

Title:

Car Financing: Which is Better: Buying or Leasing?

Word Count:

571

Summary:

Purchasing a new car is always an exciting time in life; however, it can also be confusing and time consuming, especially with so many different types of financing options available. Should you purchase your next vehicle outright or would it be better to lease it?

Keywords:

car, finance, loan, personal, borrow, lending, auto, insurance, purchase, cost, interest

Article Body:

Purchasing a new car is always an exciting time in life; however, it can also be confusing and time consuming, especially with so many different types of financing options available. Should you purchase your next vehicle outright or would it be better to lease it? Which option will be better financially for you? Read on for more tips to help you make the right decision for you and your finances the next time you're in the market for a new car.

It's important to understand that there is not a clear cut answer to this question. It really depends on your needs and situation. When considering whether it would be better to buy or lease, it is important to understand all of the terms regarding the lease. Generally, the lease will be for a specified period of time and you will probably be limited to the amount of mileage that can be placed on the vehicle. In the event that you go over that specified mileage at the end of your lease period, you will be liable for paying the overage. Lease agreements also pay what is known as a finance charge at the end of the lease agreement. So, it is important to understand that while your lease payments may be less than payments would be if you bought the vehicle outright, you will still be responsible for a sum of money at the end.

In addition, it should be pointed out that you do not build up any equity in a vehicle when you lease it, only when you purchase it. On the other hand, when you purchase a vehicle and drive it for a long period of time, while you do build up equity, that amount declines the longer you own the vehicle. With leasing, you have the advantage of only having to pay for what you use while

with the buying option you must pay for everything, regardless of whether you use it or not.

Leasing gives you the advantage of obtaining lower payments and the option of having a new vehicle every two or three years. This can be important to many people because it provides you with the benefit of having the latest safety features on your vehicle and the comfort of knowing you won't have any warranty problems. If you don't care about whether you build-up equity in the vehicle and feel you won't go over the mileage limits then leasing may be the right option for you.

On the other hand, buying the vehicle outright; will mean higher monthly payments but the overall cost is about the same as leasing a vehicle, especially when all factors are taken into consideration, such as mileage overage payments and finance charges. Purchasing also gives you the benefit of actually owning the vehicle and if you opt to pay off the loan and keep the car, it can mean you won't have a vehicle payment. You must also take into consideration; however, that when the warranty expires you will be responsible for the cost of repairs. This can be offset when you take into consideration that you don't have to worry about going over mileage limits as with leasing. Additionally, there are no surprise costs at the end as there are with lease options. In the end you really need to give thought to your own situation, needs and desires.