



Auto Loan Tips for the Best Value

Most do not have cash to pay for a new car. That's where auto loans come in handy. Auto loans are designed to help you pay for a car, over time, without putting a big dent in your savings.

While financing a car is a huge advantage to you, you will have to pay interest on the money you borrow. Therefore, some people choose to save up and pay for a reliable used car in full, without financing.

We understand that everyone's situation is different, and there is no right or wrong way to buying a car. Before you decide which is the best route to take on your car-buying journey, take a look at some of our practical tips.

Decide what you can afford and whether to take out an auto loan.

If a loan is the route you decide to take, consider a few factors before making a final decision.

Ask yourself:

1. Does my monthly budget support the monthly payment?
2. Does my need for this car justify the time and money needed to pay it off?
3. Is the entire deal, including interest rate, a fair price?

Get pre-approval for a loan.

Financing for a new auto can be obtained at your local financial institution or directly at most car dealerships. Getting pre-approved

gives you the confidence and buying power you need to get the best deal.

At Lampco Federal Credit Union, we offer competitively low, fixed rates on new or used vehicles and a wide range of terms to fit your unique situation. Learn more about Lampco's auto loan option [here](#).

Researching your options and getting pre-approved for a loan before you walk into the dealership is always a good idea, regardless of which financing option you choose. So understand what you can afford and compare the options in advance. That way, you can be informed when you make your final decision on financing.

Count the final cost.

An auto loan offer that "sounds" great may not always be in your best interest. For example, a small down payment sounds nice, but it means you'll be borrowing more and making larger monthly payments or taking longer to pay off the loan.

Consider:

- 1.Total purchase price
- 2.Interest rate
- 3.The terms of the loan

Pay attention to the total cost of the car, including fees and interest on the loan, and consider the time it will take to pay it off. Think about whether you can afford the total cost and are willing to invest the time and money to do so. Making a responsible financial decision may involve giving up a few add-on features or considering a less expensive model, etc.

Read before you sign.

Read the contract carefully and ensure you're not signing up for add-ons you didn't ask for such as warranty products. Check for hidden fees or penalties, and ask your dealer any questions you may have.

A contract should feature:

- 1.Sales tax
- 2.A documentation fee
- 3.Registration costs

Make payments on time.

It is very important to make your payments on time each month to avoid late fees and keep your credit score in a good place. If possible, make extra payments and pay off the loan before the end of the loan term!