

# How To Buy A Used Car For Less

Contributed by Steve Gillman  
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If you want to buy a used car for less money, there are several things you should know.  
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There are two basic ways to buy a used car cheap, and one good reason: To save money. It isn't just that they cost less to buy initially. The research shows a four-year-old car can cost 40% less over its lifetime. That's including the costs of gas, oil, repairs, insurance - everything. This is why almost half of the millionaires in the United States buy used cars, according to Thomas Stanley and William Danko, authors of "The Millionaire Next Door."

## Buy The Right Used Car

{bot\_wrgoogle}The first approach to buying a used car for less is to look for the cheapest "type" of car for your purposes. Some cars just cost more than others, both to buy and to operate, so look for the lowest-cost one that will do what you need. In other words, whatever your negotiating skill, a four-year-old Jeep Wrangler is still going to cost more to buy and run than a four-year-old Ford Escort. So if you don't need the four-wheel drive or space of the former, consider the latter.

Here are some of the factors to consider when looking at the overall cost of a vehicle:

- Price. You can look in one of the popular auto "blue-books" or price guides to see what used cars are selling for. The accuracy of these may be suspect, but they do give you a good idea of the relative values, so you can compare various models.
- Repair costs. At a public library you can find a copy of the Consumer Reports auto edition. They have ratings for all the major systems and parts of different models, and usually an average annual repair cost for them as well.
- Mileage. You can ask an owner about the mileage he or she gets, and try to gauge their honesty. Alternately, there are websites like fueleconomy.gov where you can find fuel economy figures for used cars. If you drive 20,000 miles per year, the difference between 20 miles-per-gallon versus 34 MPG is an extra 412 gallons per year, or \$1,240 at \$3 per gallon.
- Insurance. Some cars cost more to insure. Ask your insurance agent about the cars you are considering, to see if there is a big difference in costs.
- Resale value. If you intend to drive the car for just a few years, you have to consider what you will lose in value. Two cars may cost \$8,000 each used, but one may be worth \$6,000 a couple years later while the other is only worth \$4,000. You can research resale value online, or study a used-car price guide to see which models have retained the most value over the years.

## Get The Right Price

The second part of buying a used car for less is to negotiate a lower price. You don't have to be a master negotiator to do well, but there are a few tricks you should know. The first is to have a good idea of what the car is worth. Get out that car price guide, and look for the wholesale cost. Make your first offer lower than that. What else can you do?

- Spend some time looking at the car. If you are interested, spend some time with a car and owner or sales person. Negotiator refer to this as "time investment." The more time the seller has invested with you, the more they want to sell to you, so as not to "waste" that time. It has been shown that you can get a lower offer accepted if you first take more of the sellers time.
- Hint at the problems. Look at the engine and under the car, even if you aren't sure what you are looking at. Point out any problems you see politely, but never contradict or insult the seller in any way. You want the seller to like you but start

to doubt the value of his car.

- Be ready to walk away. Unless you really need a car today, always be ready to say, "I'll think about it," and leave. This is one of the oldest and surest ways to get price concessions. Sales people in particular know that when people "think about it" they rarely return. They will usually make their best offer at this point.

- Have a mechanic look at the car. If you can't bring the car to your mechanic, have a friend with some mechanical knowledge come with you to look at the car. It isn't necessarily cheap if it breaks down a week after you buy it. Also, everything that your friend or mechanic finds wrong is a negotiating point that may result in a lower price.

Quick review: To buy a used car for less, look at the right cars - the cheapest for your needs - and then negotiate the lowest price you can.

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