

DRIVE YOUR FUTURE

F RWARD



» Tips to Guide You on the Road to Purchasing Your First Vehicle



LEARN THE LINGO:

Auto Buying & Financing Terms

Throughout your journey to becoming a car owner, you may encounter some words and acronyms that you aren't familiar with. Review the terms below, so you can speak to dealers and lenders with confidence.

- **Annual Percentage Rate:** Commonly abbreviated as APR, this is the interest rate on a loan. It is also sometimes referred to as a finance rate.
- **Dealer Incentives:** These are special offers designed to encourage consumers to purchase a vehicle. Common incentives include cash rebates and low APR financing.
- **Down Payment:** This is the portion of money that you pay up front for a vehicle purchase.
- **Monroney Sticker:** The price tag sticker found on the windows of new cars, this document lists vehicle information such as the base price, standard features, etc.
- **MSRP:** This acronym stands for Manufacturer's Suggested Retail Price. It is the amount that is listed as the base price on vehicles' Monroney stickers.
- **Rebate:** Designed to increase new-vehicle sales, rebates may be offered in the form of a price reduction or as a refund by mail upon completion of the sale.
- **Term:** This refers to a loan's length of time.
- **VIN:** A VIN (vehicle identification number) is a unique, 17-character code that identifies each specific motor vehicle in the United States.





Eager to move full speed ahead with

YOUR FIRST VEHICLE PURCHASE?

Not so fast! Before you head to the dealer and start test-driving vehicles, take a moment to familiarize yourself with the car-buying process so you know what to expect. After all, driving home your first car involves a lot more than just deciding which vehicle you want to buy. You also need to figure out financing, determine your spending limit, and more.

To steer clear of unnecessary twists and turns in your car-buying journey, check out the information in this guide. You'll find that a little bit of research up front can save you a whole lot of stress down the road.

REV UP YOUR CREDIT SCORE

Unless you're planning to purchase your vehicle with cash, you'll want to check your credit score before you get too serious about buying a car. Why? Because your credit score will dictate the interest rate you'll receive on your loan. The higher your score, the lower your interest rate and the less interest you'll have to pay.

You may be able to track your credit score via your financial institution's app or through services like Credit Karma. Generally speaking, a credit score above 700 is considered good, while a credit score below 620 is generally considered poor. If you're looking to raise your credit score before you secure financing for your vehicle purchase, here are a few things you can do:

01

PAY ALL BILLS ON TIME.

02

REDUCE EXISTING DEBTS.

03

DON'T OPEN NEW CREDIT CARDS THAT YOU DON'T NEED.



Know the True Cost of Car Ownership

Trying to determine how much you can afford to spend on your vehicle purchase? When doing your calculations and reviewing your budget, keep in mind that the cost of car ownership goes far beyond a vehicle's sticker price. Additional expenses include:



Purchasing Fees

These include your taxes, tags, and title, and can average around \$1,000.



Finance Charges

If you take out a loan to pay for your car, you'll have to make monthly payments plus interest to pay it back.



Insurance

Young and inexperienced drivers can be expensive to insure. Annual insurance cost averages range from \$1,000 to \$3,000.



Maintenance and Repairs

The more you drive, the more upkeep your car will need, including oil changes and new tires. There are miscellaneous costs to consider as well, like parking and car washes.



Fuel

Annual fuel costs can average close to \$1,000 or more, depending on your car's fuel efficiency and how much you drive.



Depreciation

It's the largest cost of owning a car. In five years, your car will be worth about 65% less than when you bought it.

Sources: driving-tests.org; Ameriprise Auto and Home Insurance

Put the Brakes on Overspending



It's no secret that vehicles come at a wide variety of price points. For your first vehicle purchase, focus on safety, reliability and affordability. (You can save your dream machine for later, when you have more disposable income.)

Of course, even among practical car models, you may find varying price points – especially if you're comparing new and used cars. Keep in mind that new vehicles depreciate rapidly as soon as they're driven off the dealer's lot, so you may be able to save yourself a lot of money by opting for a used vehicle instead. (Look for a certified pre-owned vehicle with low mileage.)

On the flip side, most new cars come with a warranty – meaning certain repairs may be covered within a certain timeframe or mileage. This not only has the potential to save you money if something goes wrong, but can also offer peace of mind.

Ultimately, it's up to you to decide whether you should buy new or used. Just be sure to do your research and to focus primarily on safety features and basic needs during your car search. By keeping these priorities in mind, you'll be able to select a vehicle both you *and* your wallet will be happy with.

Shift Your Savings Into High Gear!

At RiverLand, we're proud to help car owners cruise carefree with affordable auto loans featuring:

- ✓ Low interest rates
- ✓ Flexible repayment terms
- ✓ Discounted protection and insurance products
- ✓ Knowledgeable loan officers
- ✓ Simple application process
- ✓ Easy payment options
- ✓ No down payment required

UP TO
100%
FINANCING



Take the Wheel & Drive Home a Deal

When you're ready to move forward with your vehicle purchase, follow these steps to ensure a positive experience and an affordable outcome:



GET PRE-APPROVED FOR FINANCING.

With a pre-approved loan, you'll know your maximum spending limit - giving you added negotiating power at the dealership.

DO YOUR RESEARCH.

Informed shoppers are smart shoppers, so gather some information before you start visiting dealerships. Resources like Consumer Reports® (consumerreports.org), Edmunds® (edmunds.com), and Kelley Blue Book® (kbb.com) offer helpful vehicle reviews and pricing information that can help you determine a fair price for the car you want.

NEGOTIATE YOUR PRICE.

Price negotiation is probably the most overwhelming part of the car-buying process, but it is important for you to stick to your strategy. If you've done your research, you'll have a good idea whether the dealer's offer is fair. Keep in mind that the dealer's first price is rarely their best price, so don't be afraid to reject the initial offer. If the dealer can't meet your target price, walk away. Buying a car is a big step, and the transaction has to be right for you.

WATCH FOR ADD-ONS.

Before signing the final contract, ask the dealer to explain each item. Dealers have been known to include extra charges for items like "fabric protection," "paint sealant," or "rust proofing" that may not be necessary. If there are charges you're not comfortable with, don't be afraid to point them out.

DRIVE YOUR NEW RIDE OFF THE LOT!



THE FINAL WORD

Don't Be Taken for a Ride

These days, with many auto dealers offering 0% financing, you may be tempted to finance your vehicle with the dealer instead of going the traditional route of taking out a loan from your credit union. Unfortunately, not every car buyer qualifies for 0% financing. This rate typically only applies to people with very high credit scores, excellent credit records, and little or no debt. Unless you fall into this category, you may get stuck paying a much higher rate.

Even if you do qualify for 0% financing, you may be surprised to learn that it could cost you more in the long run. If the dealer offers you the choice of 0% financing or a cash rebate, taking the rebate and financing elsewhere could save you money – even if the rate is higher.

So remember to do the math, ask questions, and be skeptical of offers that sound too good to be true!



TO LEARN MORE ABOUT BUYING AND FINANCING A VEHICLE, SCAN THE QR CODE, OR CONTACT US TODAY.

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