

Here's how to buy a new car

- First, go to your credit union, online bank or traditional bank and prequalify for a car loan (or apply online.) That tells you how much car you can afford and what type of monthly payment you will have to budget.
- Start your research with at least two different vehicles in mind. Then check out the price, reliability, and cost to insure each of the cars you're considering. Check out the annual April auto issue from *Consumer Reports* for their list of recommended new car buys.
- Next, use the Internet to find out the dealer cost of the vehicle and the options you want. Websites like Edmunds.com, KBB.com (Kelley Blue Book) and NADA.com offer great tools that will help you determine the value.
- When you've narrowed the search to one or two vehicles and have the actual dealer cost for each, shop online for instant price quotes. Websites such as CarsDirect.com, TrueCar.com, Overstock.com and Zag.com are great for this purpose.
- If you prefer not to buy online, use the online price quotes as a guideline and call the dealers to see if they'll match the price quote.
- Another relatively easy way to buy a car involves emailing the Internet department at a dealership and negotiating by email. Make sure you always ask for a quote that includes all the junk fees a dealer may have.
- Some dealers are charging "packs," which are phony charges for documents, vehicle etching, fabric treatments, etc. It may sound silly, but it can amount to \$300 or more just for doing the paperwork or spraying some stuff on your car seats! Not every dealer tries to do this, so that's why it's important to shop around.
- Look at cars when a dealership is closed, so there's no salesperson to pressure you. The best way to test-drive a car is to rent it for a day or two. It's the ultimate test drive.
- You can also buy your new car from a no-haggle dealership, such as through a warehouse club that has a car-buying program with pricing that has already been negotiated. In most cases, you'll save money and the process of buying will be faster and easier.
- If you do choose to negotiate with a traditional car dealer, be prepared for a difficult process. When you go into the dealer to sign the paperwork, make sure what is on the purchase agreement is what you've agreed to previously by phone or fax. If it's not the same, do not go through with the deal. The best way to protect yourself in a dealership is to be willing to walk out.
- Dealers will typically mark up a loan by about 2% on the average car purchase. That's why I so strongly recommend you secure financing on your own as a first step. And remember, never take out an auto loan for longer than 42 months!
- Finally, what if the manufacturer offers zero percent financing? Before you make any decision, consult with Edmunds.com's [Low APR vs. cash back calculator](#).

How To Buy A Used Car

- Here on *The Clark Howard Show*, we have something informally known as "Car Call Mondays." Every Monday, my staffers have to ration the car calls because people flood the phone lines after buying suspect used vehicles over the weekend.

With used car purchases, you buy "as is" -- no matter what condition the car is in. The

vehicle and all its warts become your problem. If it comes with any warranty, it's usually very limited.

After unusual run-ups in cost earlier this decade, the used-car market is once again seeing good prices return. My preference is for you to buy a 2 or 3 year old used car, rather than a new car. Because when you buy a new car, it loses value the minute you drive off the lot. Let somebody else eat that depreciation and buy used!

But as with any purchase, you have to do your homework when you're buying used.

Best and worst auto insurers

- According to *Consumer Reports*, the top 2 insurers are **Amica Insurance** and **USAA Property & Casualty**, two of my longtime favorites. Just a hair behind them is **New Jersey Manufacturers Insurance Company**, a company that's never much been on my radar. And in the No. 4 spot, you have **Auto-Owners Insurance**.
- On the flipside, among the lowest rated auto insurers in the country are **Allstate Insurance** and **Farmers Insurance**. Just a hair above them you'll find **Travelers**, **Metlife Auto & Home**, and **Liberty Mutual**, among others.
- When it comes to car insurance, be sure the deductible you have isn't too low. Having a low deductible pushes premiums higher. It could also tempt you to make a claim for a small incident that will leave you in trouble with insurers going forward.

Meanwhile, Barron's says that Allstate is determined to raise premiums on all its insurance. Just on homeowner's alone, it has pushed premiums up 40%. So if you get hit with this increase, go shop the market and see if you can get a better deal by bundling home and auto with a highly ranked insurer.