

Is Buying or Leasing Best for You?

	BUYING	LEASING
Ownership 	You own the car.	You don't own the car, unless you buy it after the lease ends.
Monthly Payments 	Higher payments based on the entire purchase price.	Lower payments based on the car's depreciation during lease term.
Early Termination 	Sell/trade your car at any time.	Early-term charges may be as costly as sticking with the lease contract.
Mileage 	Drive as many miles as you want.	Most leases limit the number of miles allowed without penalty.
Wear and Tear 	No worry, but could lower the car's trade or resale value.	Most leases hold you responsible for wear and tear.

Source: Consumer Reports

Thinking About Buying or Leasing a Car?

News flash! The average American household doesn't earn enough to afford a new or used vehicle when the 20/4/10 rule¹ is applied, according to a June 2017 report from Bankrate.com.² The rule implies 20% down, a 4-year maximum loan term and 10% or less of income spent on the loan and insurance payments.

That may be the reason more consumers are opting for extended auto loan terms of up to seven years.³ It also may explain why leasing was up in 2016.⁴

"In the past 35 years, the cost of a new car has gone up 35%, a used car is up 25%, and at the same time, the median household income is only up 3%,"² said an Autotrader analyst cited by Bankrate.com.

From a financial point of view, an automobile is a depreciating asset. As soon as you drive a new car off the lot, it loses about 10% of its value, and after 12 months, the vehicle may be worth 20% to 50% less than its purchase price.⁵

That said, buying new is often less expensive than leasing if you own the car until the loan has been repaid, according to Consumer Reports.⁶ Leasing offers lower monthly payments, and it may be the only way for some people to afford the car they want. But once you factor in higher insurance, finance charges, lack of equity and other factors, leasing can become more expensive. However, if you like to acquire a new model every two years, leasing may be a better choice.⁶ ■



¹ The rule: 20% down payment, 4-year maximum loan term, 10% or less of income spent on loan, insurance, and interest payments.

² Bell, Claes. 'What's an 'affordable' car where you live? The answer might surprise you.' Bankrate.com. June 27, 2017.

³ Assis, Claudia. 'Auto loan amounts, length hit record in 2016, Experian says.' MarketWatch.com. March 2, 2017.

⁴ Edmunds. 'Edmunds Report Reveals Older, More Affordable Used Vehicles Becoming Scarce.' February 15, 2017.

⁵ Carfax.com. 'Car Depreciation: 5 Things to Consider.' May 18, 2017.

⁶ Consumer Reports. 'Leasing vs. buying a car.' October 2015.

'Don't Click On That Link!' And Other Good Advice



It's possible that everyone who communicates digitally has encountered a 'phishing' attack at one time or another. Phishing is a type of fraud that happens when an attacker sends email, text messages, social media messages, or another form of digital communication in an

effort to obtain personal, login, or account information.⁷

Often, it appears that reputable organizations or individuals have sent the message. Sometimes, it doesn't, as those who have lost millions to 'Nigerian Prince' scams can attest.⁸

There are ways to protect your data and identity from phishing scams:⁹

- ▶ If you aren't certain a message is authentic – even if the sender is someone you know – **don't click on attachments or embedded links.**

- ▶ Never provide confidential information **on forms embedded in or attached to email messages.**
- ▶ Beware of emails asking for financial information, requesting that you update/confirm your account information, or alerting you about a failed transaction. **Call the organization that sent the message and inquire.**
- ▶ If the message threatens to delete an account or discontinue service, be extra skeptical.
- ▶ **Do not accept social media invitations** from people you don't know. Facebook is a favorite target for phishing scams.
- ▶ **Install anti-virus software** that can detect and block fake websites.

They say that curiosity killed the cat. When it comes to email and digital messages, curiosity can lead to identity theft. Rein in your impulse and think before you act. ■

⁷ IRS.com

⁸ Better Business Bureau. 'The Nigerian Prince: Old Scam, New Twist.' Cited June 27, 2017.

⁹ Fredman, Catherine. 'How to Protect Yourself From Phishing.' January 25, 2016.

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