

# Should You Lease or Borrow to Buy a Vehicle?



Choosing whether to lease or borrow to buy a vehicle depends on your priorities, how you plan to use the vehicle, and what you can afford. Leasing offers low monthly payments and the ability to change cars frequently (a new car every 3 years). The major difference is that when you lease a vehicle, you do not own the vehicle, the leasing company does. Yet you are responsible for all maintenance and repairs during the term of your lease. You should also be aware of the conditions that can come with a lease, like penalties for excess wear and tear, and mileage limits. There are also penalties associated with breaking a lease before the end of a term. Understanding all the terms and conditions will be important to considering which is the right approach.

Borrowing to purchase the car may be more practical and less expensive in the long term. Amortization periods and loan terms can be adjusted to make monthly payments manageable within your personal budget. Be sure to talk with a credit union, and we'll help you compare both options against your priorities, to determine the best solution for your financial situation.

## Tips:

- There are a few questions that you need to ask yourself now, before you decide whether leasing or borrowing to buy a vehicle is right for you. Consider:
  - Am I financially stable for the foreseeable future?
    - Am I in a stable career?
    - Am I at risk for layoffs, strikes, or relocation?
  - Am I ready to take on the responsibility of all the costs involved in vehicle ownership, including loan/lease payments, repairs, and maintenance?
    - Don't forget about other costs involved with purchasing or leasing a vehicle like the down payment, insurance payment, and fuel costs.