

CAR BUYING 101: 5 STEPS TO Vehicle Financing



Hit the brakes!

Before you buy a car, follow these five steps:

1

Understand the Basics.

Financing = the lender owns the car until you pay back the loan.

\$ Borrowing money costs money.

Did You Know? The average annual percentage rate for car loans is 5.27%.

Loan Amount	APR	Loan Length	What You Pay
\$20,000	5.27%	60 months	\$22,794

2

Shop Around.

Compare financing → Banks vs. Credit Unions vs. Dealerships

Get your credit report → AnnualCreditReport.com



3

Get Preapproved.

Hot Tip: You can often use preapproval to negotiate interest rates.

5

Read the Fine Print.

Confused? Ask your nearest [legal assistance office](#) to look it over before you sign.



4

Know Your Numbers.

- How much car can you afford?
- How much down payment can you afford?
- How much can you afford to borrow?

Need advice? Reach out to a [personal financial manager](#) or counselor at your nearest Family Center.



For more tips, follow the Office of Financial Readiness at <https://finred.usalearning.gov>

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