



FINANCIAL EDUCATION FROM AMERICAN CENTURY INVESTMENTS®

Yes, You Can MoneyClips eNews

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## Eight Tips for Buying Your First Car

**KANSAS CITY, Mo.** – With the price of gasoline in 2015 significantly lower than it has been in about five years, Americans are buying cars again in a big way. For teenagers, turning 16, obtaining their driver’s license is a right of passage. *Yes, You Can* offers the following tips for teens looking to purchase their first car – whether new or used.

### Tips for Purchasing a New Car

**Check out deals online.** The best deals are not necessarily in the showroom. More car buyers are going online and working with the dealer’s Internet sales department. Frequently, dealers offer some of their best pricing to these buyers since it is often quicker and easier than working with car shoppers who come into the showroom with plans to negotiate a good deal.

**Be wary of the options.** Car dealers do not make much money selling a new vehicle itself. Their profit depends on extras like service and parts, and on options like rust protection, dealer add-ons and extended warranties. According to Consumer Reports, an extended warranty can add an average of \$1,214 to the purchase price of a new vehicle. However, extended warranties typically save buyers an average of only \$837 on repairs, making the cost greater than the pay-off.

**Collect the facts.** With more information available online than ever before, consumers can have a good idea going into the car-buying process of their desired make and model, as well as the typical pricing. Some Internet-savvy new car buyers turn to a “middleman” to help them understand car pricing and negotiate a discount. Others look at sites, such as TrueCar.com, to learn what other car buyers are paying for the car they want.

### Tips for Purchasing a Used Car

**Set a budget.** Before starting the process of buying a used car, have a budget in mind. Consider using online resource, [edmunds.com](http://edmunds.com), which has a “How Much Car Can I Afford?” calculator to gain a better understanding of how a car purchase affects finances.

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**Start online.** Good online resources for used cars include AutoTrader.com, CarGurus.com, eBayMotors.com and edmunds.com. In most cases, visitors can filter a search by factors including distance, mileage, price and car features. CarMax (carmax.com) has dealerships in many major cities, and their online search function is also a good resource, as it allows car buyers to review cars across their network.

**Save money on a “second-tier car.”** “First tier” cars include popular brands such as Honda and Toyota. You can often save thousands of dollars by buying a comparable vehicle from another reliable manufacturer.

**Check the vehicle history report.** AutoCheck and CARFAX are two well-known resources for vehicle history reports. A report typically costs between \$30 and \$40 per vehicle. The report can reveal vital information about the car, such as if the odometer has been rolled back or if it has ever been declared a total loss by an insurance company. These facts can help a buyer decide if they want to pursue the car, and if so work as positive negotiation tools.

**Have the car inspected.** After test-driving a car, take it to a trusted mechanic and have it inspected. A pre-purchase inspection may save thousands of dollars down the road and provide valuable information for negotiations.

#### ***Interview Tips***

- Poll classmates to see how many of plan to buy a new car, used car or use a family car.
- Research the auto sites listed throughout the release to provide additional details and tips for using these powerful tools.
- Survey your parents, teachers and other trusted adults to gain their tips for purchasing a car.

#### ***About Yes, You Can***

Financial education has always been important to American Century Investments, which believes one of the greatest gifts it can offer is the opportunity for children and young adults to learn how to achieve financial independence.

*Yes, You Can* is based, in part, on the beliefs of Jim Stowers, founder of American Century Investments and co-founder, with Virginia Stowers, of the Stowers Institute for Medical Research. For more information on the *Yes, You Can* program, visit <http://www.YesYouCanOnline.info>.

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