

LEASING VS BUYING

The Complete Car Shopping Cheat Sheet



NORM REEVES




SUPERSTORE

CERRITOS AUTO SQUARE

18900 Studebaker Rd, Cerritos, CA 90703

888-318-5001 • NormReevesFord.com



Everyone's motivation leading up to a car purchase or lease decision is different. Some people approach the car sales process from a logical standpoint. They simply need to get from point A to point B, and they need adequate transportation to get them there. These individuals are pragmatic and require facts in order to make a decision.

Others approach the car sales process from a more emotional point of view. Their family needs more room to be comfortable, so a larger vehicle would be better. Or they find the latest model is more appealing with new technology and features, so a decision to get a new car is made.

Regardless of how you arrive at that decision, the sales process begins either at your computer or the dealership, and of course, there will be important questions to answer. Which vehicle should I get? What options are available with this model? Is the dealership being honest with me?

One of the most important decisions that needs to be made is whether to lease or buy a vehicle. This ebook will help you to determine the best choice based on your specific needs. Everyone has different needs for a vehicle, and leasing or buying a car is one of those choices that will be made based on each buyer's unique needs and preferences.

EMOTIONS VS LOGIC

While it is sound advice to use logic when making a vehicle decision, you should not ignore the emotional factors. A vehicle should be enjoyed. The average commuter spends 50 minutes each day traveling to and from work. This does not include lunch trips, side stops, picking up the kids, or running errands. With all of the time spent in a vehicle, it needs to be comfortable and enjoyable.

From a logical perspective, you should consider fuel mileage, maintenance expenses, performance, and all costs involved in keeping the vehicle. Leasing a car vs. buying a car definitely involves a great deal of logic, but do not forget the emotional aspects of your decision as well.



DOING RESEARCH ONLINE

A growing number of consumers look online before making a decision about leasing a car vs. buying a car. Edmunds.com and other major vehicle manufacturer websites can provide a wealth of information about a specific vehicle, the options available, and choices for leasing or purchasing.

These websites can be informative and entertaining in many ways. You can virtually build the vehicle

of your dreams on many manufacturer websites. But be mindful not to jump at the first opportunity or the flashiest website. Look at several different vehicle options and narrow your choices down to two or three finalists. This can help you make the right vehicle decision and will also make it easier to weigh the specific options against each other when determining whether to lease or buy.

CAR SHOPPING AT THE DEALERSHIP



Once you have had a chance to look online, a visit to your local vehicle dealership is a practical next step. Many people can even skip the online experience altogether and simply stop by the dealership to look around.

Nothing compares to touching the car and taking a test drive. The sound system, the seats, and the look of the car itself must be experienced in person with a visit to your local dealership. You will know almost immediately if it is the right vehicle for you.

Be sure to take advantage of the valuable knowledge at your local dealership. The sales representative does not have to be your rival. Instead, this person can educate and inform you about all of the car's features and give you practical advice on leasing a car vs. buying a car.

Many reputable new car dealers have a sales team eager to help without any of the added pressure or haggling that has plagued the car shopping experience in the past.

Your dealership sales representative can also tell you about additional services offered by the dealership, such as vehicle maintenance, courtesy shuttles, and special events. Dealerships hope to make you a repeat customer, so they will go the extra mile to make sure your car shopping experience a pleasant one.

LEASING A VEHICLE

There are real advantages to leasing a vehicle:

- **Get in that new car quickly** – The lease process is often more streamlined and simple. In just a few short minutes, your paperwork is processed, your car is cleaned and prepped, and you are on your way.
- **Better monthly cash management** – A lease can provide for a lower drive-off payment and lower monthly payments compared to financing a vehicle. You may have more cash available during the term of the lease, which can be appealing for many people.
- **Lease incentives from the dealer or manufacturer lease subvention** – To encourage the leasing of vehicles, many manufacturers and dealerships offer lease subvention options. These can include incentives such as cash-back offers, discounted up-front costs, and other options. Subvention is often used to move vehicles that are not selling or leasing as well as expected. This is a great opportunity for consumers to take advantage of great deals and special lease incentives.

BUYING A VEHICLE

The advantages to buying a vehicle include:

- **You own it** – The car is yours. You can do with it as you please and not have to worry about mileage or looks unless you wish to do so.
- **Keep it as long as you like** – There is no expiration term on buying a vehicle. You can keep it and pass it along to family or friends or turn around and sell it whenever you like. The choice is yours.
- **Great flexibility based on your needs** – Things change, and if an issue arises where you need to sell your car, it is much easier to do so with a purchase than with a lease.

BY THE NUMBERS

Of course the decision to lease a car vs. buy a car involves running some numbers. Here are some tips to consider when looking at the numbers:

- **Never make a decision based solely on the monthly payment** – While you should examine if the monthly payment can fit within your budget, you should not make that your only criteria. Look at all of the pros and cons, fees, discounts, features, and benefits.
- **Cash due at signing compared to a down payment** – Often the amount of cash you need in order to make a down payment is about the same as the cash needed when signing a lease. Depending on the incentives at the time, your dealership can usually offer several choices that might help you decide to increase the up-front cash and lower monthly payments or have a smaller amount of cash due at signing and pay over time or at end of the lease.
- **Your total cost of ownership** – Consider how long you intend to keep this vehicle then look at all of the costs associated with keeping it for that time period. There are leasing calculators online that can help you to analyze different scenarios and compare your options. Consider all of the fees that can be part of your lease, including disposition fees, auto protection insurance, and early termination. Avoid add-ons such as undercoating or window etching that you would otherwise not need for a leased vehicle.

MORE THAN NUMBERS

The costs are important, of course, but falling in love with your vehicle is also a key part of your decision. Look carefully at what would motivate you to drive this car:

- **Will this be a long-term relationship?** Is this a vehicle that you can drive for five or more years in the future? Or is this an interim vehicle that you would replace in a shorter period of time?
- **Who else will drive the car?** If there are other family members who will drive your vehicle, do they feel comfortable with the decision? Have you taken the little things into consideration such as being able to reach the pedals comfortably, whether the seatbelt fits correctly, or if the climate control is right?
- **Could you have buyer's remorse?** Some buyers drive off the dealership lot and are suddenly struck with a feeling that they were duped. Make sure this does not happen to you by walking away when you need to in order to take the needed time to carefully make your decision. The car dealer will understand your desire to consider all of your options and should not pressure you into making any rash decisions.

TRENDS IN LEASING AND BUYING

80% BUY A NEW
VEHICLE

1/5 OF THE
POPULATION
LEASES TODAY



Today the trend for leasing a car vs. buying a car is around 80/20, meaning 80% choose to pay cash or finance a vehicle instead of choosing to lease. As the new car market becomes even more competitive, we expect lease incentives to be more attractive, cater more toward people on a tight budget, and focus on those who are likely to turn in the car after just a few years.

One-fifth of the population leases today and with good reason. Many consumers realize that they typically trade in a car every few years anyway, so a lease option gives them more money in their pocket over that period of time. When the economy is sluggish, the decision to lease a car vs. buying a car trends toward leasing, presumably so that consumers can keep more money.

YOUR BUY VS LEASE

Cheat Sheet

DOWN PAYMENT	MONTHLY BUDGET	INSURANCE	MILEAGE
How much money do you have available for a down payment or cash due at signing a lease?	Do you have a monthly payment amount in mind? Consider a range showing your minimum and maximum monthly payment options based on what you feel most comfortable with.	In most cases, you will need car insurance that includes comprehensive and collision coverage. Consider the deductible that would be most comfortable for you and talk with your insurance agent to get a quote. You may want to compare insurance pricing with several providers to get a range and plan the insurance payments as part of your budget.	How much mileage would you put on a vehicle over the course of a year? Consider not only your commute to and from work but also any road trips, special events, errands, or other travel. Note that with some leases, the mileage can play an important role on the fees you pay at the end of the agreement.
PURPOSE	WEAR AND TEAR	MAINTENANCE	OTHER FACTORS
Is the primary purpose of the car for commuting back and forth to work or is it a leisure vehicle for family trips? It could even have multiple purposes, but you should factor in the use of the vehicle and how much it will be on the road. The wear and tear along with multiple drivers could impact the value of the vehicle at the end of the lease or when you are ready to sell.	Every vehicle will have some degree of wear and tear over time. Consider how well you will keep your vehicle clean and dent- or scratch-free. If the carpets are stained or there are bumps in the body, you could pay additional fees when you turn in your car at the end of a lease.	For new vehicles, maintenance can be covered as part of your purchase or lease for the first year. However, you should consider the maintenance over the entire term of the lease or length of time you intend to keep the car. This should include tires, brakes, oil changes, wipers, belts, hoses, and other items that could be needed.	Do you foresee any big changes in your life during the time you have your new vehicle? Will you be moving, adding family, or changing jobs? Would this impact your decision for leasing a car vs. buying a car? No one can completely predict life-changing events, but try to examine your possibilities as much as possible before making your decision.

CONCLUSION

A vehicle purchase can be one of the most stressful events in life, but it does not need to be so difficult. With the right amount of research and planning, along with finding a dealership that truly wishes to help you, the decisions for leasing a car vs. buying a car can be much simpler and hopefully enjoyable.

\$500 OFF

Your Next New Ford

Present after negotiating your best deal


 Print this coupon and present it to the dealership after negotiating your best deal. Offer valid on the purchase of a new Ford vehicle. Limit one coupon per household, per transaction. Prior sales excluded. Valid only at Norm Reeves Ford at 18900 Studebaker Road, Cerritos, CA 90703. Offer expires 12/31/16.

\$250 OFF

Any Pre-Owned Vehicle

Present after negotiating your best deal


 Print this coupon and present it to the dealership after negotiating your best deal. Offer valid on the purchase of any pre-owned vehicle. Limit one coupon per household, per transaction. Prior sales excluded. Valid only at Norm Reeves Ford at 18900 Studebaker Road, Cerritos, CA 90703. Offer expires 12/31/16.