



Is it Better to Buy or Lease a Car?

Getting a new car is a big decision. Even accounting for inflation, cars today are significantly more expensive than they were 25 years ago. So before you start test-driving your dream ride, you have a choice to make—buy or lease? A handful of issues will drive the decision for you.

Leasing usually means a smaller down payment and smaller monthly payments. The downside: When the lease ends, you won't own the car. If you purchase a car and use credit or financing, you'll typically need a larger down payment, and your monthly payments will be higher. But once you've paid off the loan, the car is all yours—with no more payments. You can sell it later and recoup some of your outlay.

If you've got the cash, you can buy the car outright and drive it until the wheels fall off, with no monthly payments. You'll forfeit the earnings power of that cash, but you'll save by not financing either by loan or lease.

Now think about how much you drive. Are you constantly on the road, or is your car mainly for quick trips around town? If you're a road warrior, buying might be a better idea. Leases come with mileage restrictions—usually between 10,000 and 15,000 miles per year. Drive more than the limit, and you could be looking at some hefty fees at the end of your lease term.

If you're always itching to drive the latest models, leasing might be right for you. You can get a new car every few years when your lease ends. Plus, the car is usually under warranty for the entire lease period. But if you know you're likely to get attached to the car and don't mind driving the same vehicle for years, buying could be the way to go.

One more thing to consider: If you're the type of person who likes to customize their vehicle, buying is

probably your best option. When you own the car, you can modify it however you want. With a lease, you can't make permanent changes. And leasing companies can be picky about wear and tear, which might mean extra fees when you turn it in.

So what's the bottom line? If lower monthly costs and driving a new car every few years sound good to you, leasing might be right. But if you're a high-mileage driver, want to customize your ride, or prefer to own an asset long term, buying could be better.

Remember, there's no right or wrong answer. It all comes down to your personal situation. Think about your budget, your driving habits, and your plans. The best choice is the one that fits your lifestyle and budget.

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