

When To Lease A Car

Proponents of leasing will tell you that the big advantages of leasing include less money invested up front, lower monthly payments, and protection against excessive depreciation. The advantages to the auto manufacturers are many. They get to drop a ton of new cars at big discounts without really reducing the selling price and buy offering leases with subsidized residuals and reduced monthly payments. These factory subsidized leases, by the way, are the only type of lease you should even consider.

What type of person should consider a lease? In general, leases should only be considered by those who can take advantage of the tax benefits of writing off the vehicle for business expenses. The ideal candidate for leasing would be someone who needs to drive a late model vehicle in order to show a professional image and will be primarily using the vehicle for business. For people who need to drive a new car for business the fact of having to trade every two or three years is a plus.

Another issue that you have to look at to determine if a lease is right for you is to calculate the mileage you will drive annually. Most leases limit you to 10,000 to 12,000 miles per year. Some will go as high as 15,000 but if you drive more than this a lease may not be right for you. The penalties for going over the allowed mileage can be substantial.

Some dealers try to market leases to buyers that cannot afford to purchase a new car under a conventional financing arrangement. They appeal to the person's desire to drive a particular car and show them that by leasing they can afford it. If you do not fall into the category I mentioned previously, you would be better off buying a quality late model used vehicle with an extended warranty instead.

If you do decide that leasing is right for you, shop around. Leases can be negotiated just like a regular purchase. Never trade a car in towards the lease. Dealers will take advantage of this and hide the true value of the car placing the extra profit in their pocket.

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