



Life Stage Guide



Buying a New Car



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We have tips to get you through every step of buying a new car – whatever “new” means to you.

A new car is an exciting – and large – purchase. Getting a safe, reliable car is a big investment that requires a lot of research. And if you’ve never done it before, or haven’t done it in a while, the car buying process can certainly be intimidating. Fortunately, AAA is here to help.

We have tips to get you through every step of buying a new car – whatever “new” means to you – whether you’re getting the latest model on the market, a used car or a lease. From searching for the perfect vehicle to insuring, financing and more, this guide has all the information you need to confidently drive off in your fresh set of wheels.



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Tips for First-Time Car Buyers

The car-buying process can seem overwhelming, especially for first-time buyers. But the abundance of vehicle and financing options ensures that there is a perfect car, at the right price, for everyone. If you're embarking on your initial trip into the automobile-purchasing waters, these tips will help you part the sea of options.



Establish a Budget

The average new car transaction price is just about [\\$45,000](#).

You'll most likely need to finance your car, which means paying in monthly installments. You need to decide how much you can truly afford to pay each month after covering your other living expenses.

Remember, it's not just about the cost of the car. You also need to factor in insurance, gas and maintenance (if it's not covered by a warranty) when calculating your budget.

Research Financing Options

When it comes to financing your car purchase, make sure to research your options. Many people simply use the dealer's lender without thinking twice. If the dealer turns out to be the best option, great. But one of the best first-car buyer tips we can give is to shop around.

There is no shortage of financial institutions and companies willing to help finance your car. [AAA's Auto Loan Program](#), for instance, offers low rates at competitive terms to fit your budget. All you need to do is submit an auto loan application and you'll receive a fast credit decision. If the rate changes between the time you apply for your loan and the time you pick up the check, you'll pay the lower rate.

Buying vs. Leasing

You may be tempted To lease a car instead of buying. When you lease, your monthly payments are generally lower than buying. And while leasing may be a good idea in certain circumstances – say if you know you'll

only need a car for two or three years or you don't typically put on a lot of mileage – it also comes with pitfalls.

Leases are short-term investments. They have mileage limits that you must adhere to. You'll also need to pay if there's any damage to the car that exceeds normal wear and tear. On the other hand, when you purchase a car, your monthly payments will eventually end and when they do, you'll own the car. Of course, that also means [keeping up with proper maintenance](#) as the car ages.

Do Your Homework

Once you know what ballpark you're in cost-wise, you need to do some research. Between make, model and trim, there are an exponential number of car options. To sift through the choices, think about what you need from your car. Yes, you may want a sunroof for the few times you drive to the beach, but if you're on a tight budget, you should look at cars that get good gas mileage.

The AAA Auto Buying Program lets you compare vehicles, see what others have paid and get special member pricing on actual dealer inventory.

Even after narrowing down your search, there will still be plenty of options. Fortunately, there are numerous resources that can help you decide. The [AAA Auto Buying Program](#), for example, lets you compare vehicles, see what others have paid and get special member pricing on actual dealer inventory.



Car-Buying Research

Check the safety rating of the cars you are interested in with tools provided by the National Highway Traffic Safety Administration ([nhtsa.gov](https://www.nhtsa.gov)) and the Insurance Institute for Highway Safety ([iihs.org](https://www.iihs.org)), and look into fuel economy information from the U.S. Department of Energy ([fueleconomy.gov](https://www.fueleconomy.gov)).

New vs. Used

One major decision first-time car buyers must make is whether to buy new or used. The downside to purchasing is that your new car is a depreciating asset. In fact, as soon as you drive it off the lot, the car loses a [significant portion of its value](#). And it will continue to drop for the first several years of ownership. According to Carfax, a new vehicle's value can drop by more than [20% after its first year](#) and 10% annually over the next four. That would leave you with a car worth less than half of what you paid for it.

There is a way to avoid funding this depreciation: buying used. The idea of buying a brand-new, sparkling car can be tempting, but don't let that cloud your judgement. Purchasing a pre-owned car can often be the more prudent approach, particularly if you have a tighter budget.

Pre-owned cars may sometimes cost less, have many of the latest technology and safety features, and that early depreciation will have been paid for by the previous owner.

Test and Inspect

After finding your perfect first car, it's time to make the purchase a reality. But don't be too

quick to sign on the dotted line. With all the online research available, it's easy to forget how you feel behind the wheel. One of the most crucial tips for first-time car buyers – or any buyers – is to test drive the vehicle. There is no other substitute for learning how the car drives and feels. And it should not simply be around the block. Take the car on a route with different driving environments, such as traffic light intersections and highways. It should replicate your normal driving routine as much as possible.

You'll also need to ensure the car is in good shape. This means getting the car inspected by an independent third party, such as a [AAA Approved Auto Repair shop](#). Don't wait until after you purchase the car to do this, even if it looks like it's in pristine condition. If a dealer doesn't allow it, shop elsewhere. If all goes well, enjoy your new ride.

One of the most crucial tips for first-time car buyers – or any buyers – is to test drive the vehicle.

[Click Here For More Test Drive Tips!](#)

Check if the car has a spare tire (some new models are made with run-flat tires instead and do not come with a spare), jack and wheel lock key. If you are purchasing a used car, inspect it from front to back, checking for prior body damage, mechanical problems, leaks and anything that looks like it would be an expensive repair down the line. With the [AAA Auto Buying Program](#), you can obtain vehicle reports to see if the car has been in a prior accident and other recent maintenance it may have undergone.



Questions to Ask Before Buying a Car

ASK YOURSELF...

It's not often that you buy a new car, and with hundreds of models to choose from it can be hard to know where to start. Whether you end up with a sedan, SUV or electric car, the process starts with how you answer these questions.

What's it for?

Is your car for simply getting back and forth to work? Leisure? A mix of both? If you're buying a fun car for cruising on the weekends, sharp handling might be more important than a commuter vehicle that takes you to your 9-to-5.

What kind of passenger and cargo capacity do I need?

A two-seat sports car for a married couple without children might be fine, but it won't do the trick for a family of five that travels regularly for weekend hockey tournaments. Think carefully about everything that goes in and out of your car.

Do I want a green vehicle?

If you want a car that's good for the environment and good on gas mileage, you



may want to consider going electric or hybrid. The future is electric. California and Massachusetts were the first states to announce plans to ban the sale of gas-powered vehicles by 2035 and brands are following suit. General Motors said that it will stop producing gas-powered cars by 2035, and Jaguar Land Rover revealed that the Jaguar lineup will be all-electric by 2025.

Do I need an all-weather vehicle?

If you're planning to venture out onto snow-covered streets, you might consider an all-wheel-drive sedan or SUV. Anyone considering an electric vehicle should also think about whether it'll be out during winter, since extreme temperatures can impact the range of electric vehicles.



ASK THE DEALER...

Once you've established the type of car you want, it's time to get into the nitty-gritty with the dealer.

Are there any rebates or incentives?

Some dealers may have better prices for recent college grads or repeat customers.

What is your best price?

Salespeople may drop the listed price to help close deals with hesitant buyers.

What's the warranty?

New vehicles come with a warranty. Find out exactly what it covers. A plan providing all routine maintenance for two years, for example, can represent a significant cost savings.

What is the lifetime upkeep?

Understand how much you can expect in maintenance costs over the life of the vehicle, what types of maintenance apply to your warranty and what could void it.

Has this car been in a crash, flood or fire?

This is more of a question for used vehicles. Ask whether the service history is available,



too. A proper maintenance record can give you an idea of what it will cost to own the vehicle. The [AAA Auto Buying Program](#) allows you to run a vehicle report to see the car's history.

Can I have both keys?

Every car comes off the assembly line with two keys, but some used vehicles are sold with only one. Getting new keys made can be expensive, so ask upfront if the dealer has both.

Do I have to finance with the dealer to get the listed price?

Read the fine print on offers. The price you see sometimes may hinge upon financing the vehicle through the dealership at a higher-than-necessary rate.



The New Way to Buy a Car



Most car dealerships have operated the same way for decades with a brick-and-mortar showroom and a lot full of inventory. Pre-COVID-19, the industry was only just dipping its toes into the e-commerce world, but the pandemic forced its hand. It also opened up the market to a [new kind of car buyer](#).

Maybe no other business model was in more desperate need of an overhaul. People almost universally dread the process of wandering through lots, negotiating prices and filling out reams of paperwork involved in the car-buying process. Fortunately, the modern world has caught up to the industry. There are now new options and enhancements to car buying that make it easier, more efficient and, dare we say, enjoyable?

Buying Online

You can buy just about anything online these days, so why not cars? There are already numerous car-buying sites, including [Carvana](#), [Vroom](#) and [Shift](#). Each has an inventory of cars that buyers can search through on their website. Most online dealerships use newer-model



used cars, although companies like [NowCar](#) offer new vehicles.

Once a user finds a car they like, they can purchase it at a fixed price and fill out all the paperwork in just a few minutes – all without leaving the house. You can even get the car delivered right to your driveway.

Carvana is a prime example of the shifting dynamics of the car-buying structure. “More and more consumers are embracing the transparency, ease and convenience we offer,” said Ryan Keeton, chief brand officer and co-founder at Carvana.

Online dealerships not only make the process of buying a car easier and more convenient, they make it much less expensive. By circumventing the brick-and-mortar dealership, companies avoid all the overhead that comes with it. This savings is then passed down to the buyer.

Augmented Reality

As convenient as online shopping is, purchasing a car based solely on two-dimensional images is not the most comfortable idea. This is one of the main reasons the process of buying a car took so long to evolve. Yet many people, particularly

Younger buyers want to avoid a dealership.

To solve this problem, car manufacturers are increasingly turning to augmented reality.

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younger buyers, still want to avoid a dealership. To solve this problem, car manufacturers are increasingly turning to augmented reality.

Augmented reality is a technology that virtually overlays images and information onto a physical environment. With this technology, consumers can use their smartphones or tablets to place a life-size, three-dimensional image of the prospective vehicle in their driveway.


Not only can buyers walk around it and open the doors, but they can also get inside. Augmented reality allows drivers to virtually sit inside the car to get a feel of what it would look like in real life.

Digital Showrooms

Even those who venture out of their home and into a dealership can still experience digital technologies. Many now have in-store apps that let customers view and customize their car just as they would from [their home computer](#).

Luxury manufacturer Audi has taken it one step further with [Audi City](#). Located in several major metro areas around the world, Audi City is an all-digital showroom. There are no tangible cars in-house. Instead, buyers view the vehicles on giant display screens.





Unless you know that you will be driving that car for the long-haul, the traditional process of buying a car may not be for you.

Customers can digitally configure any car to their liking and then get a realistic experience of driving it using virtual reality. The digital nature of this business model allows Audi to present its entire catalog of cars to consumers, including all trims, options and accessories.

All-digital showrooms have the added benefit of taking up significantly less space than a traditional dealership. This helps increase consumer access by enabling dealerships to operate in more densely populated areas.

And it is not just manufacturers offering this technology to the public. Third-party companies are getting in on the fun as well. [RelayCars](#), for example, has apps that provide a virtual look at nearly every make and model on the market.

Subscription Ownership

Cars are expensive. It's a large initial investment, then monthly payments, plus insurance and gas and maintenance, all for a product that loses value the minute it rolls off the lot. Unless you know that you will be driving that car for the long-haul, the traditional process of buying a car may not be for you.

That's why companies are now offering drivers a new option. Just like you would pay a monthly fee for your Netflix subscription, buyers can pay a flat rate to drive a pre-owned car for a set period of time. Users simply log on to the app of their choice, such as [Flexdrive](#), [Fair](#) and [Borrow](#), pick the vehicle they want and how long they need it for, and then go pick it up. After that, they pay a weekly or monthly fee, which usually includes insurance, unlimited mileage and routine maintenance. When the subscription term is over, the driver simply returns the car.

Home Delivery

Some dealerships offer to deliver your new car directly to your doorstep. This is something Tesla and third-part sellers like Carvana have been doing for years. If you get your car delivered, check that it is the right year, make and model and includes all the agreed-upon features and equipment. Also take a look at the odometer. New vehicles shouldn't have more than about 100 miles, between test drives and the delivery. If it's a used car, check that there haven't been any extra miles added since your purchase.

CREDIT: AUDI AG



Keeping Up With the Latest Car Tech

ADVANCED DRIVER-ASSISTANCE SYSTEMS

There's a lot to think about when buying a new car – horsepower, gas mileage, space – but safety is always number one. ADAS are being integrated into new car models every year. And while they are designed to take some of the stress out of driving and improve driver safety, AAA warns against getting too dependent on them.

Marketing language may lead to overconfidence and misunderstanding of ADAS capabilities, potentially causing drivers to pay less attention to the road, according to data collected by the [AAA Foundation for Traffic Safety](#). ADAS tech is designed to work with an engaged driver, not replace the driver. The foundation advises drivers to treat the technology as a backup to their own senses and reactions and always be prepared to take control.

These are some of the latest ADAS safety features you can expect to see in new car models.



Anti-Lock Brakes

Anti-lock brakes prevent wheel lockup and skidding that can occur with conventional brakes. It keeps more of the tire surface in contact with the road, giving the driver greater ability to steer to safety.

Forward Collision Warning with Automatic Braking

Rear-end crashes are the most common type of crashes in the U.S. Using front-facing sensors, this system is designed to scan the road ahead and alert drivers of an imminent crash. However, while the forward collision system can sense danger, it won't help you avoid it, which is why it is often paired with automatic braking.

While some crash prevention systems will only provide a warning and prepare the brakes for full stopping power, others apply the brakes automatically to prevent a crash. This safety feature combination just might be the reason your next zone-out moment isn't fatal.

Advanced Cruise Control

While typical cruise control holds vehicle speed as set by the driver, advanced cruise control varies the speed based on traffic. For example, if the driver sets cruise control at 65 mph but traffic slows to 55 mph, ACC automatically reduces the speed until traffic clears. In some cases, these systems can control speed down to a complete stop. It also calculates following distance to keep the car safely behind others.

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Traction Control and Stability Control Systems

Many vehicles combine these features. Traction control systems use brakes to stop a wheel that is spinning and force the opposite wheel to turn. This may provide the necessary traction to get a stuck car moving again.

Stability control also uses the brakes to help "steer" the car

when it is skidding. Stability control doesn't necessarily improve handling, but it does reduce the chance of getting into a skid.

Integrated Steering Wheel

To keep drivers hands-free, steering wheels have been redesigned with control shortcuts to some of the most widely used car systems. Most drivers can control the radio station, volume, cruise control, phone and more from the buttons on their steering wheel.

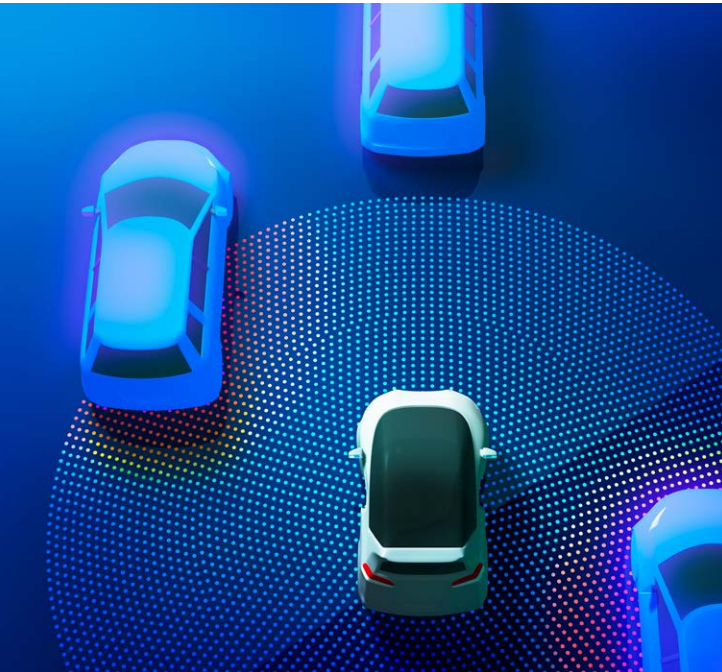
Voice-Controlled Systems

While operating in-car systems without taking your hands off the wheel has become much easier, there are still times when a driver has to reach over and fiddle with controls. But some car manufacturers have taken the hands-free mantra one step further, testing voice-activated controls for the radio, climate and even navigation systems. While this isn't a standard (yet), consumers should expect to talk to their cars a lot more in the future.



Lane-Keeping Assist

The lane-monitoring safety feature has been popping up on more car models each year. Best used on highways, this technology uses road markings to detect if a driver is drifting into a new lane without a turn signal. Then, depending on the car make and model, the driver will be alerted with a chime, flashing light or vibration. Some systems will even step in with corrective steering or braking. More complex systems use a hands-free lane-keeping system that can even slow and stop with the flow of traffic.



Blind-Spot Monitoring

Paired with lane-keeping assist, blind-spot monitoring can make traveling traffic-heavy highways and major roads much safer. The systems use sensors to detect when there is a car in your blind spot and then alert

you with a visual or audible warning. Some more advanced systems take it even further, showing what's in your blind spot using camera footage.

Pedestrian Detection

This system uses a camera and radar to “see” pedestrians a driver may miss. More advanced systems use infrared technology to detect the heat produced by humans and animals to prevent collisions.

Backup Camera

Rearview cameras are now standard on all American market vehicles. This feature allows drivers to see live footage on the dashboard of what's behind their car, making it easier to navigate parking lots, pulling out of driveways and other situations where it's easy to accidentally hit something (or someone).

Rear Cross-Traffic Alert/Warning

Supplementing the backup camera, this system uses radar to look to the left, right and behind the vehicle as it backs out of a parking space. This is especially handy when you find yourself sandwiched between two large SUVs in a parking lot.

Headlight Improvements

Even this basic component has become more sophisticated. Manufacturers are adding features that turn the lights slightly when taking a turn or stay level when driving up and down a hill. Some cars even have headlights that automatically shut off or dim to prevent blinding oncoming drivers.



INNOVATIONS TO WATCH



There are exciting developments in car technology afoot. And though it may seem impossible to keep up with the rapid pace at which the latest advances are moving, you'll want to keep an eye on these.

Self-Driving Cars

Driverless vehicles are being perfected as we speak. Like cruise control and self-parking, it is only a matter of time before this new autonomous technology becomes more commonplace. However, it may take some time to gain drivers' confidence. Just 14% of drivers would trust riding in a self-driving vehicle, according to the [AAA annual automated vehicle survey](#); the rest were either afraid or unsure.

The challenge of developing a driverless car is ensuring that it can navigate the hazards we encounter everyday such as traffic circles, oncoming cars, congested streets and pedestrian traffic. With advances in machine learning, computers are now able to learn without being expressly programmed to respond, which is essential as driverless cars will encounter situations they may not have been exposed to during simulation or testing. The intricate process of developing computers that guide driverless cars involves massive amounts of data, simulation and testing.

One of the goals of having self-driving cars is to ultimately make roads safer. With the element of human distraction and decision-making out of the way, some anticipate an overall decrease in accidents in the long term.



Biometrics

If you ever used a fingerprint scan to access your smartphone, you have relied on biometric data. Broadly, biometrics refers to the data about your human characteristics and includes things like face recognition and retina detection. For many years, it has been used for security purposes, but it also has applications in your vehicle.

Unlocking your car with a fingerprint can help guard against auto theft. If your car is equipped with biometric features, your vehicle may also adjust to your preferences (seat location, dashboard display, etc.), which is particularly useful if you share a car.

Beyond identification, biometrics can be used to monitor drivers. Cars are being developed that can detect your heart rate, breathing and movement patterns to indicate when you may be too drowsy to drive. Traditionally, vehicles that detect drowsiness rely on information about the car's own movements – such as lane deviation to indicate a driver may be too tired to operate it safely.

With features becoming more advanced, insurance companies may give discounts for safety features based on biometric data. Insurance is based on assigned risk, and any step you can take to protect your vehicle decreases the likelihood it will be stolen.



Hybrid and Electric Options

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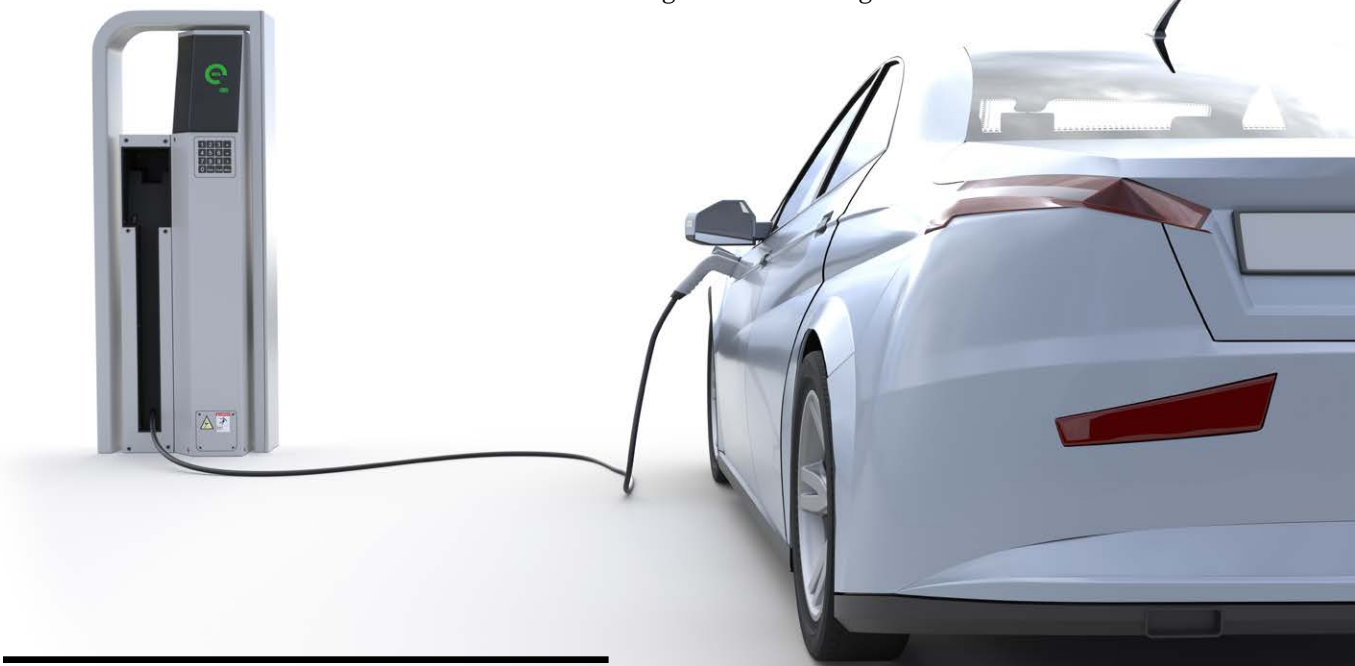
technology continues to improve and the need for cleaner energy continues to grow, electric and hybrid vehicles are becoming more sought after and more accessible. These cars are not one-size-fits-all. From the way they are powered to how far they can travel and how much they cost, there are some important aspects to sort through.

Battery Electric Vehicles

Battery electric vehicles are cars powered by internal batteries charged by plugging into an outlet. Unlike hybrids, BEVs do not have a gas engine and rely exclusively on electricity to run. The lack of an engine means that BEVs do not produce any emissions that traditional gas-powered vehicles do. (There are some emissions created by charging these cars.)

Fuel Cell Electric Vehicles

The least common type of electric vehicle, [fuel cell electric vehicles](#) are powered by electricity – but not from a battery. Instead, they are equipped with tanks filled with hydrogen. The car’s fuel cell combines this hydrogen with oxygen to produce electricity to power the motor. Hydrogen-powered cars are still an emerging technology, but their potential – 400-plus miles of range, a refueling time of less than five minutes – means you’re likely to see them become more available in the near future as the refueling infrastructure grows.



The cost of electric vehicles

Electric vehicles are generally more expensive than similar, gas-powered cars. Of all the types of electric vehicles, conventional hybrids are usually the least expensive. As you move into fully electric cars, the price goes up. You'll be hard-pressed to find one below \$30,000, while a luxury model can easily reach into six figures.

Other savings brought in from electric vehicles offset some of these costs. The most notable savings come at the pump. A study by [Consumer Reports](#) found that fuel savings can reach \$4,700 or more during the first seven years of owning an electric vehicle. The total ownership savings over a similar gasoline-only car, including repair and maintenance costs, ranges from \$6,000 to \$10,000.

\$4,700

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CONSUMER REPORTS

Electric vehicles are also eligible for tax credits. The [federal government](#) awards credits between \$2,500 and \$7,500 for the purchase of qualified electric cars.

Charging EVs

Conventional hybrids do not need any external charging. They are powered by converting the

The lack of an engine means that BEVs do not produce any emissions that traditional gas-powered vehicles do.

vehicle's own energy. Plug-in hybrids and battery electric vehicles need to be connected to an outside power source. Most owners will charge their cars at home. All electric vehicles can be plugged into a standard outlet. The only drawback to this method is the time it takes to recharge; usually eight or more hours. You can leave your car plugged in at night and be ready to go in the morning. But those who want to upgrade can install a wall-mounted charger in their home. This device delivers twice the voltage and cuts charging time in half.

The other popular option is using [public charging stations](#). Though not as common as traditional fuel-pumping stations, the number of charging locations continues to grow. There are approximately [25,000 electric vehicle charging stations in the U.S.](#), totaling roughly 80,000 charging outlets. Cost for the use of these outlets varies depending on the operator and are sometimes free.

If you're traveling a long distance, it's always a good idea to plan out your route according to where you know you can get a charge. Motorists can find electric car charging stations with the free AAA Mobile app for iPhone and Android. The app can also be used to map a route, find discounts, book a hotel and access AAA Roadside Assistance.



Buying First Cars for Teen Drivers

What makes for an ideal – and safe – starter vehicle for your teen? Start with these tips.



Safety First

Safety is a top priority, especially for new drivers. According to the [AAA Foundation for Traffic Safety](#), teenagers are three times as likely as adults to get into a deadly crash while driving.

Taking over granddad's car may seem like a good idea but if it is older, it may lack the some

of the newer safety systems, such as advanced airbags and backup cameras.

A good place to start your research is the [National Highway Traffic Safety Administration](#) or the [Insurance Institute for Highway Safety](#), where you can view crash test ratings, learn about safety features and more.



Size Matters

There are cars with room for anywhere from two people all the way up to a small army of teenagers. Think like Goldilocks and avoid those two extremes. Instead, go for the just-right option in the middle – you want plenty of protection in case of a fender bender.

Say No to Performance

There isn't a teenager out there who hasn't dreamed of having a shiny red sports car in their driveway on the day they turn 16. High-horsepower sports cars are fun but aren't a good idea for those who are still learning to drive. Let your kids keep dreaming about that fancy sports car and buy them something they can easily handle instead.

Think Long Term

Although you may be buying your child's first car in high school, there's a good chance it won't be replaced until after college. It's important to get a car that will last through all those years. Consider a car with extra room for hauling stuff back and forth to college and apartments. Hatchbacks are great at doing double duty, with plenty of seating for passengers and a versatile cargo area.

Go With Good Fuel Economy

Your child will likely go from broke high schooler to broke college student, so every penny matters. Buying a first car with good fuel economy ensures they'll be able to keep it fueled up and ready to go throughout their college years.

Don't Forget Tech

Technology is generally a good thing, but it's also a major cause of distracted driving. As a parent, how do you make sure your child is using in-car technology safely?

Features like Apple CarPlay and Android Auto seamlessly integrate smartphones with in-dash systems and reduce the temptation to pick up the phone, but have also [proved to be distracting](#). Automakers are helping by adding teen driver systems that keep the radio's noise level down, encourage seatbelt fastening and more. The systems also provide parenting-assistance options, so parents can coach their kids toward better driving habits.

If you are in the market for a new car, keep in mind that it may be your kid's car in a few years. Spring for the extra tech; however, when teaching your teen to drive, turn off some of the advanced driver assistance systems, so they can learn without becoming too reliant on them.



High-horsepower sports cars are fun
but aren't a good idea for those who are still learning to drive.



Test Drive Tips

IF you plan to buy a vehicle, a proper test drive is important. The typical 20- to 30-minute test drive doesn't offer a ton of opportunity to gauge if a vehicle is right for you, but you can use it wisely.

HERE'S WHAT [AAA'S CAR DOCTOR JOHN PAUL](#) RECOMMENDS.

Successful test drives start at home. Identify what you want in a vehicle vs. what you need. A Ferrari might look fantastic, but it's probably not the best choice for a family of four with two dogs.

A salesperson may recommend a route aimed at keeping you on freshly paved roads or in low-traffic areas. Ask to chart your own course that suits your driving habits. Drivers who merge into heavy highway traffic every morning probably should know how it would feel to do that.

Pay attention to how easy it is to get in and out of the vehicle. Minor difficulties on a test drive could become serious nuisances over time,

especially if you're in and out of your car a lot.

Most drivers develop go-to spots for wallets, cellphones and sunglasses. Re-enact your routine to see if a vehicle has good spots for your stuff. See if you're comfortable with the controls. All new cars come with a learning curve but being intimidated by a large touch screen might be a sign the fully loaded model isn't a good fit.

Speaking of touch screens, test drive the tech as much as the car. Try out the backup camera, see how responsive the lane-assist technology is and play with all the other buttons, gadgets and features your new car may come with. Are you impressed that your car has the potential to park

itself? Try it out.

Adjust the driver's seat as if you had backseat passengers, then judge if it's comfortable. This is also a good way to see if a vehicle has any blind spots or may be difficult to drive in reverse.

If you have children, think about how difficult it might be to install their car seats and how challenging it might be to get them in and out of the vehicle.

Don't fixate on cup holders. You may like to have your morning coffee within reach, but a conveniently located receptacle doesn't make up for other shortfalls.

Drive the car at night, if possible. Some headlights are better than others.



Insurance



Get a quote or
speak to an agent
about car insurance
through AAA.

Answers to Your Insurance Questions When Buying a New Car

JODI DESANTIS, managing director of insurance sales for AAA Northeast, and a few of her agents help answer important questions you may have about insurance when buying a new car. So, when you find a great deal on a car you love, you can drive away with peace of mind.

Is there a difference when buying insurance for a new car vs. a used car?

Lenders can request specific coverages that could increase the cost of insurance. For example, auto loan companies require a vehicle to carry collision and comprehensive coverage.

Depending on your budget, buying used gives you some flexibility in regard to coverage, enabling you to have a bit more

control over your premium as opposed to buying new. This decision becomes especially important if you have a teen driver on your policy that may drive up insurance costs. Teens are statistically [the riskiest drivers on the road](#).

How about when leasing a car?

When leasing a vehicle, be sure to consider loan/lease, also known as guaranteed asset protection or GAP coverage, as this provides an additional cushion in the event the vehicle is totaled. This coverage would pay the difference between the actual cash value of your vehicle and the unpaid balance on your loan or lease in a covered total loss scenario.

Keep in mind that leased vehicles are owned by the leasing company and they will want certain needs met for insurance coverage, such as requiring a higher limit of liability coverage.

How can you prepare for the dealership?

When buying a vehicle from a dealership, be sure you have either already spoken to your insurance company to let them know you may be purchasing a new car soon or have your agent's phone number on hand.

Once you have a vehicle picked out, the next step will be getting that vehicle added to your insurance policy so that the finance company will have the info they need to complete the loan.

Having your insurance information on hand at the dealership will make for a much more seamless transaction while completing your new vehicle purchase.

Learn how much you can save when purchasing a new or used car through the AAA Auto Buying Program.

Do you need to update your insurance before you can drive off the lot?

Yes! This should be done before leaving with your new vehicle. You may also want to consider obtaining a rough quote from your agent prior to making your buying decision. This will allow you to balance your budget accordingly if your insurance premiums increase due to this purchase.

Is the insurance rate higher for a new car?

Not necessarily. There are so many different factors that are taken into consideration when rating a vehicle. Manufacturer's Suggested Retail Price and safety features such as airbags, anti-lock brakes and lane departure warnings are just a few examples of how the insurance rate is impacted. Other factors such as the town the vehicle will be garaged in, driving record and annual mileage can impact the premium as well.



Insurance Discounts

Always ask your agent if there are any discounts available to you that you're not currently taking advantage of. Depending on the state you live in and your insurance carrier, you may be eligible for savings, such as:

- **Discount for bundling home and auto insurance policies.**
- **Payment plan discounts for paying in full or switching to automatic monthly deductions.**
- **Multi-vehicle discount.**
- **Veteran discount.**
- **Auto club discount.**
- **Good driver discount.**
- **Good student discount.**
- **Rate reductions for safety features on your car.**
- **In some states, completing a [defensive driving course](#) could also help lower your rate and/or reduce points from your driving record.**

Make sure you're not missing out on these savings!



Understanding a Car Insurance Policy

THE BASICS

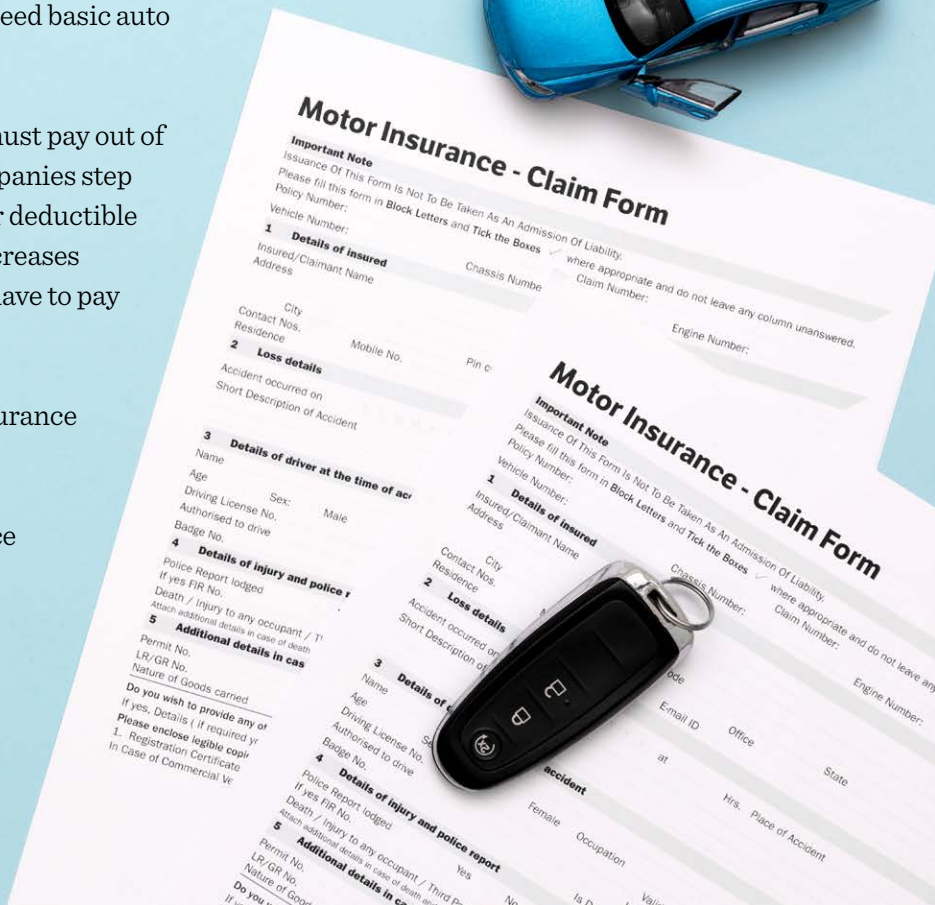
Every car insurance policy includes limits and deductibles.

Limits are the extent to which a policy protects a driver. Limits are often expressed in the following manner: A/B/C. “A” is the limit of what an insurance company will pay for bodily injury to a single person if a driver is at fault in an accident. “B” equals the total amount an insurance company will pay, per accident, for bodily injury if a driver is at fault. “C” is the total amount an insurance company will pay for property damage, such as damage to another motorist’s vehicle, if a driver is at fault. Some drivers will purchase [umbrella coverage](#) to safeguard themselves against claims that exceed basic auto insurance limits.

Deductibles are amounts drivers must pay out of pocket before their insurance companies step in. Accepting a policy with a higher deductible can often lower premiums as it decreases what an insurance company may have to pay following an accident.

The term is the period your car insurance policy is in effect.

A claim is a request for an insurance company to issue payment per the terms of your car insurance policy.



TYPES OF COVERAGE

Liability protection is the foundation of an auto insurance policy. It protects drivers against damage they inflict upon other people or property. Nearly every state mandates drivers to have a minimum level of liability protection.

Uninsured or underinsured motorist coverage

is designed to protect you from drivers who don't have insurance or when the damages to you or your property exceed the limits of their insurance. This coverage is optional coverage in some states and mandatory in others.

Personal injury protection is a requirement in some states. It covers medical bills and may cover other costs for drivers and their passengers after an accident regardless of whether they were at fault.

Collision coverage protects your vehicle should it strike another object like a wall, tree or vehicle. It's optional under state law but is often a requirement for anyone financing a vehicle purchase. Lenders require coverage as a way of protecting their investment. If a borrower defaults on an auto loan, the lender needs the vehicle to recoup its investment and a vehicle in bad shape isn't worth as much. Some drivers who carry collision coverage consider dropping it when the cost of the protection exceeds the value of their vehicles.

Comprehensive coverage, optional under state law but often a requirement for drivers who've financed vehicle purchases. This covers just

PREMIUMS

Premiums are what drivers pay for a car insurance policy. A variety of factors affect premiums, including the following.

Your car: The more expensive your car, generally the more expensive your repairs and insurance rates.

Your driving habits: The more you drive, the higher your chance of being in a crash, and greater risk typically means higher premiums.

Where you live: People who live in urban areas usually have higher premiums because of the higher risk of accidents, theft and vandalism.

Your driving record: Someone who has been in multiple accidents or has multiple moving violations is a statistically greater risk than someone with a clean driving record. Premiums follow accordingly.

Your coverage: Accepting a higher deductible can lower your premium because it decreases what your insurance company could be forced to pay. Having higher limits or optional coverage, like collision, on the other hand, can increase what an insurance company may have to pay, which can mean higher premiums.

Credit rating: California, Hawaii and Massachusetts are the only states where insurance companies cannot use drivers' credit ratings to influence auto insurance premiums.

10 Things Your Auto Insurance Agent Wants to Know About You

When you [request a car insurance quote](#), the insurance agent will ask you many questions. Some questions can seem invasive, but they are a normal part of the process and are needed to provide you with the best coverage and rate. Make things easier by preparing to provide the following details.

Where do you live?

When insurance companies determine the cost to insure a particular vehicle, they consider the state in which it is registered as well as the ZIP code. City residents generally pay more for their insurance than those who live in rural areas, and suburban residents fall somewhere in between. This is because you are more likely to encounter an accident in high traffic areas and are at an increased risk for theft and vandalism.

Instead of simply assigning greater risk to residents of metropolitan areas, auto insurers look at the car insurance claims in your ZIP code and surrounding areas. The claims rates can vary greatly in neighboring towns, which means you could pay more for your insurance than someone who lives right down the road.



Do you own your home?

Homeownership may seem completely unrelated to auto insurance, but you will be asked if you rent or own the place where you live. Viewed as an indicator of stability, ownership may mean that you will pay less than a renter. If you currently rent, make sure to notify your insurance company if you eventually purchase a home.

Are you interested in bundling your home and auto insurance?

Companies that offer home and auto insurance will usually offer you a discounted rate when you bundle policies. If you own a home, this is a great way to save additional money.

What vehicle are you insuring?

Provide details about the make, model and year of the car you are insuring. If you proceed with securing coverage, you will need to provide the vehicle identification number as well. Insurance companies will factor in the cost of the vehicle and its parts, safety ratings and price when determining your premium. Cars that have safety features such as parking assistance, rearview cameras and stability control reduce the chance of accidents.

Does your car have GPS or other location-tracking technology?

Vehicles that have GPS or other location-tracking technology are lower to insure, as



If your car is leased or financed, the lending institution will require you to have comprehensive and collision coverage on top of liability insurance.

there is a greater chance that they will be recovered [if stolen](#). Tracking systems can pinpoint your vehicle and often track it in real time, providing valuable information that can be used by police to retrieve it. If you have signed up for a vehicle tracking service, make sure to inform your auto insurance provider.

Do you own or finance your car?

If your car is leased or financed, the lending institution will require you to have comprehensive and collision coverage on top of liability insurance. Drivers who own their

car outright have the option to purchase more coverage but are not required to do anything more than state law mandates.

What is the car's primary use?

Certain types of driving such as daily commutes to work or school put your car at greater risk for accidents. Explain whether you will be using your car primarily for recreation such as weekend drives and trips to the beach, business, or for getting to and from work.

Who lives in your household?

Auto insurance policies typically cover individuals who live in the same household with permission to drive the insured car. If you live with [teen drivers](#), this will also be factored into your premium, as they are considered riskier to insure.

How is your driving record?

Your past driving activity is a good predictor of the risk you pose as a driver. Insurance companies will want to see your motor vehicle

Insurance companies will want to see your motor vehicle report so that they can determine your level of risk.

report so that they can determine your level of risk. The more instances of accidents and violations you have, the higher you can expect to pay for future insurance. Depending on the state where you live, you can take the [AAA Defensive Driving Course](#) to reduce points from your license and may qualify for an auto insurance discount.

What coverage are you seeking?

This question is likely one of the most important for you as a driver. Discuss liability, collision and comprehensive coverage as well as any specific needs you may have so that you secure the best protection for you and your vehicle. [Find out about roadside assistance](#) as well, so you are prepared during an emergency.

Why You Should Consider Financing Outside of the Dealership

NO one wants to drive away from the car dealership with a sense that they are overpaying. Fortunately, that sinking feeling can be avoided by shopping for financing ahead of time.

“In my mind, there are two completely separate transactions that take place when you buy a car,” said Shaun McGee, vice president of Financial Services for AAA Northeast. “One is negotiating the price of the car and the second is negotiating the financing of that purchase.”

While many buyers spend hours researching makes, features and even colors they want in a car, they rarely shop for new car financing, despite how important it is.

When it comes to new car financing, you have two options:

Direct Lending

This is when you borrow money directly from a bank, credit union or finance company and use that loan to pay for the car. This allows you to comparison shop to find the best deals and to know the credit terms – like annual percentage rate, length of term and maximum amount – before you get to the dealership.

Some financial institutions, like AAA, can offer you both an auto loan and all the ancillary products like an extended warranty,



Financing

debt protection and other coverages at a significantly lower price than a dealership (which typically makes its money of the sale of these products).

For example, on the average car, AAA can help a buyer [secure key fob replacement](#), [tire and wheel protection](#) and dent and ding protection for less than the price of replacing a single key fob, McGee said. And unlike a mortgage application, applying for an auto loan is a fast and easy process that takes only a few minutes, he added.

Dealership Financing

Another option is to apply for financing through the dealership. While it can be convenient to do the car buying and financing

all in one shot, you may not be given any financing options choose from, and you could get stuck paying a higher interest rate than if you shopped for financing on your own.

After You Sign

Just because you agreed to terms does not mean you are out of options. New car buyers always have the option to [refinance](#) – there is no law that says you cannot refinance an auto loan within the first 90 days. Refinancing a car can help you secure a lower interest rate on your loan, reduce your monthly payments and more.

To learn how to apply for new car financing, go to [AAA.com/AutoLoans](https://www.aaa.com/AutoLoans).

FINANCING MADE EASY

Aside from choosing your next car, figuring out how to pay for it is the biggest decision in this process. And if you opt to finance through a dealer, you could be spending hours in the office coming to an agreement, all for a loan that may not be the best you can secure.

[Learn about financing your car through AAA](#) and see how much you can save when purchasing a new or used car through the [AAA Auto Buying Program](#).



How to Negotiate a New Car Price or Lease

Whether you've negotiated successfully in the past or never mastered the process, these tips can help you to avoid the sinking feeling that you overpaid.

Research New Car Prices to Determine a Fair Opening Bid

Most car shoppers dread haggling with a salesperson, but the negotiation process is less stressful when you begin on solid footing, which is an informed idea of what you can expect to pay. Research prices before you speak with a dealer so that you can arrive at a fair value for your preferred vehicle. Brand websites allow you to build the exact model you want and see the manufacturer's suggested retail price.

Also known as the sticker price, the MSRP will be displayed on the dealer lot or advertised, and it is the price to which the dealer will try to stay closest to. Watch out for additional dealer markups. Due to the demand of popular vehicles, some dealers tack on thousands of extra dollars.

Car buyers should have a lower opening bid informed by online tools – like the



[AAA Auto Buying Program website](#) – that show the average range of what other buyers have paid for a specific model. The ideal opening bid is on the low end of that spectrum. Due to the way manufacturers structure dealer discounts and incentives, it's difficult to determine the exact invoice price, but the rough figure helps you to understand how much a dealer will profit from your purchase. Let the salesperson know that you have arrived at a fair price after thorough research, and always steer the conversation away from the MSRP.

Even if you plan to lease a new car, begin with this step. The full price of a leased car is

known as cap cost, short for capitalized cost, and it will appear on your contract. Dealers often try to steer discussions toward monthly lease payments, often lowering them by extending the length of the lease, but a low cap cost is a better way to lower your monthly payment.

Request Multiple Quotes

Gathering competitive bids also gives you some leverage. For those who are particularly stressed about how to negotiate a new car price, a car buying service will do the legwork in exchange for a flat fee or percentage of your purchase or lease. Otherwise, contact multiple dealers so that you can compare quotes and use these to possibly secure an even lower price.

Most manufacturer websites incorporate tools that allow you to compare prices within a certain geographic radius. Depending on how far you are willing to travel, or how much delivery will cost, extend your search beyond the local area. Take your lowest quote to other dealers and see if they will beat it, shopping around until you feel comfortable with the deal.

Take Advantage of Manufacturer Incentives

While you want to avoid paying the retail price listed on manufacturer websites, look there for any incentives that can be applied to your new car deal. Since special offers are determined by location, you will need to provide your ZIP code to see a list of incentives that apply to purchases and leases. The most common

incentives are rebates, finance offers and special programs that often are available for recent graduates and veterans.

Discuss Trade-In Value and Monthly Payments Later in the Process

Have you ever tried to negotiate a new car price only to be asked what your ideal monthly payment would be? Perhaps the most challenging part of negotiations is keeping the conversation on track. Dealers want to stay as close to the MSRP as possible, so salespeople will often steer the discussion away from price toward monthly payments and trade-in values. They can meet your ideal payment in several ways that won't benefit you including extending the length of a loan or lease. Since cars depreciate quickly and interest adds up, you'll wind up owing quite a lot more than the car is worth.

The time to discuss trade-in value and monthly payments is after you've agreed to price. As with the fair price you researched for your new car, come prepared with the value of your trade-in. Use a reputable online tool to determine the amount you can expect to receive based on the make, model, age, and condition of your car.

Even after following these tips, it can be hard to know when to accept a deal. Certainly, if a dealer can't come reasonably near your price, it's time to move on. The same holds true for pressuring tactics. However, if you receive a good offer from a reputable dealer, have the confidence to stop negotiating and move on to the enjoyment of your new vehicle.

Pre-Qualifying for an Auto Loan

Coming prepared with a preapproval will make the car-buying process smoother.

What does it mean to pre-qualify for an auto loan?

The process of getting an auto loan starts by proving to a lender that you're a good candidate. When you pre-qualify, the lender looks at basic information on your financial profile and uses that to determine whether to grant you a loan. It's the first step in the process of securing a loan and driving away in a new car.

Why pre-qualify for an auto loan before you shop?

When you pre-qualify for an auto loan it gives you the assurance that you'll be able to get the loan you need when you find the perfect car. This makes budgeting easier and avoids disappointment.

Pre-qualifying also lets the dealership know you're serious about buying a car. They want to work with people who are planning on going



home with a new car, not with people who can't get a loan or who have no real intention of buying. Walking in pre-qualified gives you credibility with the dealership, so you can be assured of their attention.

Lastly, you'll often get a better deal when you pre-qualify for an auto loan on your own rather than working through the dealership. Spending the time to research the terms at various lenders gives you the best chance for getting a lower interest rate, which will save you money over the life of the loan.

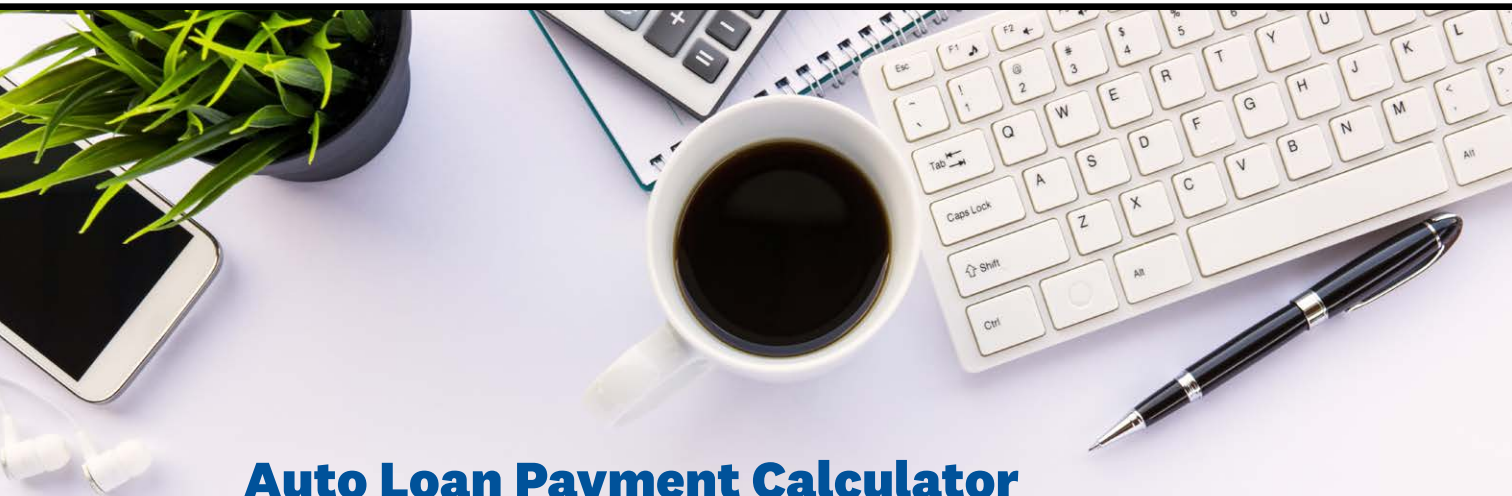
How do I pre-qualify for an auto loan?

You can apply online, over the phone or in person at AAA. [Learn about](#) AAA's auto loan services.

Check Your Credit Report

You should check your credit report annually, but this is especially important when it comes time to pre-qualify for an auto loan. Your credit report will show any loans you have, from a mortgage to a credit card, and includes information on current balances and your payment histories. It also shows loans you have paid in full. If anything is incorrect, you should get the information corrected before you attempt to pre-qualify. You don't want incorrect negative information hurting your chances.

If someone is co-signing your auto loan, have them check their credit information as well. You both need accurate credit reports to ensure you get the best terms possible.



Auto Loan Payment Calculator

Whether you are a first-time loan shopper or looking to refinance, use an auto loan payment calculator like this one to get an estimate of what your monthly loan payments will be. Simply plug in the amount of the loan you're looking for, interest rate and term length.

▶ [START CALCULATING](#)

Helpful AAA Resources

CLICK TO LEARN MORE

- **Protect your new ride with AAA Insurance**
- **Finance your car through AAA**
- **Save on a new or used car with the AAA Auto Buying Program**
- **Request roadside assistance 24/7**
- **Get trusted car care at a AAA Approved Auto Repair facility**

