

Be an Informed Car Buyer Research, Negotiation, and Resolve

Buying an automobile can be confusing. Dealerships exist to make money, so don't go without being prepared. That mistake may cost you money. Avoid paying too much for your next vehicle with research, negotiation, and firm resolve.

Your research should include the following:

- **Financing:** Know whether your credit score is above 680. If not, the dealership's financing will carry a very high APR. If possible, have your financing pre-approved by a financial institution, and pay cash outright for the car. Check with your local credit union--their not for profit status allows them to offer consumers highly favorable rates.
- **Car Price:** Check Web sites like, www.edmunds.com and www.cars.com to find out the actual price of the car that interests you. The dealership sticker price can be inflated by needless charges.
- **Trade-in value:** Understanding your trade-in value helps when negotiating with the dealer. Always consider the new car sale and the trade-in as separate sales. Don't mention the trade-in until an agreement has been reached on your new car.

Determine your negotiation price by adding between four and six percent to the suggested price listed on car purchase Web sites. This price isn't so low the dealer won't work with you, but is lower than the manufacturers suggested retail price (MSRP). Starting at six percent leaves some room to come down in negotiations.

Once you name your price, resolve to hold firm to that number. Decline if the dealer offers to meet you halfway between his offer and your offer. Take out your watch and set the timer for 30 minutes, then tell the dealer you're leaving when the time runs out. If no one stops you from walking out the door 30 minutes later, then you weren't going to get the car at your named price. If you go elsewhere and cannot find a lower price, there is no shame in going back to the first dealer, and taking their offer. That's called negotiation.

Once a deal is reached, beware of the following add-ons that inflate the price of you car:

- **Undercoating:** Another name for rust-proofing, this process is already done at the factory, and can negatively affect your warranty if done at a dealership.
- **Scotchguarding:** If you feel the need to protect the fabric in your car, buy Scotchguard at a convenience store, and do it yourself.
- **Paint sealant:** Today's manufacturing techniques make this an additional option almost never need.

Car buying can be a stressful experience without proper preparation--so take advantage of the available resources and arrive at the dealership ready to negotiate.