

Brought to You by Your Credit Union

target price right away, take the best offer from that dealership and get another bid or two at other locations. Then take the offer closest to your target.

### On the price is set

Don't even mention that you have a potential trade-in until the price is set, especially if your car is in good condition and the same make as the new one you are buying. If that's the case it's potentially a good used car for the dealer to sell—now check to see what the dealer would offer. You already know what the average trade-in value is and what it's worth in a sale elsewhere. Check, too, on dealer financing deals that may have lower rates than your already-approved loan. But most such deals come as an either-or choice with cash rebates. So it often can make more sense to take the rebate and keep the financing you have.

### If you hate all this ...

Consider no-haggle dealerships. For example, all Saturn dealers and some dealers for other brands have fixed prices. Because of the lack of negotiations and a focus on courteous handling of customers, these dealerships consistently rank high in customer satisfaction surveys. Prices will be the same at all Saturn dealerships. But if you're considering a so-called no-haggle dealership for other brands, do your research just as for any conventional dealership so you can tell if the fixed price is a reasonable deal—not more than 3% over the invoice price for most brands (a bit more than a reasonably good negotiator would pay at a conventional dealership). Do your research in advance, and if the price looks good you

avoid the negotiating hassles.

Another option would be to use your buyer's agent or car broker. Car brokers are individuals or businesses that can help you by finding the right vehicle at the right price. You tell them what you want and they scour the area, looking for that exact car, then negotiate a great price with the dealer.

"A buying agent should have no conflict of interest, and should represent exclusively the consumer," says Linda Goldstein, president of CarQ, a national buying agency that charges a set fee to find a vehicle, and accepts no payment from car dealers.

One of the best places to find a car broker is your credit union, which may have established relations with car buyers.

Add your credit union name here

# Get a New Car At Your Price



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For many consumers, buying a new car is no fun at all—especially since it’s a game you have to play on the opponent’s home court. A dealer’s sales and its sales people negotiate prices hundreds of times a month, while you do it only once every few years.

But you can even the odds before you ever get to the dealership. Keep the transaction simple; explore financing and selling your old car ahead of time. Know what the dealer paid for the car you want and what rebates or other incentives are being offered; you can find all that on the Internet. Once you are ready to shop, know what maneuvers to expect from the sales people and how you will counter them.

### Keep it simple

If you keep financing and trade-in out of the dealership discussion, you can focus solely on negotiating the price of your new car. Get financing approved in advance from your credit union. Research what your old car is worth and—if it’s four years old or less and in good condition—get a bid on it from the used-car department of a dealer where you don’t plan to shop and think about selling it there.

In any case, you can discover the approximate value of your car on Web sites like Kelley Blue Book, *kbb.com*, which lets you adjust for your location and the condition of your car. The Web site will give you both trade-in value and what you are likely to get if you sell it yourself with an ad in the newspaper or on the Internet. By selling it yourself, you probably can get at least 20% more than if you trade it in.

### Know crucial price information

Car shoppers who get the best deals start by knowing the dealer’s cost for the car they want and negotiating from there. Web sites like *Edmunds.com* and *caroil.com* will give you the dealer’s cost for the car you want, known as dealer’s invoice price. In calculating this number, remember to add in any optional equipment you’re likely to want. Find out, also on these Web sites, what rebates and other incentives are offered on the car. If there is, say, a \$1,500 consumer rebate on the model you want, you get that amount regardless of what price you negotiate.

Dealer incentives are paid to dealers by manufacturers to move a certain model; frequently you can negotiate for a portion of that amount. (Keep a folder with printouts of all this information in case a salesman should challenge your assertions about invoice price or incentives—a frequent tactic.) Then set your target price. Not counting rebates, aim to pay no more than 2% over the invoice price for high-volume models like Toyota Camry, Ford Explorer, or Honda Civic. On a vehicle with a \$20,000 invoice price, for example, \$400 would be 2% more.

You can check if your target is reasonable by looking at the “True Market Value” price on *Edmunds.com*. This is the current average selling

price for a given model, though that price doesn’t include many popular options. In addition to your actual target, figure out where your final bidding is in order to give a little ground to the dealership in negotiating and still hit your target.

### When you go to the dealership

Stay in control of the negotiations. Dealers train their sales people to steer conversations with customers a certain way. Work instead to keep the focus where you want it. Establish right away that you are a potentially serious buyer, not just shopping.

Say something like: “I plan to buy a Chevrolet Malibu in the next two weeks and will buy where I get the best price. Let’s talk about it.” Politely avoid small talk about what you do and where you live—this is part of the financial “qualifying” profile the sales person is trained to check out.

Keep the conversation about the invoice price—not about the manufacturer’s suggested retail price (MSRP) or list price. The sales person may say something like: “Because we need to move this model, we can knock \$1,000 off MSRP.” Since you have done your homework, you can counter with something like: “That’s still \$800 over invoice price—that’s more than I’m willing to pay.” If your target price is really \$300 over the invoice number, then start out, say, bidding \$100 above the invoice price.

At this point, the sales person may say he or she needs to get a manager’s approval to offer a better deal. Don’t play the waiting game—old-school dealerships may try to keep you waiting for a half hour or more. This is mostly a tactic to wear you down. Politely make plain that you won’t be waiting more than a few minutes. Unless you get a bid for your

