

RECESSION-SPAWNED DEALS ON CARS: TOO GOOD TO BE TRUE?

AND -- CAR-SHOPPING TIPS

Early Show financial contributor Vera Gibbons addressed both topics on the show on Tuesday, March 17, 2009:

1-Is now a good time to buy?

There has never been a better time to buy a car. It sounds like a cliché, but in this economy, it's really true. Sales have hit historic low prices, the **LOWEST IN 30 YEARS!** Hundreds of dealers closed doors. Those that are still around are overflowing with inventory that they are dying to get rid of. This means that customers are in the driver seat. There are deep discounts on almost every type of car. The average incentive program is worth around \$3,000! Some incentive programs are worth about \$10,000. In fact, some new cars are actually selling at used car prices, with an average of \$7,000-\$12,000

2-Is buying a used car online a good idea and can you save any money?

There is no denying that online prices are good. In fact, you could save up to \$1500 in transaction costs by buying online. On ebay, specifically, which is one of the biggest sources for used cars, cars are selling at near wholesale prices. (source: Edmunds.com)

BUT PLEASE NOTE: You should make sure the dealer has a solid rep, check the car's history. You can do this either by filing your own carfax report, or asking your dealer to do it for you. Have a mechanic take a look at it and get it inspected. If the car is repossessed this is really important, as the car could be damaged.

3-Two For One Deals on Cars-are they too good to be true?

More dealers are doing this around the country, as they are anxious to clear their inventory. The car dealer will owe money to the manufacturer if a car just sits on their lot, like collecting interest on a bank loan. So they need to move cars to stay in business. These two for one deals get people talking, they get attention, and they get customers in the show room.

HOWEVER, there most likely IS a catch. If you do this you are not only paying full sticker price on the first car, truck or SUV, but you are giving up valuable incentives on the and rebates to do it. You really need to pay attention and run the numbers here. Do a cost analysis to make sure the deal is worth it.

4-Employee pricing plans-how does this work and how much can you save?

This is now offered by companies like Chrysler. In addition to the employee pricing they are offering 0% financing for 36 months, plus cash back on various models. This is unusual because you usually get one OR the other: Cash back OR special financing. Just be careful: they may be selling you a car at a great price, but they maybe trying to sell you hidden extras with that. Is there an extended warranty? Dealers are counting on you looking at these extras and saying, what the hey, I got a great deal.

5-What's the best way to get a great deal in this market?

The **BEST** buyer for a car right now is an attractive buyer. You will be in a better negotiating position if you've got the cash. Or if you have financing, make sure you are pre approved. Another great way to be a smart buyer? Be an **EDUCATED** buyer. Do your research. Know what you want. Know what the incentives are on the cars **BEFORE** you set foot in a dealer's front door-such as rebates, cash back, low interest loans.

SHOP AROUND. Edmunds.com found that if you take time to do your homework you could save an additional \$8,000.