

# Rate vs. Rebate

## 0% Financing vs. Rebate - the basic facts...

Some people may think that they're better off with 0% financing instead of taking the cash rebate and financing with CSD Credit Union. Well, that may not be the case.

Here are a few things you may not know about 0% financing offers. First - check the fine print. Most 0% financing offers have very specific restrictions. You may only be able to finance for short terms of 2 or 3 years. Using the 0% financing may require a larger down payment, pre-payment penalties may exist, and you may not be able to negotiate a better deal.

Also, you may be limited to "on-site stock" which minimizes your choice of models, colors, styles and so on. And, to qualify for the 0% financing, your credit history, employment history, length of residence and your overall financial condition needs to pretty much be perfect, or you probably won't qualify.

The cash rebate may be a better option for you. Take the example below. We have compared taking the cash rebate and using CSDCU to finance your vehicle against taking the 0% financing.

The following chart is based on a car that costs \$24,000 and offers 0% interest or a rebate of \$4,000.

### Rate vs Rebate

<b>Financing through</b>	<b>Dealership</b>	<b>CSDCU</b>
Purchase price	\$24,000	\$24,000
Rebate	\$0.00	\$4,000
Loan amount	\$24,000	\$20,000
Loan rate	0%	4.50%
Term	60 month	60 months
Monthly payment	\$400.00	\$372.92
<b>Total Loan Repayment</b>	<b>\$24,000</b>	<b>\$22,375.20</b>

Based on the above loan example, taking the rebate and financing with CSD Credit Union means a savings of around \$1,600 over the term of the loan.

One more important tip: Get pre-approved before you go car shopping. Knowing how much you can afford, and how much your monthly payment will be can really help you when making a decision on what car to buy, how much to spend, and how long you want to finance for. You'll already have to negotiate the price of the vehicle, and possibly the value of your trade-in. Do you really want to spend more time in the finance managers office? We didn't think so.