

**00:03 RD:** Financial wellness is just like anything else. It takes a little discipline, and some good advice. At Golden 1 Credit Union, we're here to help. As a not-for-profit, member-owned credit union, our main goal is to help you reach your goals. Providing financial advice and education is another way of doing just that. Whether you're trying to make a major purchase, start an investment fund, or just have some peace of mind, Golden 1 is your financial partner. And together we can be golden.

**00:30 ML:** Hello, and welcome to The Golden 1 Financial Wellness podcast. My name is Martin, and today I'm here with Manuel and Karla. Manuel and Karla just recently bought new cars, or in Manuel's case, he bought a new car for him, but it wasn't necessarily a brand new car. I wanted to sit down with them today and talk about why they chose to buy the car that they bought. What kind of factors go into a decision like that? Do you need a new car, or will a used car be good enough? Before we get started, allow me to introduce Karla. Karla, why don't you tell us a little bit about yourself.

**01:12 KC:** Hi, everyone. My name is Karla. I am Golden 1 Credit Union's community and financial education specialist. I am a recent college graduate and also a dog mom.

**01:24 ML:** Great, thank you. And, Manuel?

**01:27 MM:** Hello, everyone. My name is Manuel Morfin, I am Golden 1 Credit Union's financial education facilitator. I am also a parent to a dog, but a parent to a human as well.

**01:40 ML:** And that's gonna be very important when we talk about the reason that you bought a certain car. We always have to think about our precious cargo that we're taking everywhere we go, whether it be children or dogs or groceries, all of those factors help us decide what kind of car we need. Manuel, why don't we start with you. Tell us about your last car buying experience.

**02:09 MM:** Well, in a previous podcast, I mentioned my reliable 1999 Ford Crown Victoria. That is the first vehicle I ever purchased. I purchased that vehicle back in 2008. I bought that car at a dealership, at the Center Ford in South Sacramento, that dealership is no longer around. And I bought that car because I needed a vehicle. I had a... Back then, I was driving a 1989 Pontiac Grand Prix and the wheel just fell off. So, it was time to get a car, and it was the perfect time for me to purchase my own car, be independent. And this 1999 Ford Crown Victoria is a car I regularly drive. It has about 132,000 miles. When I first bought that car, it had 35,000 miles, so since 2008 I have driven it close to 100,000 miles.

**03:11 ML:** Great. What about you, Karla, why don't you tell us about your recent new car buying experience?

**03:18 KC:** I had decided that for my new car, I wanted to purchase new and not used. I had a very bad experience buying a used car. Partially my fault, it was the first car I ever purchased. I wasn't as

informed as I am now, but I didn't wanna relive all those issues and mechanical problems that I had, so I decided this time around to go with a brand new zero-mile car.

**03:43 ML:** So, did your decision to buy a brand new car have anything to do with the amount of driving that you do for work?

**03:51 KC:** That also was a factor. I recently switched positions in work, and my driving increased significantly, as well as going to school a couple of times a week. So, I needed something that was reliable that I knew from the start how it was taken care of, how it was being driven, and something that would last me a long time without giving me issues.

**04:13 ML:** So, what did you look for specifically when you were buying that new car?

**04:19 KC:** I was looking for a car that hadn't been driven before, that was gonna be very efficient with the gas mileage. I drive a lot and I didn't wanna spend a lot on gas, but I also wanted to upgrade. I had a very small compact car, and nobody fit in it. My dog didn't fit, my family didn't fit, my friends. I really wanted something more spacious, but I wasn't wanting to get something like an SUV where it was gonna be so costly on gas. So, I did my research and I decided on a Crossover. Those were some of the factors that went into my decision on this new purchase.

**04:56 ML:** Manuel, you said that you bought a 1999 Crown Victoria in 2008, so the car was already nine years old. At this point, it's over 20 years old. Do you think that the increased maintenance cost is worth it on an older car?

**05:14 MM:** Yeah. The traditional maintenance is similar to any other car, like the oil change, that kind of stuff. But the maintenance, as far as wear and tear, does add up. For example, the AC, the air conditioning has gone out on the Crown Vic about three times in the past seven years. Each of those repairs has been around \$300. But for me, the math does add up because, although I've had a few \$300 plus expenses, everything else is still reliable.

**05:46 ML:** And the overall cost is still less than if you bought the car new, right?

**05:51 MM:** Yeah, correct.

**05:53 ML:** Manuel, you mentioned that you are a human father now, so when it's time to go get a different car, what are you gonna look for? Do you think you'll go with new, or you're gonna go with used? What do you think is the best option for you and your family now?

**06:11 MM:** Well, it's funny that you mention that, because with an extra human in our family, a child, and then the dog, our cars are spacious enough where we can transport everything. But if you wanted to transport anything else, like an additional backpack or something else like that, we're pretty tight. So, we've had the experience of buying a used car that was extremely reliable, no problems till this day. In our family, we also purchased a brand new vehicle and we've had... We've been also very fortunate where we haven't had any issues. So, it's time to upgrade our cars. A minivan is a logical way to go because of price, spacing, and other, but we just are not... We're not

100% sure if we wanna go new or used. What we do know, and we're leaning towards, is a used vehicle because of the discount that you get when you buy a car that is a year or two older.

**07:12 ML:** That's a great reason to go with the used car. They say that new cars depreciate by, what, 30% as soon as they're driven off the lot. So, you certainly get a much better deal with a used car, but as Karla said, she wanted to have a car that nobody had driven so that there were no known problems on it. Karla, when you bought your new car, did you finance it or were you able to pay for it outright?

**07:42 KC:** I actually had to finance my new car. I ended up adding a little bit of negative equity to that car, and what that is was the car I traded in wasn't worth as much as I owed. So, that little bit of difference was added to my new loan. This was a conscious decision that I made because the car had so many problems that, at the end of the day, I rather pay the little bit of extra for that peace of mind and my safety, because my safety was starting to become a concern in that vehicle.

**08:13 ML:** Yeah, that's a great reason to trade up. Manuel, you mentioned that when you're looking to buy a new car, you want to do some research and learn all you can about the car. For your Crown Vic that you bought in 2008, were you able to check the vehicle history report on that car before you bought it?

**08:33 MM:** Back in 2008, the whole vehicle history report, car facts, all that, was relatively new. And fortunately, the car salesman who helped me get the Crown Vic, went out of his way to provide me with the CARFAX Reports. Now, something that I had that was better than the CARFAX Report was the fact that the previous owner of that vehicle actually worked at that dealership. She was the finance manager, and she told me all about the car. Immediately she gave me a lot of peace of mind, letting me know that that car was only used... That car was only driven from her house to work, back and forth. And because she was an employee of the dealership, the car had all the maintenance that it required. So, I did have the research on paper, but I also had someone to back up that history.

**09:31 ML:** That's great. Karla, tell us a little bit about the research that you did to decide on the new car that you bought.

**09:39 KC:** I actually did months and months of research. The reason why was because my previous vehicle was not researched whatsoever. I was younger, I was in my very early 20s, the car looked nice, and that's all I really noticed. So, with this car, I not only looked up consumer reports, I also watched a lot of videos on people who drove the vehicle, YouTube videos and things like that, review videos, I read a lot of articles. I ended up narrowing it down to three. I knew I wanted a crossover, I narrowed it down to three of the top. I also narrowed it down by price, and then I test drove them, because driving them gives you a whole different experience. You can read all you want and watch reviews on how they drive and everything, but when you drive it, it changes it, the whole concept. I not only narrowed it down to the three, then I test drove all three, and I found the perfect match with my Mazda CX-5. It had everything that I wanted. It had great consumer reports and reviews, it's a reliable vehicle model and make, and it was in my price range. There was extensive months of research in this new purchase for me.

**10:54 ML:** That's great. And it's very validating because, as I'm in the market for a new car, I was also looking at a Mazda CX-5. And the fact that you own one kinda makes me feel better that that was the one that I had narrowed it down to as well. When you bought the new car, were there any unexpected fees or expenses that came up? I know we always anticipate there being some sort of a down payment, maybe the first month paid upfront. But was there anything that popped up that you weren't expecting?

**11:29 KC:** Again, I learned from all of my past mistakes with this purchase. With my first vehicle, I did have a lot of unexpected add-ons, and it was really overpriced, which I did not know at the time. This time around, not only did I have banking experience, where I actually help people fund loans and vehicle loans, so I was very familiar with contracts, but I also did my research. What is this car worth? What is it selling for? How much do the warranties cover and actually cost me? GAP insurance, interest rate, and all of that. What I actually ended up discovering the second time around was that the more informed you are as a consumer, the less those unexpected things pop up. And when the dealership might attempt to add on things that you don't need, you're more informed and you're able to make better decisions. I ended up getting pre-approved with a very low interest rate, and it also gave me a lot of the buying power as a consumer. Having the bank's approval or credit union's approval prior to visiting a dealership really gives you the upper hand as well. So, this car buying experience was a lot more positive than my previous one, and a lot more cost-efficient due to all of that knowledge and research that I took the time to do.

**12:45 ML:** That's very inspiring. I know that I will be reaching out to you when it comes time to buy a car. It sounds like both of you went through a dealership, at least for the two cars that we're talking about. Have either of you ever purchased a car from a private owner? And how was that different than going through a dealership?

**13:04 KC:** My first car, the one that I had a lot of problems with, was a private party purchase. The difference with a private party is that you might not have those warranties. You don't get warranties through the dealership or through the maker anymore of the vehicle. You also might not have as much information on the vehicle, so sometimes you do pay a lesser price for it, but in the long run I found out that I ended up just having a car that had a lot of problems. And it was nobody's fault but my own for not doing the research on the vehicle prior, but there is a big difference with the two types of purchases that I made. Like I said, I feel the second time around I had a lot more purchasing power due to the added information that I had gained through the experiences.

**13:55 ML:** Manuel, as we wrap it up here, what advice would you have for somebody who is currently or will soon be in the market for a new or used car?

**14:07 MM:** Do your research. Go on different websites, check out different companies like CarMax, Carvana, see what they have to offer. Figure out exactly how much you can afford, and then lower that amount. If you can afford \$300 a month for a car, then commit to a \$250 car note monthly. When you get to the dealership, they're gonna ask, they're gonna offer you a whole lot of extras, so you want that cushion. Absolutely research on how much you can afford without over-extending your budget. Also factor in other things like car registration, car insurance. And one thing that we never think about it, and when you get to the dealership, they're gonna offer you a maintenance package, they're gonna offer you an extended warranty, and those are great and all. I

benefited from those type of packages, but they are not free. So, see if you can gather that information before you commit to anything else.

**15:10 MM:** There are so many different factors that go hand in hand with the car loan, not just a monthly car payment but different factors. And the more research you can do, the more numbers you can get, you can compile them and make sure you have a comfortable car payment because life happens. For example, right now, we have a pandemic in our hands, and if you were to lose your job for a couple of months, or longer than that, you want to make sure that you have enough money saved up to help you make those payments through a hardship. The last thing you want is to save up money for a couple of years, commit to a car, and then lose that car within two years because there wasn't sufficient... There wasn't a sufficient emergency savings net to help you weather a storm.

**16:06 ML:** Spoken like a true financial educator, Manuel.

**16:09 MM:** I try.

**16:10 ML:** Karla, what advice would you give somebody who's in the market for a new or used car right now?

**16:18 KC:** Since Manny already covered all the research that should go behind purchasing a car, I wanna remind people that you have to watch your credit as well and take that into consideration. Your credit is gonna be what your interest rate is based off of. So, maybe it's not dire to get a car at the moment and you can work on your credit a little bit, do that so your interest rate is lower. Understand what your credit score is. Maybe talk to a financial institution prior to get a pre-approval, that way you know how much you qualify for, the interest rate is locked, and now you don't go into a dealership over-spending or trying to be sold something that you cannot afford. Sometimes doing that pre-approval process is gonna benefit you in the long run, and it will help you when you go to a dealership not only have buying power, but again, like I said, buying something that is actually in your price range.

**17:12 ML:** Yes, Karla, that is great advice. If you walk in to a dealer with your pre-approval paperwork from your credit union or bank that says, "You have X amount of dollars to spend on this car," then you have the power with that dealer, and you can give them that bottom line, "This is how much I have to spend, I'm not going over. This is how much I can afford because my bank or credit union knows my finances, and they've told me this is how much I can afford." So, they will find something that works for you based on the budget that you give them.

**17:49 KC:** Another thing to remember with added expenses is things like insurance. Your insurance might increase because you have a new vehicle. So, just keep in mind that you don't just have a car payment, now there's other little added expenses such as insurance.

**18:03 ML:** What about you, Manuel, were there any unexpected fees or expenses when you bought your used car?

**18:08 MM:** Yeah. Although I bought a car that was a few years older, the dealership offered me an

extended warranty. The car is a Ford, and I bought it at the Ford dealership, so they had the ability to offer me this extended warranty. And I'm glad I signed up for it. There was an extra, I believe, \$30 a month, but it paid for itself. Within two years of having the car, I had a major electrical problem, and the extended warranty covered it. And since then I haven't had any electrical problems.

**18:42 ML:** And with that, thank you so much for joining us today, Manuel and Karla. And thank you, listener, for listening. If you haven't already done so, please subscribe and rate and review us on Apple, Google and Spotify podcasts. If you want to learn more, you can find a ton of resources on our financial wellness center, located on the financial wellness tab on [golden1.com](http://golden1.com). We have videos, interactive modules, and a schedule of webcasts that you can subscribe to, all free. You don't even have to be a member of Golden 1 to use them. So, until next time, this has been Martin, wishing you financial health and happiness and, as always, reminding you to...

**19:24 S?:** Stay golden.