

# Peace of mind with your vehicle



**BY JEANA BABCOCK**

Is your glass half full or half empty? I recently heard a motivational speaker who encouraged the audience to choose the half-full glass, in doing so you can change your perception and attitude. That being said, one area that it's

difficult to have a half-full glass is auto repair. Getting your vehicle serviced is generally not a lot of fun, but it doesn't have to be that way and will certainly be better if you have a plan. What is your financial plan for servicing your vehicle? Do you have a separate savings account that you contribute money to each month so you can be sure to take care of regular maintenance and when more expensive "surprise repairs" pop up? Or do you rely on extended warranties for peace of mind? Let's explore these options so you can best make an informed decision with your vehicle's financial plan.

## **EXTENDED WARRANTY**

An extended warranty is the repair coverage that kicks in after the manufacturer's warranty that we discussed in last month's article. Do you already have an EW? If so, do you understand what it covers, when it expires, who stands behind it and where you can get your vehicle serviced? These are all important questions to ask yourself — especially if it's about to expire so you can get possible work needed done before it's out of warranty. If you don't have an EW but will consider it in the future, the previous questions are all good ones to ask yourself. Additionally, you may also want to consider if the warranty you are considering will be worth the price you are paying for it, if that price is negotiable, what your reasons are for considering it, what your car ownership habits are, and if the warranty is transferrable.

## **PEACE OF MIND**

There are some people who just like the peace of mind that an extended warranty offers. Are you one of these people? If this is the case, be sure you fully understand the EW

and the fine print within. Similar to the article I wrote last month about manufacturer warranties, you need to be privy to the things the warranty may not cover and the length of coverage. Remember, the length of the warranty is given in miles and years/months. The coverage ends with whichever comes first. If there is anything you don't understand, ask questions to be sure you fully comprehend all that you need to before signing the contract.

Might I offer one more piece of advice you may not have considered? If you put the same amount of money into a savings account to be used for auto repairs (and maintenance in this case), might you have the same peace of mind? Many statistics show that much more money (up to 65%) is spent on the actual warranty that is used during the timeframe of the EW. Certainly this is not always the case, but it's something to consider.

## **EW COMPANIES**

Not all EW companies are created equal. Research them. Do they have a good reputation? Google them to read about their online reputation. Visit their website. Call them. Check into their claims service — this is one thing that can set a company apart from their competition. Consider how they treat you and ask these questions. Do they offer 24/7 service? Is the warranty transferrable? Is a payment plan offered? Must you purchase the plan through the dealership and must you have it serviced at the dealership? Many people think that if you purchase the EW at a dealership, you must return to that dealership for service during the EW period. This is generally false. The best warranties allow you to choose your own repair shop. This is a huge benefit not only because you are most likely comfortable having your vehicle serviced at your preferred local shop, but also because you may have problems with your vehicle while traveling.

## **COST**

If you purchase an extended warranty at a dealership, are you getting the most bang for your buck? Are they priced fairly? Are they negotiable? The only way to find out is to ask questions and do research. Generally you do not have to purchase the EW at the same time



that you purchase your vehicle, so you can take a bit of time to consider your options and not feel pressured into something when you are not 100% certain.

## **VEHICLE TYPE**

Do you tend to purchase luxury model vehicles? If you do, it's important to consider the cost of repairs on these vehicles. They are luxury for a reason — they have superior parts, often with price tags to match. So if a repair is needed and you have an EW, sometimes just one repair can more than account for the price of the EW. But along those same lines, the EW may cost significantly more upfront than a warranty on a non-luxury vehicle. And due to the quality of parts within your vehicle, there may be a lesser chance of a repair needed within the timeframe of the contract.

## **BUYING HABITS**

Do you plan to keep your vehicle for a long time? How much do you drive in a given year? These are both questions to take into consideration as you are contemplating an extended warranty. Also, if you decide to purchase an EW and you get a different car before the EW is up, this can either be a selling point or a downfall, depending on whether or not the warranty is transferrable.

Do you have a glass that is half full? But are you also realistic in knowing things happen that are not always planned for? There are no guarantees — with or without an EW. It's best to make a decision that is right for you, your vehicle type, buying habits and pocketbook.

*Article courtesy of Babcock Auto Care.*