



EdFed

Federal Lender Code 834241

America's Top Student Loan Consolidator

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Your Car, Part 2

Remember to factor in all the costs of having a car. That means the car payment, the insurance, the costs of gas and maintenance, and any expenses you have to pay for storing the car or parking it in a garage at your residence or place of work. You'll also no doubt want to have the car cleaned every now and again. For some of you, the costs may outweigh the benefits, and you may decide that public transportation is a much better, much more cost-effective solution.

Seek out insurance discounts. Your car insurance rate will also need some evaluation. It may have gone through the roof because you're no longer on your parents' policy. Also, you may not be getting that multicar discount if you move out of your parents' home and are no longer tied to their address. Additionally, insurers generally charge higher rates for younger, less-experienced drivers.

Nevertheless, you can get other auto insurance discounts that will help lower your overall car costs. For instance, some insurers will decrease your premiums if you have an alarm system or antitheft device, if you take a driver's safety course, or if you park your car in a garage at home instead of on the street. If you are still in school, getting good grades can help lower your rates too. Insurers see high grades as an indication that you are responsible. Therefore, most insurers offer a "good student discount" of 10 percent to 25 percent if you maintain at least a B average. Be sure to call your auto insurer to ask whether you qualify for any of these or other discounts.

When you purchase a car, realize that an automobile is a depreciating asset. As soon as you drive that car off the lot, it loses anywhere from 10 to 25 percent of its value, depending on the year, make, and model of that car.

Renegotiate your car payment. If you already have a car and your car payment is too high, you may be able to lower your payments through auto refinancing – and get a lower interest rate. Many people don't know that you can refinance your car loan just as you can refinance a mortgage. But a car refinancing is faster, simpler to do, and costs virtually nothing. Certainly there aren't any closing costs or points, like you might have with a mortgage. Most players in the auto refinancing business operate online.

The hands-down giant in this space is Capital One Auto Finance (www.capitaloneauto.com). If you refinance an auto loan with Capital One, it'll take just 15 minutes, and the average customer saves more than \$1,300 over the life of their car loan.

So if your car has a high interest rate, check out a lender like Capital One to knock down your monthly car note and save yourself some big bucks. I once refinanced my auto loan with Capital One and saved more \$100 a month on my car payments. Eloans.com also offers auto refinancing. If you do refinance your car, don't extend the life of your payments. If you only have three years left

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to pay off your car, refinance with a lender that lets you keep a three-year payoff. Otherwise you'll stretch out your payments and wind up forking over additional money in interest charges. When you do save money with a refinancing, take your savings and pay off debt or use it to build your cash cushion.