



To Buy or to Lease?

The decision to lease or buy will always depend on your personal circumstances. If your objective is one day to be rid of pesky little car payments and you actually want to take ownership, buying a car may be the best option. If, however, your goal is to drive a new set of wheels every two years and minimize your monthly costs, leasing a car may be a good alternative.

About 80% of auto consumers either pay cash or finance their purchase with a loan. The other one-fifth of intrepid consumers are willing to forgo ownership for a new set of wheels and the short-term benefits that leasing provides.

Maybe you're self-employed and can write off your leasing payment as a business expense. Or maybe you're trying to get into a luxury model for less upfront cash. Or maybe you demand the latest safety and technology innovations and don't want to be saddled with a 72-month loan term. Or maybe you just like driving a new car every couple of years.

For many leasing consumers, the monthly payment is the carrot. When interest rates are low, lease payments may be close to payments for buying a car outright. When interest rates go up, leasing becomes more attractive. But even tossing out interest rates, the reliability and quality of new cars can make leasing appealing. It often comes down to residual values, or the worth of a car after-several years of ownership.

Lower Payments and higher interest rates aren't the only reasons to lease, because leasing also offers purchasing flexibility. Lessees don't have to worry about owning a depreciating asset or dealing with hefty repair bills. At the end of the lease term, assuming they've kept the car in good condition and stayed within the prescribed mileage limits, they can simply turn in the car and walk away.

Of course, those benefits have a price. While it's fun to have a new car every few years, consumers who lease have nothing to show when the lease is up; they have to either lease another car, or bite the bullet and purchase a car.

For additional information or questions, please contact your proud 2014 American Birkebeiner Sponsor, Timber Ford of Hayward. Located 3 miles south of town on HWY 63, find them online at timberfordmercury.com, or call (715) 634-2829.