



News Release

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AAA OFFERS ADVICE FOR MOTORISTS DEBATING

COSTLY MAJOR REPAIRS VS. NEW VEHICLE PURCHASE

VIRGINIA BEACH, VA., (FEB. 11, 2009) – With the downswing in the economy and the country in a recession many motorists have delayed the purchase of a newer vehicle. But as existing vehicles continue to age, major components can begin to fail and leave motorists facing a tough decision—invest in costly repairs to an older vehicle or the purchase of a newer one.

“Repairing major vehicle components such as the transmission or engine can run upwards of \$2,000 or more,” said Steve Benedict, Executive Director, AAA Tidewater Virginia Car Care Centers and Fleet Operations. “When faced with the decision of whether to invest in the repair of a current vehicle or purchase a newer one, motorists need to consider a number of factors.”

Comparing costs

It is typically less expensive in the long run to repair the vehicle already owned rather than purchasing a newer one. Financing even a \$2,000 repair typically results in lower payments (or similar payments for a shorter time) than those incurred when purchasing a newer vehicle.

If motorists are still paying off a car loan on an existing vehicle, they need to take a careful look at the equity they have in it. If they are ‘upside down’ in the loan, meaning they owe more than the current value of the vehicle, purchasing a newer vehicle could mean not only financing its purchase price but also the negative equity from their current vehicle.

The 50-percent rule

After receiving the estimate of a major repair, consider the ‘50-percent rule.’ When the cost of a needed repair approaches 50 percent of the vehicle’s value, it is time to seriously consider replacing it. Current trade-in and retail values of vehicles can be determined using tools available in the Auto Buying section of AAA.com.

Reliability and maintenance history

The decision to make a major vehicle repair should always be based on knowing the vehicle is otherwise in good condition and likely will not require additional major repairs anytime soon. Consider the reliability of the vehicle so far. If it has a history of problems, it could indicate there are more costly repairs still to come.

The best way to know a vehicle’s condition is by maintaining it on a regular basis and using the same repair shop. If a repair shop knows the service history of a vehicle, consumers can look to its technicians for guidance on when their vehicle likely will need major repairs. Keep in mind that the best time to make a repair or replace decision is always *before* the vehicle breaks down. A car with its transmission scattered by the roadside has little or no trade-in value.

“Following the vehicle manufacturer’s maintenance recommendations can greatly increase the lifespan of a vehicle,” Benedict said. “It’s the difference between paying \$100 now to replace a part before it fails or being faced with a \$1,000 repair bill later when the part fails and causes major damage to other vehicle components.”

Cosmetics

The cosmetic condition of a vehicle can greatly affect its value and a motorist’s desire to hold on to it. Motorists should take a critical look at their vehicle for signs of a wear and tear and evaluate how important their vehicle’s cosmetics are to them. For someone who frequently drives business associates, vehicle appearance might be a higher priority than it is to others.

Nicks in the paint that are starting to rust or snags in the upholstery might not seem like a big deal now, but they can grow into larger cosmetic issues that can depreciate the value of a vehicle. If opting to hold on to a vehicle, be sure to address those little things to prevent them from getting worse.

Lifestyle

Changes in lifestyle can be a large factor in changing vehicles. Family size, commute length, recreational usage and business needs are all legitimate reasons to consider purchasing a newer vehicle that is better suited to a consumer’s driving routine. Changes in priorities can also be a factor, such as the desire for a more environmentally-friendly vehicle or one with more safety features.

Outside factors

Several outside factors may impact the decision between repairing and replacing a vehicle such as reduced pricing and special offers from manufacturers; the ability to secure financing; and other upcoming expenses. A vehicle that could become an appreciating classic sometime down the road also might be worthy of extraordinary repairs and maintenance.

“Given proper maintenance and an occasional repair, modern cars are highly reliable and can be safely driven far beyond 100,000 miles,” Benedict said.

If deciding to go ahead with a major repair, be sure to use a qualified and trustworthy auto repair facility. AAA offers a free public service to assist consumers in their search for a quality auto repair shop. AAA Approved Auto Repair facilities have met stringent standards for customer service, quality and expertise. A listing of AAA Approved Auto Repair shops is available at AAA.com/repair.

As part of North America’s largest motoring and leisure travel organization, AAA Tidewater Virginia provides its more than 320,000 members with travel, insurance, financial and automotive-related services. Since its founding AAA Tidewater Virginia has been a leader and advocate for the safety and security of all travelers. For more information, visit AAA.com.

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