

## **Autotrader Offers Nine Helpful Tips to Simplify the Car Financing Landscape**

ATLANTA, Oct. 6, 2016 /PRNewswire/ -- You want to make smart decisions when buying your next ride – whether you're in the market for a subcompact or an ultra-luxury vehicle. Maybe you're recovering from bankruptcy or your credit is stellar. Or, perhaps you're deciding between buying or leasing your next vehicle. If you're thinking about buying a car, you're likely thinking about financing. Navigating car financing can be confusing, but shoppers can make good choices by keeping a few helpful tips in mind. For National Financial Planning Month in October, the editors at Autotrader published [Money Matters: 9 Helpful Car Financing Tips](#).

"Do your homework ahead of time and don't let the facts and figures overshadow your excitement as you buy your next car," said Brian Moody, executive editor for Autotrader. "With these few simple tips and a little preparation, you can feel confident that you are doing the right thing financially in your next car purchase."

### **Money Matters: Nine Helpful Car Financing Tips from Autotrader**

#### **1. Don't Jump Into a Long-Term Car Loan Strictly for the Lower Monthly Payment**

Sometimes a higher payment is better if that offsets the length of your loan term. Financing a car over a longer term often results in higher interest rates, which could mean paying more for a car in the long run despite a lower monthly payment. Thinking long-term with a short-term loan may save you hundreds, if not thousands, of dollars over time, so do your future self a favor and consider the big picture when choosing the length of your auto loan.

#### **2. Shop Around for Vehicle Financing, and Don't Worry About the Hit on Your Credit Score**

Contrary to popular belief, shopping around to find the best interest rate available for you will generally have little to no impact on your credit score. Usually any requests for your credit score by auto lenders that take place within a short time span will count as a single inquiry. For example, if you authorize multiple lenders to check your credit within a 14-day time span, all of those inquiries may count as one. Even if your loan shopping falls outside of the time limit and counts as more than one inquiry, the financial benefits of doing your homework to secure a lower interest rate are worth possibly dropping a few points from your score.

#### **3. If You Have Excellent Credit, Look for 0 Percent Interest Deals -- They Really Do Exist**

Qualifying consumers with a long history of stellar credit can sometimes secure a 0 percent loan from an automaker, but these are usually limited to consumers with stellar credit. To avoid disappointment, find out in advance what credit score is required to qualify for the 0 percent interest rate if that rate is a critical part of your buying decision.

#### **4. Finance Instead of Paying With Cash When the Interest Rate Is Right**

Surprisingly, sometimes having a car payment actually can be a smarter financial decision than paying for a car in cash. The primary situation in which you should finance rather than pay in full with cash comes when interest rates are especially low. Even

if you're given a rate as low as just a few percent, it's smart to consider financing to build a healthy credit history and to keep extra cash on hand that otherwise would be tied up in your vehicle.

#### **5. If You Have Weak Credit, Produce a Hefty Down Payment**

Don't be discouraged if your credit isn't squeaky-clean; instead, focus on showing lenders that you are serious about your finances by spending a sizable amount on your down payment. A reasonable down payment is 20 percent, as lending institutions believe that the more equity you have in the car, the less likely you'll be to default on the loan.

#### **6. If You've Ever Filed for Bankruptcy, You Still Have Options**

Following a bankruptcy, you may have difficulty financing a car while you rebuild your credit, but it's not impossible. Think beyond traditional banks and look at places that may have slightly more relaxed lending practices like a credit union and financing offered at various new and used car dealerships. Be safely grounded in reality, don't try to buy more car than you need or can afford, and put down as much on the loan as you can.

#### **7. If You're Planning to Lease Because You Want a New Car, Try Buying CPO**

Leasing may be tempting if you can get a brand new car with a lower monthly payment. However, consumers should consider the benefits of buying certified pre-owned (CPO) instead. Remember that when leasing, you are not building equity like you would in a purchased vehicle. So, when your lease ends, you won't have trade-in value to offset the cost of your next vehicle. Instead of leasing, look into purchasing a CPO vehicle, and you'll come out of the deal with a like-new car at a less-than-new car price, new car perks and peace of mind, knowing the manufacturer of the car stands behind it with a factory warranty and authorized inspection.

#### **8. If You Still Want to Lease a Car, Know Your Money Factor**

Most shoppers think leasing simply means paying the depreciation of a vehicle. That's true, but there's also a finance charge included in every lease called the money factor. This is money the dealer or automaker charges you for the privilege of leasing. Just like when you're buying a car, the interest rate on a lease can have a huge effect on your monthly payment.

#### **9. Check Car Insurance Rates Before Buying a Vehicle**

To avoid insurance-cost sticker shock, call your insurance company to get a rate quote for the vehicle you're planning to buy before signing on the dotted line. Insurance rates may be higher than expected, especially if you are buying a newer vehicle, financing a vehicle or buying the car for a young driver. A quick call to your insurance company prior to your next car purchase can help you can plan your finances accordingly.

For more information about Autotrader's Money Matters: 9 Helpful Car Financing Tips, including further details and links to articles that dive deeper into each tip, visit <http://www.autotrader.com/car-shopping/money-matters-9-helpful-car-financing-tips-257655>.

#### **About Autotrader**

Autotrader is the most visited third-party car shopping site, with the most

engaged audience of in-market shoppers. As the foremost authority on automotive consumer insights and expert in online and mobile marketing, Autotrader makes the car shopping experience easy and fun for today's empowered consumer looking to find or sell the perfect new, used or Certified Pre-Owned car. Using technology, shopper insights and local market guidance, Autotrader's comprehensive marketing solutions guide dealers to personalized digital marketing strategies that grow brand, drive traffic and connect the online and in-store shopping experience.

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