

**A LITTLE BIT COUNTRY
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Bigger Cars Still Cost More to Operate

Except for housing, most families spend more on transportation than on any other expense category. Consumers prefer the latest technologies and multi-year warranties of new cars, but the vast majority does not buy new cars. The reason is simple. Used cars are considerably cheaper to own and operate than new cars.

According to a new publication of the North Dakota State University, the cost of owning and operating a new medium sized car such as Chevrolet Impala, Ford Fusion, Honda Accord, Nissan Altima and Toyota Camry is 57.3 cents per mile. Costs for smaller vehicles such as the Cobalt, Focus, Civic, Sentra and Corolla are listed at 45.1 cents per mile.

The NDSU publication states that about one in five new car transactions is a lease arrangement rather than a purchase. Many consumers lease in order to drive a more expensive car than they could afford to buy or because they qualify to deduct all or part of the lease payments as a business expense. To make an accurate comparison between leasing and financing the purchase of a new vehicle, you must know the underlying price of the car if you were buying it. When looking for a lease the publication urges consumers to comparison shop with several dealers. Under federal law, consumers have the right to information about the costs and terms of vehicle leases. For more information see Keys to Vehicle Leasing, a consumer guide published by the Federal Reserve Board, available at www.federalreserve.gov/pubs/leasing.

The cost of owning a car can be reduced by paying cash or saving for a larger down payment thus reducing the amount borrowed. Saving is a lot easier said than done. Probably the easiest way to save is to have funds automatically taken from your paycheck and deposited

monthly into your special savings account. For example, if you save \$150 a month for five years, you will save a total of \$9,000.

Think about the cost of insurance before buying a vehicle. Premiums will be much lower on an older, four-door sedan compared with a new, expensive sports car. If you are on a tight budget, visit with your insurance agent regarding savings by raising the deductibles and lowering or dropping the collision coverage. You will want to maintain some collision insurance on newer vehicles. Liability insurance is a must by North Dakota law.

The best advice for insurance coverage is to shop around. There are cost differences among insurance carriers, but there also is a difference in service and dependability. The National Association of Insurance Commissioners (NAIC) has created the Insure U-Get Smart About Insurance program to help consumers make educated decisions. For more information about auto insurance, see its Consumer Guide to Auto Insurance, available at www.insureuonline.org/Consumer_Guide_Auto.pdf.

The NDSU publication lists several sources of information available to auto buyers. For a free copy of this publication call 701-577-4595.