

Educators Credit Union

Car Buying Guide

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Our Auto & Lease* team has more than 52 years of combined experience!

Contact Auto & Lease:
262.884.6675
ecuautoandleasevm@ecu.com*

EDUCATORS AUTO & LEASE ...

Is one of the ways that Educators goes above and beyond for our members. Auto & Lease is our answer to the many “pain points” of buying or leasing a vehicle – whether it’s negotiating the cost, the feeling of being manipulated or pressured, or just not knowing if you really got the “best” price. We created Auto & Lease as a free resource to help you find new and used vehicles that fit your lifestyle and stay within your budget without stress.

Through our exclusive network of more than 100 dealers, Auto & Lease is prepared to help with the entire car-buying process including: obtaining a loan or lease through Educators, assessing any trade-in value, explaining warranty service agreements to extend your vehicle’s manufacturer warranty and giving you buying tips that will save you even more money!

We created this guide to take you through the complete car-buying process and explain how Educators Auto & Lease can assist you. Please contact us with your questions or to get the process started.

Your Auto & Lease Team

*Educators Auto & Lease is a Credit Union Service Organization (CUSO) owned wholly by Educators Credit Union, but is a separate business from the credit union.

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Before you go shopping

Taking a few practical steps before you go shopping for a vehicle helps guard against making poor financial decisions in the heat of the moment.

Before buying a vehicle, it's important to consider the unexpected. While none of us have a crystal ball, it's fair to ask some predictive questions that relate to your overall financial health: How secure is your job? Do you have a cushion of cash to use for emergencies? Do you foresee any other high-cost items that you will have to budget for in the near future?

If buying a new vehicle makes financial sense for you, know how much you can afford and then get pre-approved for a car loan. Doing this removes the guesswork from what you will pay each month for your new vehicle. It's also key to remember that there are costs above and beyond the car payment itself – your choice of car may also affect the amount you spend on fuel (gas or electric), insurance and vehicle maintenance. Be sure to consider these factors as you narrow down your focus to models and ages of cars. Don't forget to consider your down payment. Your down

payment can make a real difference to your budget and your monthly payment. It is crucial to be honest about your budget and your financial priorities when buying a new vehicle.

Weighing all of these factors as you create a vehicle short list will help make the experience of owning and paying for your new vehicle a positive one.

Once your budget is in order, it's time to find your ideal car! Buying a car can be an intimidating and time-consuming experience. The Educators Auto & Lease department was created to help you buy the car that's right for you. We can assist you every step of the way. All we need is an idea of what you are looking for, and we will do our best to make it happen.

DID YOU KNOW?

A variety of financial calculators can be found at: [ecu.com/calculators](https://www.ecu.com/calculators)

AUTO & LEASE CAN HELP YOU:

- Locate a vehicle that fits your needs and keeps you in-budget.
- Shop through our exclusive dealer network of more than 100 dealerships.
- Get a great deal with negotiated pricing on new vehicles in our network.
- Assist you in negotiating the best price on used vehicles.
- Avoid costly add-ons.

5 things to consider when choosing a vehicle

If you've already come up with a suitable budget for your car search, what else is important to remember when choosing your next vehicle?

Using the list of make/models that you've built around your needs:

1. Weigh the costs and benefits of a new vehicle versus a used one. The value loss when you drive a new car off the lot may not be as steep as it once was, but it remains a significant consideration. However, a full vehicle warranty that can back up your purchase for 36,000-100,000 miles along with the improved longevity of today's new cars may balance that loss.
2. Know the fair price for each car on your list. Manufacturer websites provide the MSRP for new vehicles and Kelly Blue Book has you covered for used cars. You can also use Educators' vehicle research tool, AutoSMART, on ecu.com. These tools can help you anchor your negotiations if you elect not to have Educators assist you with your car search. If the vehicle's price tag at the dealership deviates radically from the price you found during your research, that could be a reason to ask yourself if something isn't quite right.
3. Review Consumer Reports, CarFax and other feedback on used vehicles, or see Auto & Lease. Being aware of issues or accident repairs on certain models will help you eliminate specific vehicles from your shopping list or revise your list of what you're willing to pay for.
4. Take a test drive. A new car can take some adjusting - instruments in unexpected places and a different placement relative to the road can feel strange at first. Be willing to drive a given model or car more than once to be sure that your impression of it is accurate. Take your time, settle in and focus on:
 - a. Comfort and noise - check out different road surfaces if possible and think about whether any shortcomings in comfort or road noise occur under the conditions you drive in most often.

- b. Acceleration – whether making a left-hand turn or getting up to highway speed, you want to know that your expectations match the car’s abilities.
 - c. Braking – braking should yield a smooth change in speed, without vibration through the pedal or deviation from straight-line travel.
 - d. General handling and visibility – be sure to test the maneuvers you’ll use most often, such as u-turns and parallel parking, and consider the characteristics of the car, like blind spots, responsiveness to change of direction, and ease and safety of instrumentation while driving.
5. Listen to your gut or the advice of a neutral party like Educators Auto & Lease. Ultimately, if something about the car or deal (including the dealer) doesn’t feel right, follow that instinct. It’s better to start over or lose a car to another buyer than commit to something that makes you uneasy. However, anxiety about making a major purchase may be the source of your qualms. Bring a friend or family member to help you out, and rely on the resources available to you through Educators Auto & Lease to give you honest feedback.

DID YOU KNOW?

We use our network of dealerships to find the right vehicle for you!



Trading In? How to get the most for your trade-in

The best advice about trading your car in, truthfully, is to avoid it. You'll almost always make more of a profit by selling your car on your own. Trading your old vehicle in makes negotiating a deal for your new car harder. You have to negotiate the price of your new car and the price of your old vehicle as well. Trading your car in also gives the dealer an opening to inject more profit into the deal by low-balling your car. It's a little more work to sell your car privately, but it is usually worth the extra effort. If you opt to sell privately, you will want to make sure you are gaining enough profit to offset any tax savings you might lose. An Educators Auto & Lease specialist can advise you through the process.

If you decided to trade in your car, follow these steps to ensure you get a fair deal:

Start with solid information about what your old car is worth.

The easiest way to do this is to get an appraisal from Educators Auto & Lease. If you cannot get your vehicle to Educators, we can do an assessment over the phone to give you a good idea of what to expect at the dealership, or CarMax can evaluate your car, identify any major problems and make you an offer that is good for seven days.

Once you know what your vehicle is worth, it's time to head to the dealer.

You should always negotiate the price for your new car before discussing your trade. Dealers prefer to negotiate both prices at the same time, giving them the ability to play the numbers off each other. You're under no obligation to tell the dealer you have a trade prior nor are you obligated to trade in the end. If they ask about a trade, simply tell them you'll talk about the trade-in after you've come to terms on the new purchase.

Ask for a purchase contract that reflects your final negotiations.

Once you've come to an agreement on both the amount you will pay for the new vehicle and the trade value, renewing the contract is a must. Look for "add-ons" the dealer might include on the contract, and make sure everything on the contract had been discussed before and is what you agreed to. It's always best to set the closing for another day or time to give yourself a chance to review all terms without the pressure of being at the dealership. You can also bring your contract to Educators to get advice and compare loan rates and terms.

Research, research, research!

We understand that buying a vehicle is a major life event. We want to make your car-buying experience hassle-free. But we also know that sometimes you want to be able to figure things out for yourself. That's why we also provide great resources to help you, free of pop-up ads and misleading links.

EVERYTHING AUTO ONLINE

Visit ecu.com/car-buying where you can have all of our car-buying tools at your fingertips.

Watch videos, research vehicles, check out helpful resources and much more.

AUTOSMART BY EDUCATORS

Researching and finding the right vehicle is easy with AutoSMART by Educators. AutoSMART by Educators' website has the tools to help you compare vehicles, get the best payment or finance options, research trade-in values and more. Get started at ecu.com/autos.

AUTOWERKS PRE-OWNED AUTO SALES*

AutoWerks is our preferred dealership for quality used vehicles. They offer haggle-free pricing, a 60-day limited warranty, a 3-day return policy and a no-pressure buying experience. They are conveniently located next door to the Educators Credit Union branch on 90th Street in Sturtevant.

Take a look at their inventory in-person or online at www.myautowerks.com.

*AutoWerks is an Educators Credit Union preferred dealership. Educators has no ownership of this dealership.

PRICES

We've already mentioned a few resources to help you compare vehicle prices, but Auto & Lease might just be your most reliable resource.

First, we explain all the costs involved in a vehicle purchase – MSRP prices, “list” prices, taxes, titles, invoice prices, and additional warranties and products that can be confusing and bust your budget. Then, Auto & Lease crunches the numbers on loans, leases, payments, rebates, interest rates, and more to work out both the best deal and the payment that fits your budget.

CARFAX®

When you find a used vehicle you are interested in, you can get a complete CARFAX Vehicle History Report on that specific car. Visit www.ecu.com/vehicle to request your report.

Auto & Lease Vehicle Specialists can be contacted by phone **262.884.6675** or email* ecuautoandleasevm@ecu.com.

DID YOU KNOW?

CARFAX® is free with a pre-approval from Educators Credit Union!



AUTO & LEASE CAN HELP YOU:

- Make valuable comparisons
- Learn the ins and outs of financing
- Get the most for your trade-in
- Evaluate an auto loan vs. a lease
- Avoid costly dealership add-ons
- Understand your money-saving warranty options

Buying vs. Leasing a vehicle



Guidance on the relative merits of buying or leasing a vehicle can be confusing, so let's start with the understanding of payments. Each payment is made up of a "base" and some interest.

BASE

INTEREST

LOAN
PAYMENT

Value of the loan ÷
Loan term (usually 4-6 years)

Calculated on the
outstanding loan principal

LEASE
PAYMENT

Expected depreciation of
vehicle over lease term ÷
Loan term (usually 3 years)

Calculated on the
outstanding vehicle value –
usually called "rent charge"

∨
The base price will usually be
much lower in the lease scenario
than in a traditional loan

∨
Because the base on the
lease is lower, the outstanding
principal stays higher...which
means a lower payment but
more interest is accrued over
the life of the contract

Don't forget to consider equity as well! With a loan, you accrue equity as you pay it off beyond its value. With a lease, equity grows much more slowly, if at all, so it may be non-existent.

There are more variables than that – each transaction may have some fees, though leases have a reputation for more of them.

Other caveats of leases:

- Most will require you to choose your mileage limit and will charge you extra for exceeding the limit.
- Most will charge you for anything they consider “excessive” wear and tear.
- A dealer may offer a remarkably low monthly lease price with a “cap cost” up front. If there is a cap cost reduction, divide it by the lease term and add the result to the advertised monthly payment to get your actual monthly cost of the vehicle.

All other things being equal, a lease will usually cost more than a loan in the long term. In the near term, the payments will be lower.

Leasing may be right for you if having a new or near-new car is particularly important or if you drive a predictable number of miles per year and reliably keep your vehicle in good condition. If you own a business and expect to use your vehicle primarily in that context, a lease may be tax-deductible (consult with your financial advisor about your situation).

If your primary motive for considering a lease is a lower monthly payment, it may be the better financial choice to elongate the loan term or try to raise more cash for a down payment on a traditional purchase. It is certainly worth running a few different scenarios to compare and contrast the full range of costs.



DID YOU KNOW?

Educators Auto & Lease can help you get the best deal for your situation. Many parts of a lease agreement are negotiable, and there are ways to shift some of that longer-term cost in your favor!

What to expect at a dealership



Sales representatives are at the dealership to answer questions, so ask away! If you don't understand what's on the sticker, ask for clarification. Some sales reps may want to show you something different, so just make sure the vehicles are truly comparable.

Take cars for a test drive – it's the only way you'll know if you like the way a certain car performs on the road.

If the sales rep insists you talk with a finance manager, be sure to take a step back and ask yourself if you're prepared for the negotiation process and all the pricing jargon before you dive in. Remind yourself that you can step away at any time. It's recommended to always schedule the closing for a date in the future to give yourself a chance to review the terms and pricing on your own or with an auto representative. Ask Auto & Lease for a dealership's pre-agreed price or assistance on deciding what to pay.

Auto & Lease can help you:

- Learn dealership jargon and the real price of "hidden costs"
- Avoid illegitimate fees charged by the dealership
- Secure pre-negotiated prices through our dealership contacts
- Purchase any vehicle you like without the hassle

Auto & Lease will ALWAYS give you unbiased advice on any vehicle and explain your buying options. Auto & Lease representatives are not sales people – they are here to educate and advise as a service to our members.

Contact Auto & Lease:
262.884.6675

Making the purchase

You found your vehicle and agreed on a price – you're ready to make the purchase. If you were pre-approved at Educators, paperwork will be a breeze.

If you're going to lease your vehicle through Educators Auto & Lease, we will have everything put together for you. If you still need to apply for a loan, we will get you started and, in most cases, you'll find out if you're approved the same day. Either way, you will soon drive away with your new vehicle – congratulations!

Remember, Educators will:

- Help you research vehicles
- Show you the tools to research on your own – AutoSMART by Educators (ecu.com/autos)
- Find the right vehicle for you
- Explain everything to you throughout the car-buying process
- Make sure you get the best pricing
- Always be there to help!



Maintenance

Maintenance tips to make your new (or new-to-you) vehicle last longer

Now that you've closed on your new car, let's take a look at how you can keep it humming happily for as long as possible.

MAKE FRIENDS WITH YOUR OWNER'S MANUAL

Your owner's manual contains your recommended maintenance schedule. It's important to embrace this for several reasons. Prime among them is that cars differ, and your manual will let you know when your car should have systems flushed, tires rotated, and parts inspected, lubricated and/or replaced.

Oil changes are not what they used to be. It's crucial to view the owner's manual to make sure you are keeping up to date with oil changes according to your make/model. Many cars now have an on-board oil life monitoring system. Most newer cars can go anywhere from 5,000 to 15,000 miles between oil changes, especially when using synthetic oils. Only feel compelled to shorten the interval when you drive under severe conditions, like frequent idling or stopping and going, extreme cold/heat/dust or frequent trailer towing.

WASH IT OFTEN, ESPECIALLY IN THE WINTER

Think about what accumulates on your vehicle throughout the winter season and consider how it's wearing and tearing on your car's body. When the weather is above freezing, drive through the car wash and pay the extra for the underbody wash. This will go a long way to help preserve your car cosmetically and mechanically.

MAKE A HABIT TO LOOK YOUR CAR OVER ON A REGULAR SCHEDULE

You took a lot of time to decide on what vehicle you wanted to purchase or lease, so you should take care of it, right? Give or take, every six months inspect your vehicle - walk all the way around, turn the lights on, check the tire pressure, and look for anything that seems out of the ordinary and then follow up on it.

SUBSCRIBE TO VEHICLE (AND RELATED PRODUCT) RECALLS

Visit www-odi.nhtsa.dot.gov/subscriptions and sign up for recall notices via email for your vehicles, tires and child restraints.

