



Happy Car Buying

Your Ultimate Guide for Getting the Best Deal



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 you possibly can on a car, whether new or used. We'll discuss the best and worst times to buy a car, ways to buy, car financing guidelines to follow, how to negotiate a car price, how to make an offer on a car, and specific tips to help whether you're buying used or new. We'll also share our favorite car payment calculator as well as a must-have list for everything in the vehicle to check out before you sign on the dotted line.

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The art of
buying a car.



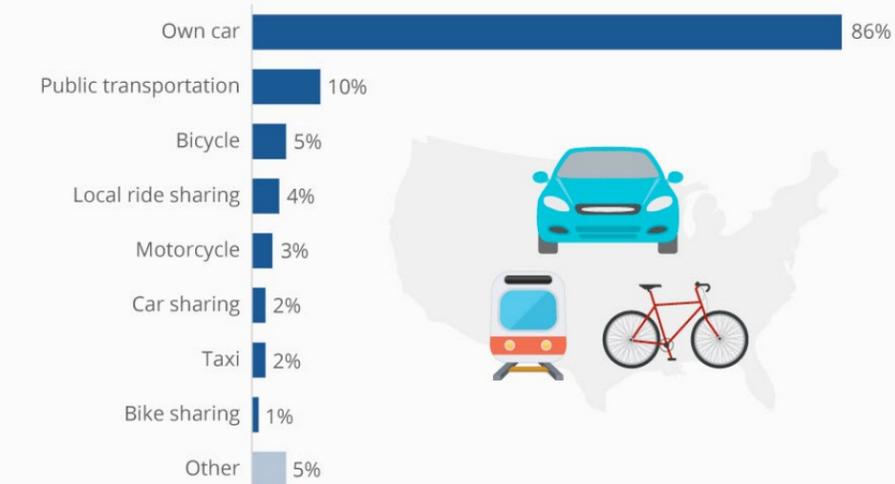
Do I Really Need a Car to Live My Daily Life?

If your answer is a no-brainer “Yes” like most Americans currently, the time is coming when you’ll have to buy a car. And likely at the forefront of your mind is the [several thousand] dollar question – How can I get the best deal on a car?

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? Let’s dive into the details, set your mind at ease, and we’ll give you all the tools you need to get the best deal you can on the best car for your lifestyle, starting with the best and worst times to buy a car. After all, Arizona is the 19th most affordable state for buying a vehicle.

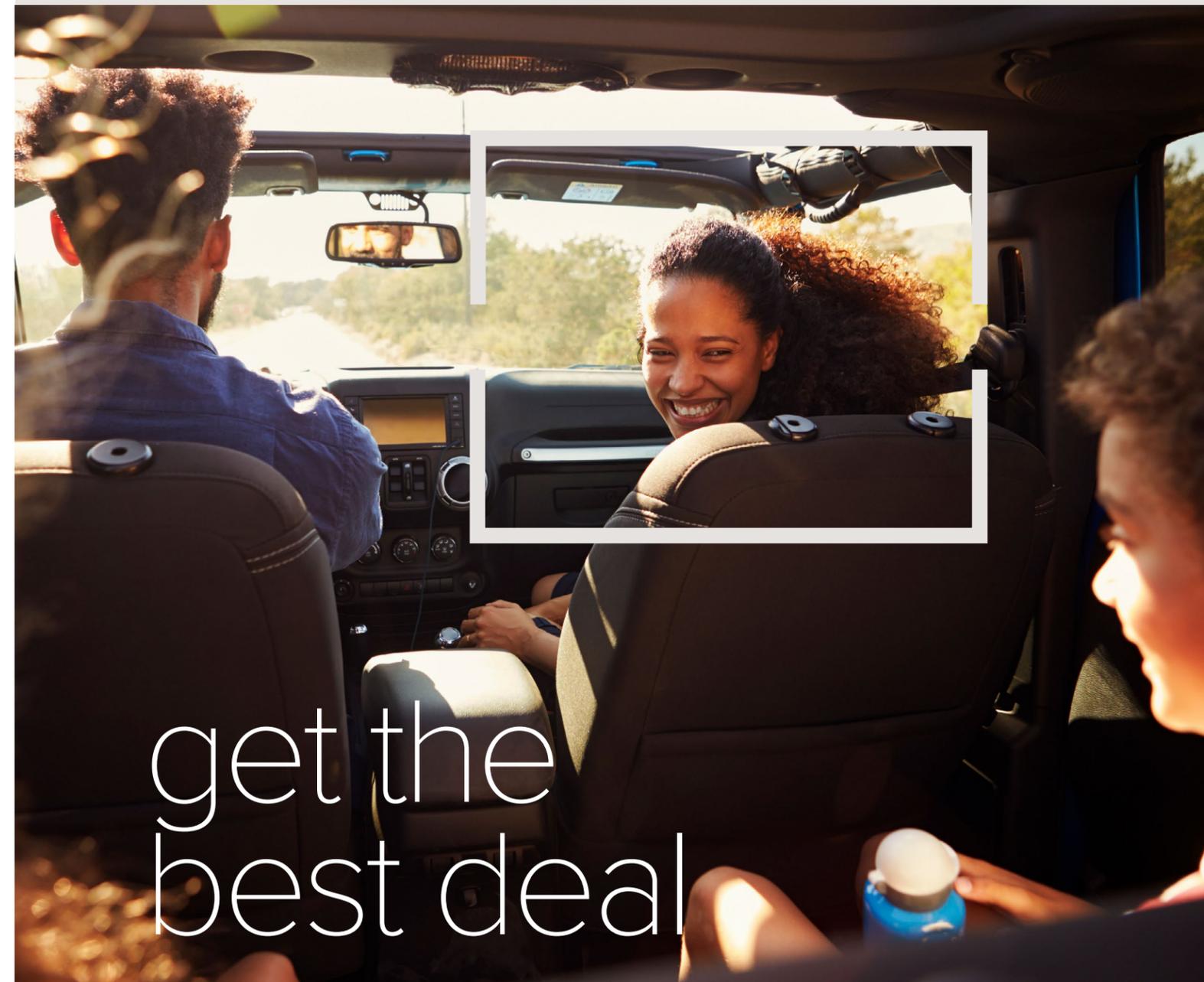
Cars Still Dominate the American Commute

% of commuters in the U.S. who use the following means of transportation*



* based on a multipick survey of 1,681 people aged 18-64 in the U.S. who commute to work, school or university; survey conducted in Q1 2019
@StatistaCharts Source: Statista Global Consumer Survey

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Best and Worst Times to Buy a Car

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

Best Time of the 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!



Best Time of the Week to Buy a Car

Sometimes, need necessitates car-buying in the non-optimal months. We have no control over that transmission finally deciding to kick it, or the suspension being shot. Luckily, there's also a best time of the week to buy a car, regardless of what month you find yourself in.

If you like saving money, plan your car-buying on a weekday. The earlier in the week, the better. Particularly, Mondays tend to be the most savings-heavy day for a buyer to seal the deal. The average savings on a Monday? 8.1%, a [US News & World Reports article](#) states. Perhaps 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.

For some general advice on timing your car-buying, hear this: the best time to buy a car could be simply when there are good incentives! Keep your eyes open for unpredictable best times to buy a car like these:

- Dealer sales goals are close within reach [like the end of the week, month, or quarter]
- Manufacturer is discontinuing a certain model
- A particular car is undergoing a complete redesign

Worst Time to Buy A Car

Buying in February tends to be the most expensive month for car-buying, so if your current car is on its last legs and you find yourself in the wee hours of the new year, try to sweet talk it into hanging on for another month or two. That also means it's probably not the savviest Valentine's Day gift to spring for...



Save an average of **8%** by shopping on a weekday.



Top Four Car Buying Options

When you're ready to begin shopping in earnest, there are four main options:

- Independent Dealers
- Franchise Dealers
- Online Dealerships
- Private Party Sellers

Let's talk about each of these options and review some of the benefits and drawbacks of each.

1. Independent Dealers

An Independent Dealership is one who is not affiliated with any particular car manufacturer. These dealerships offer used cars only.* This means they may be able to be more flexible on price because they don't have the overhead from the automaker standard [but be ready to negotiate fiercely for that better price.] They also have a wide variety of used vehicles because they buy and sell without regard to a single manufacturer. And if you're looking for an older vehicle they will typically have a larger selection than a franchise dealership.

** 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*

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 offers 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? This would be considered a private party sale. Be careful and do your homework if you decide to go this route, and know that financing isn't the easiest option to come by [but we offer it here at Copper State CU! We'll even run the Carfax for you, for free. Know that you'll have to make an appointment and everyone on the vehicle title will have to be present in order to sign and receive financing on a private party sale vehicle.] The Arizona Department of



Transportation has a [helpful checklist](#) for you to follow if you're buying a vehicle private party. We also offer our own [Check Before You Buy – Your Pre-Owned Auto Checklist](#) 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. Helpful tip? [Make an appointment](#) with us so that we can discuss all the details with you regarding financing for a private party sale.

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. And you can always check out this [list](#) for certified dealers and a stress-free car buying experience.

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 [How to Create a Monthly Budget that Works eBook](#) and download our popular [budgeting template](#). Or, watch a recording of a recent budgeting workshop and read through some of the content [here](#).

Why are we preaching about budgeting in an article about getting the best deal on a car? Because you can't be successful in the auto-buying game if you don't know some basics about your household finances and what you can comfortably afford. Beyond using a car payment calculator, can you answer 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 and 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.

Use our favorite car payment calculator – the [Auto Loan Affordability calculator](#) to play with the numbers and see how well a certain vehicle fits into your budget and goals.

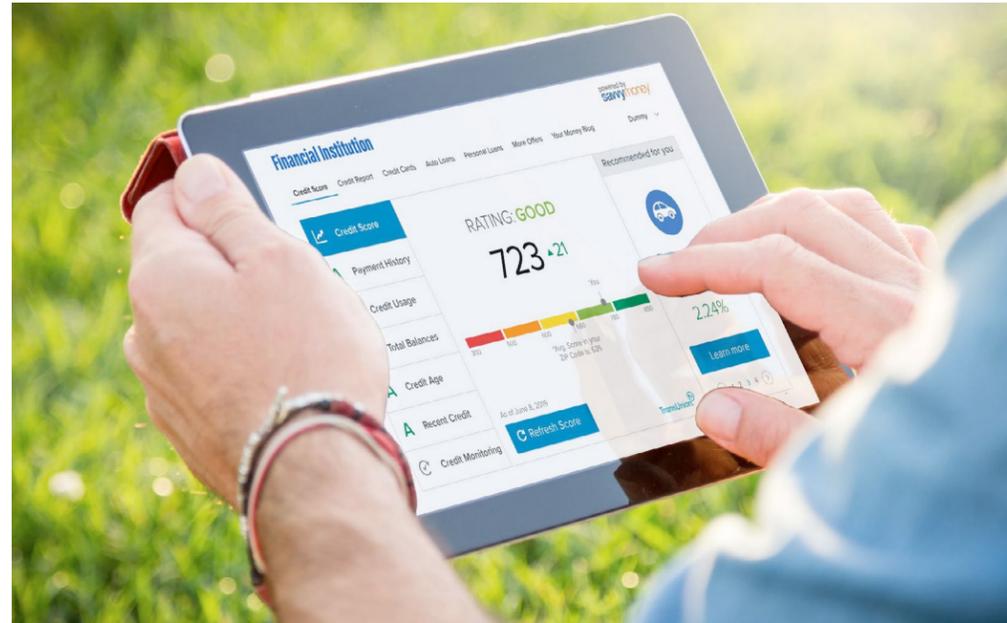
You'll also want to call your insurance company and get a quote based on year/make/model or get the VIN (Vehicle Identification Number) off the dealer's website. Many people think that insurance costs won't change if you're simply swapping one vehicle for a different one, but there can be over \$100 per month difference in insurance, especially with high-powered vehicles.

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. Copper State CU has partnered with Savvy Money to offer all of our members access to their credit score, report, and monitoring through our online banking portal! Simply log in to online banking and see the Credit Score box on the right hand side.

Not a Copper State CU member? With just \$5 and proper 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 buying a car in no time.



Why does your credit matter so much when you're trying to get the best deal on a car? Your qualification for an auto loan as well as the interest rate you're offered is directly correlated with your credit report and score, and this 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 are done within a 14 day period so that it doesn't damage your score.

Know Your Payment Options

There are essentially two options for buying a car – paying 'cash' and using financing. We'll talk about both and give our favorite tips for each, below.



Paying Cash

Paying for a vehicle in cash doesn't necessarily mean you hand the dealer a fat 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 do it, you'll learn three things:

1. You'll learn whether you can afford that amount [\$350, or whatever it is] per month while still covering other expenses.
2. You'll find 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. You'll know 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

Once you have your budget and credit information ready to go, it's a great idea to get pre-approved before going to a dealer.





Auto Loan Pre-approval

You'll want to complete a pre-approval once you're serious about buying. Pre-approval is a hard pull on your credit. You likely will get the offered rate and term, and it will give you an idea of the loan amount you qualify for. In order to get a pre-approval, you will have to provide documentation like proof of income.

Pre-approval makes you a 'cash buyer' at the dealership which is very valuable for negotiation purposes. And remember, you don't have to give out the information about how much you've been pre-approved for at the dealership. Pre-approval is also nice because it ensures your loan ends up at your preferred institution!

Some helpful tips to keep in mind regarding pre-approval: 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.

Wise Financing Guidelines – 20/5/15 Rule

Try to get as close as you can to the following, when it comes to financing your vehicle:

- Provide 20% or more of the vehicle price for a down payment
- Shoot for 5 years or less for the term (length of loan)
- Ensure that the monthly payment on the car loan is 15% or less of your monthly take-home pay, or net income.

Of course, we know this isn't possible for everyone – it's just a goal to keep in mind as you run the numbers on your [car payment calculator](#).

The data behind our **20/5/15 Rule** is to help you avoid becoming 'upside down' or 'underwater' in terms of your car loan. These terms refer to a situation where the value of the vehicle is less than what you owe on the vehicle. In this situation, if you sold the car, you'd *still be in debt*. Unfortunately, this can easily happen due to depreciation, add-ons, and lack of significant down payment.

You're considered 'upside down' or 'underwater' on your vehicle if:



Car's Value:
\$10,000

Car's Loan Amount:
\$13,500

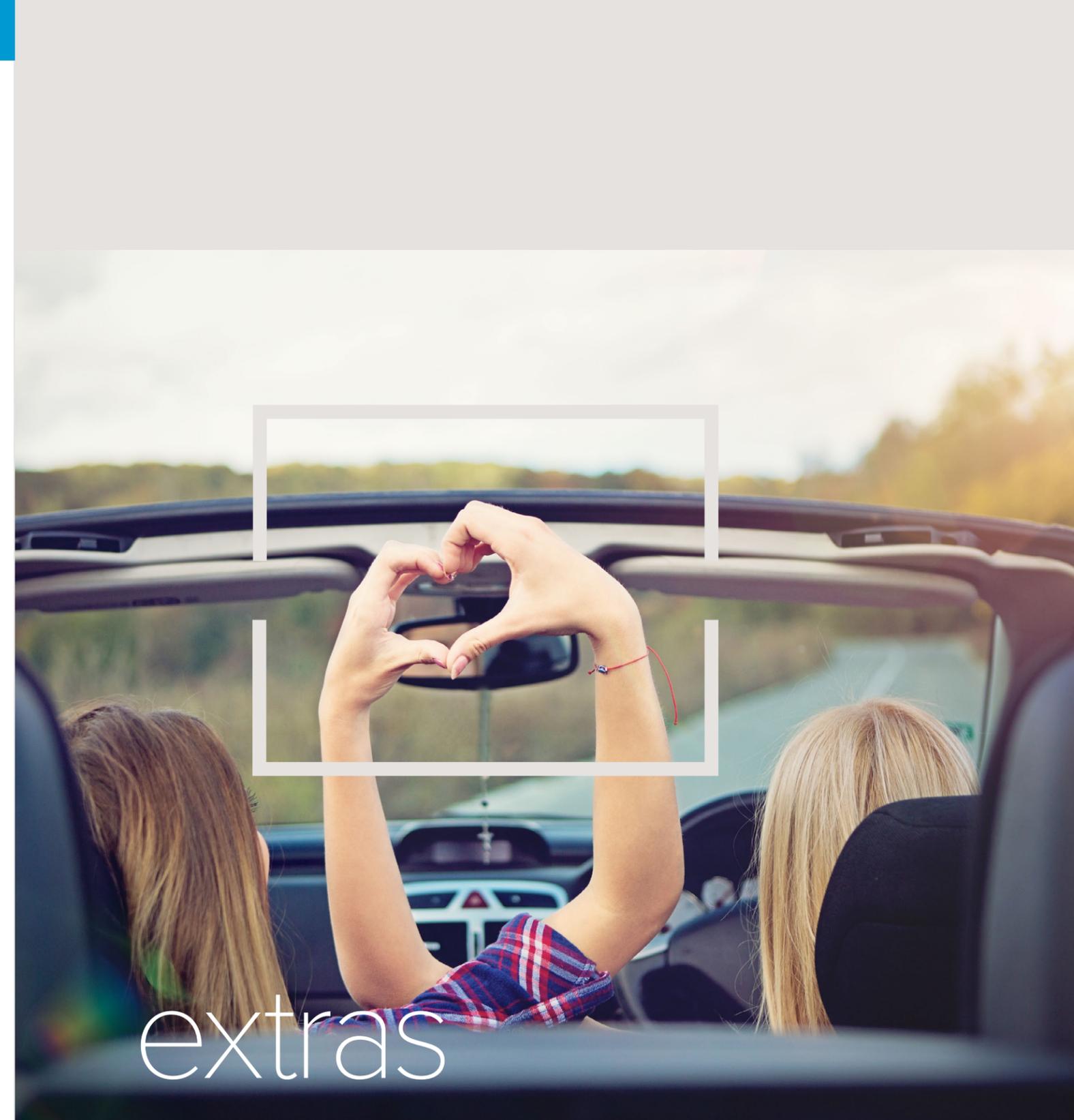
How to Negotiate When Car Buying

Prepare Before You Go

1. **Research the dealer** – reviews and surveys are very important to dealerships, so you can use these as a gauge of quality.
2. **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!
3. **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.
4. **Research the values of the cars 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.
5. **Know the situation with your trade-in.** 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.

How to Negotiate A Car 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 the monthly payment amount.
 - **Monthly Payment Myth** – some dealerships will try to focus on the monthly payment dollar amount and what range you're willing to pay. 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 that might make you pay more overall.
 - **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.

- **Push for perks** – 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!
- **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 of extras are interior leather protection, exterior paint protection, insurance on tires/rims, GAP insurance and 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 covers the 'gap' between the value of the vehicle once it's driven off the lot and your loan amount. It's there in case you were to get into an accident soon after the car purchase, before you've made enough payments to bridge the 'gap.' 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.

- **Make sure you understand what you're signing, and run the numbers yourself when you can.** [Bookmark a car payment estimator or car payment calculator in your phone to use as needed!]

Know When to Leave

Most importantly, If you don't feel comfortable, 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" a.k.a. the **sunk cost fallacy**. 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 don't feel comfortable, be willing to leave.



Used Car Buying Tips

1. 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 and we work on financing for our members with these dealers on an ongoing basis.

2. Research Multiple Options

Create a list of potential options 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 to see what's available in your price range

3. Consider Certified Pre-Owned [CPO]

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.

4. Complete our [Check Before You Buy – Your Pre-Owned Auto Checklist](#)

5. Check Vehicle History

Using VIN#, check the history of the vehicle on Carfax or AutoCheck to make sure you know accident information and ensure that the title is clean. Copper State CU Member Benefit: If buying private party, we can run Carfax for our members for free if they're financing with us.



6. Seriously Consider an 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.

7. Check for Recalls

Using the VIN# at <https://www.nhtsa.gov/recalls> you'll be able to tell if the vehicle has any current recalls, and whether they've been taken care of or not.

New Car Buying Tips

1. 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. The invoice price is around what the dealer likely paid for the vehicle, while the MSRP or Manufacturer's Suggested Retail Price is 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.

2. 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.

3. 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. [Tip: 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.

4. Weigh Offered Incentives

Use a calculator like [this one](#) to determine whether you're better off with a low-interest rate financing or a cash rebate offer.

Conclusion

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, and you'll ensure that you're getting the best deal you can on a car by following our tips.

Getting a new car at the lowest price possible starts with preparation.

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