

## Keep your old clunker or buy a new car?

It may clang and bang, but your old car may be the best bargain around. Here are the facts on keeping your current car running and knowing when it's really time to upgrade.

### There are two groups of car buyers:

1. Those who keep a car until it drops
2. Those who think a new car will change their lives

To the first group, a round of applause!

There's nothing short of the bus that's cheaper than keeping a car until it crumbles into a pile of rust. Almost any car can be nursed to 200,000 miles without endangering your life. Even a new engine is cheaper than all but the cheapest used cars.

To the second group, another round of applause because.

The 16 million or so new cars they buy every year instantly become used cars. Those will soon be available at a considerable discount to those in the first group. And now, a moment of silence, because a new car will change your life in ways you never foresaw on the dealer's lot. Let's look at ways to keep your car on the road longer and realistically weigh the costs of upgrading.

Never skimp on maintenance.

Pay special attention to the things that will cost you a fortune if they break.

That means regular oil changes; tire rotations and transmission tune-ups, even if the car is running fine.

For example: Timing belts can cost as much as \$600, and replacing one for no other reason than that the odometer has turned 90,000 miles might seem wasteful. But let one break and you'll find that repairing bent valves could cost you three times that. Replacing torn CV boots, those plastic housings that keep grime and grit out of the car's constant-velocity joints, costs about a third as much as a CV joint repair.

Think those repair bills are really adding up? Then do the math.

### Does the cost of repairs exceed the cost of a new car?

Let's see. A typical new car is \$21,000, about \$350 a month for five years after 20% down. A rebuilt transmission might run \$1,500, a huge outlay in one chunk, but far less than the \$4,200 a year you'd spend on new-car payments alone. If you can't afford repairs twice a year, it's unlikely you can afford a new car payment every month.

In any case, anybody with a car older than three years should be tucking aside \$50 a month for repairs and maintenance. With any luck, you'll never use most of it and you'll have a tidy sum to put into your next car.

Does the repair cost more than the car is worth? A \$1,500 engine rebuild that keeps your '83 Toyota on the road still makes good financial sense. But it is at this point, however, that almost every driver begins to think about upgrading.

### Are you ready for a newer car?

Your first step is to do nothing except write a check to yourself in the amount you're thinking you can afford every month. Put aside a car payment every month for three months (long enough for at least one of life's little emergencies to crop up). During this time, make three phone calls: one to your bank, to find out what kind of rates they charge on loans to people with your credit history; one to your insurer, to ask the rates for comprehensive & collision insurance on a model you think you'd like to buy; and one to your local DMV, to see what registration and licensing would cost.

### At the end of three months, ask yourself these questions:

1. How much did it hurt? If you skimmed at all on other bills or shorted the amount of the payment, you're not ready.
2. Would I have enough left over to pay for insurance and licensing fees each year?
3. Would I pay this much every month for the car that's in my driveway already?
4. Sooner or later, every new car becomes an old car, and you'll feel about the next car just the way you do about your old clunker.
5. Would I rather have the cash? Our typical car payment, \$350, adds up to more than \$1,000 in just three short months. Perhaps you'd prefer to get a tan in Mexico and limp along with ol' Betsy another year.
6. Could I continue to save for another year and simply pay cash? Five grand would buy any of hundreds of reliable used models. Save for two years and you're in new-car territory, if your old car will fetch a few thousand.

If the craving for a shinier car hasn't passed in three months, at least you begin the shopping process with a few months' worth of car payments and a more realistic idea of the hit your wallet will take.