your credit report and/or credit score to determine how likely you are to repay the credit (your credit worthiness). Alternative lenders such as payday and title loans commonly advertise credit approval with no credit history check. However, the trade-off to no credit history check is often higher interest rates and fees.



You may not be able to obtain credit if you are under the age of 18. Some lenders in some states will lend to a minor with an adult co-signer. Borrowers and/or co-signers will need to demonstrate sufficient income to make the payments and be creditworthy. To obtain a credit card between age 18 - 21, you must have a co-signer or proof of independent sufficient income to make payments.

You are responsible for your present self and future self.

You are responsible for understanding your obligations as a borrower, including the terms of a credit contract.

Before signing a credit contract, shop around for the best credit terms for you and consider the future implications of paying back the amount borrowed.



Sales Tax in NYS

When purchasing a vehicle, you pay the sales tax rate of the county **where you live**—not where the purchase is made. New York has 2,158 cities, counties, and special districts that collect a local sales tax in addition to the New York state sales tax. Further tax rate details can be found at www.tax-rates.org/new_york/sales-tax-by-county.

Albany County 8.00%	Glens Falls 7.00%	Olean 8.00%	Seneca County 8.00%
Allegany County 8.50%	Gloversville 8.00%	Oneida 8.00%	St. Lawrence County 8.00%
Auburn 8.00%	Greene County 8.00%	Oneida County 8.75%	Steuben County 8.00%
Broome County 8.00%	Hamilton County 8.00%	Onondaga County 8.00%	Suffolk County 8.63%
Cattaraugus County 8.00%	Herkimer County 8.25%	Ontario County 7.50%	Sullivan County 8.00%
Cayuga County 8.00%	Hornell 8.00%	Orange County 8.13%	Tioga County 8.00%
Chautauqua County 7.50%	Ithaca 8.00%	Orleans County 8.00%	Tompkins County 8.00%
Chemung County 8.00%	Jefferson County 7.75%	Oswego 8.00%	Ulster County 8.00%
Chenango County 8.00%	Johnstown 8.00%	Oswego County 8.00%	Utica 8.75%
Clinton County 8.00%	Lewis County 8.00%	Otsego County 8.00%	Warren County 7.00%
Columbia County 8.00%	Livingston County 8.00%	Putnam County 8.38%	Washington County 7.00%
Corning 8.00%	Madison County 8.00%	Rensselaer County 8.00%	Wayne County 8.00%
Cortland County 8.00%	Monroe County 8.00%	Rockland County 8.38%	Westchester County 7.38%
Delaware County 8.00%	Montgomery County 8.00%	Rome 8.75%	White Plains 8.38%
Dutchess County 8.13%	Mount Vernon 8.38%	Salamanca 8.00%	Wyoming County 8.00%
Erie County 8.75%	Nassau County 8.63%	Saratoga County 7.00%	Yates County 8.00%
Essex County 8.00%	New Rochelle 8.38%	Saratoga Springs 7.00%	Yonkers 8.38%
Franklin County 8.00%	New York City 8.88%	Schenectady County 8.00%	
Fulton County 8.00%	Niagara County 8.00%	Schoharie County 8.00%	
Genesee County 8.00%	Norwich 8.00%	Schuyler County 8.00%	



Things You Should Know About Automobile Insurance

Whether you own or lease your auto, it is important to protect your vehicle from theft and damage.

It is also important to protect yourself, your family, and your passengers for personal liability.

Purchasing a vehicle is a significant financial commitment. Making sure it is protected with the right coverage is critical. To properly protect yourself it is important that you maintain the proper level of coverage for your particular situation. Don't wait until you have an accident to find out what is covered.

Compulsory Auto Policy Coverage: Coverage You Must Have

- Bodily Injury to Others
- Bodily Injury Caused by Uninsured Auto
- Damage to Someone Else's Property
- Medical Payment

Optional Coverages: Coverage You May Want to Consider

- Collision
- Comprehensive
- Substitute Transportation
- Towing and Labor

Experts often tell you to buy as much car insurance as you can afford. That's probably not helpful unless you know the basics on how auto insurance works and which coverages are most important. Compare car insurance quotes only when you understand the coverages that are best for you.

Compare Insurance Prices

Auto insurance is a highly competitive business, and one of the most effective ways to reduce insurance costs is simply to shop around. Look for an insurance company that will provide a good price along with excellent service.

Consider Higher Deductibles

Insurance prices are based on how much money the insurance company believes it could have to pay. If you agree to pay for a larger portion of your own damages by raising your deductibles, your car insurance

company automatically knows they won't have to pay as much for your claims. Because of this, they will usually give you a lower premium. If you decide to raise your deductibles to save money, be sure you can afford to pay the deductible if you have to make a claim.

Insurance Discounts Can Make a Difference

Most insurance companies offer auto insurance discounts for things like a safe driving record, car safety features, anti-theft devices, electronic payments, payment in full, by purchasing your homeowner's or renter's insurance from the same company that insures your car, and more. Make sure you're getting rewarded for being a safe driver and for having a safe car by shopping around for a car insurance company that appreciates your record.

Coverage Affects What You Pay

The majority of your car insurance premium generally goes toward the legally-required liability portion of your policy. It's typically not a good idea to reduce this portion in an attempt to save money, because you'll be responsible for any amount of damages above your policy limits.

However, other coverages, although generally helpful, could be reduced or eliminated to lower your premium. If you have an older car that's not worth very much, or if you won't have a problem paying for a new car, collision and comprehensive coverages may not make economic sense.

Choose the Car You Want To Buy Carefully

The Highway Loss Data Institute compiles insurance accident statistics for most types of cars. Many insurance companies use data like this when setting prices on your insurance. For example, if the car you drive is very expensive to repair, the company is going to have to pay more if you get in an accident. Conversely, if the car you drive is extremely safe and protects occupants well, your insurance company will not have to pay as much if you're involved in a crash. If your model of car is generally less likely to be stolen, your car insurance company is less likely to have to pay to replace it.

Broadview FCU is the recipient of both the national and statewide 2018 Desjardins Youth Financial Education Award (more than \$1 billion asset category).



Proudly presented by

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