

New Car? The Costs Start Here

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Personal-finance columnist Zina Kumok returns with her latest money reflections about one of life's greatest purchases — your first car.

Many 16-year-olds have two important goals: Get a driver's license and buy a car. And like Uncle Ben tells Spider-Man in the 2002 movie, with great power comes great responsibility.

The financial responsibilities involved in owning a car far exceed the initial purchase. Whether or not you're getting help from your parents, owning a car is a great legal responsibility that could affect the rest of your life.

Policies and Prices at the Pump

I recently sold an old car to a guy whose suspended license had just been lifted after 10 years. A decade earlier, he couldn't afford to pay for the damages he caused during an accident involving another driver. It took him years to pay off the debt and to get his license reinstated. The only car he could now afford? My husband's old beater that was barely running.

Cars are a definitely a convenience, but as this guy discovered they can also become a liability. Check out these various ways you should prepare for car ownership before you park that new ride in the driveway.

Car insurance rates are the highest for teen drivers, especially boys. The average 18-year-old male pays more than \$450 a month for car insurance. How can you lower that rate? Getting good grades helps, for one. My parents always received a discount from State Farm Insurance for every semester that I earned a B average or higher.

Choosing the same insurance company that your parents use for coverage is another way to get discounts. Often companies will reward people who have multiple policies under the same account. You can still pay for the policy yourself, if that's the agreement you have with your family, and at the same time you can benefit from customer-loyalty incentives. I've had State Farm ever since I could drive and even now, I still get my parent's 20-plus years discount, even though I have my own policy.

When I was in high school a few years back, gas prices jumped crazy high. Suddenly my friends and I had to think carefully about how we hung out. Could we carpool? Could we meet in the middle? Could we catch a ride from our folks?

Apps like GasBuddy can help you locate the cheapest gas prices. Once you start to track what neighborhoods have the best deals, you can make sure to fill up if you're there. My neighborhood in Indianapolis has such cheap gas that friends who visit me always make sure to fill up when we hang out.

GasBuddy also has a way to track how much each trip costs. That way you can budget how much you expect to spend each month. Will you be driving to school by yourself? Can you carpool with someone and save gas?

\$500 in the Bank

Even if you get a new car, you'll still need to pay for upkeep and maintenance. The longer you drive a car, the more likely significant repairs will be necessary. Before you buy a car, save up \$500 in case something happens. That will cover you for any big repairs or even a few smaller ones. Tires go flat and windshield wiper blades get dull. Also, keeping up with scheduled oil changes should extend the life of your car; expect to pay upwards of \$25 per change. If you have family friends or relatives who work as mechanics, have them educate you about basic repairs that you can do yourself. The more you teach yourself, the more money you can save and the more you'll learn about your own vehicle.

Once you add up the monthly costs of car insurance, gas and repairs, you realize that getting a car is so much more than buying your first set of wheels. Can you afford to buy and maintain it? If you buy it, can you afford to drive it everywhere you want to go? What happens if the engine shuts down? Taking some time to ask yourself these types of questions will better prepare you for the financial responsibilities of owning a car.

Oh ... and if you're about to go to college, can you bring your car with you? How much will parking cost? Does your campus allow you to bring a vehicle as a freshman? Otherwise, consider bumming rides off your friends, using public transportation or switching from four wheels to two — your bike is always an option.

Conversation Starters

Gasoline can be costly and prices unpredictable. As a car owner, how can you stay on top of these fluctuations and prepare yourself for spikes and dips at the tank? How might this influence the type of car you buy? Check out the fuel efficiency article linked below. What are some tips for saving on gas?

What is car insurance? Check out the link to the Insurance Information Institute below and research why you need insurance and how it helps you. Discuss some of the things you learn with your classmates.

The Auto Spies article linked below suggests that car ownership will soon become a thing of the past as more young people move to urban areas. What are the implications of this? What does this mean for our future as automobile consumers?

Related Links

- [ValuePenguin: Student Car Insurance](#)
- [Gasbuddy.com](#)
- [KWHS: Tools for the Tank: Tips from World Record Holders in Fuel Efficiency](#)

- [U.S. Department of Energy: Fuel Economy](#)
- [Online Auto Education](#)
- [Auto Spies: Toyota Already Planning for a Future When Society Rejects Car Ownership](#)
- [KWHS Lesson Plan: Computing Car Insurance](#)
- [Insurance Information Institute](#)
- [K@W: Beyond the Gas Pump: A New World Order for Oil](#)