Weighing Things Out: Know when to Buy or Lease a Vehicle by Erwin Calverley

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If youâ€™re like most people who canâ€™t afford to pay for an entire vehicle cost in one go, then youâ€™re probably weighing your options whether to buy or to lease. Both have advantages and disadvantages that you will need to consider. The best thing to do is to determine which one is more suited to your current financial capabilities. Below are the advantages and disadvantages of each.

Buying

The biggest benefit of buying a car is you will own it once youâ€™re fully paid. The car will be yours to sell if you choose, and you wonâ€™t be locked to any type of fixed or co-ownership legalities with the vehicle. In terms of insurance policies, the limits that insurance companies usually impose are comparatively lower in buying than in leasing.

The most noticeable drawback in buying a car is the higher cost: Down payment, monthly payments and interest rates are bigger than in leasing. Depreciation could also be a problem, especially if youâ€™re planning on selling the car if you are unable to maintain regular payments. You could end up in a situation where the value of reselling the car is lower than what you owe the bank or the car dealer.

Leasing

Car leases offered by Indianapolis auto dealers often require little or no down payment, monthly payments are lower, and you get to own a brand new car every couple of years. Because you are only paying for the car within a fixed number of months (usually 36-48 months), you only pay for the use of the vehicle during that period. You may also drive a vehicle that is well above your means were you to buy such as luxury cars or sports utility vehicles. Leasing makes it possible to take one home.

With leasing, your monthly car payments will see no end. You will also have mileage restrictions; most Indianapolis auto dealers allow you only 15,000 miles a year. Once you go beyond your allotted miles, you will have to pay extra. In the long run, car leases could end up more expensive than buying the vehicle.

In the end, it is all about what suits your resources and lifestyle most. You cannot just make a decision on a whim. After all, a great deal of money is involved either way. If you want to learn more details Indianapolis auto sales or leasing procedures, investopedia.com/articles/pf/05/042105.asp#axzz1mz1VSC2V may be able to help you.

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