

I have a '96 Honda Civic. Should I spend \$1,000 on a repair or a new car?

Every Friday, The Star will ask local financial experts to respond to questions on consumer and investor issues. If you have a question, please e-mail it to gregory.weaver@indystar.com or mail it to: Personal Finance, The Star, P.O. Box 145, Indianapolis, IN 46206-0145.

It's difficult to bet on just how long a car will last. But members of the Financial Planning Association of Greater Indiana offer help on sorting through all the possible outcomes and determining a course of action. For more information, visit the group's Web site at fpagrindiana.org

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This depends if the emotional desire of owning a new car outweighs the financial drawbacks. Buying a new car is not the best financial decision, especially if done on credit. New vehicles depreciate immediately after you drive them off the lot, while the loan accrues interest until paid in full.



For someone like you who owns a car for 10 years, the best financial decision is to delay the purchase of a new vehicle for two to three years while saving what the payment would have been if you bought new.

Do the math, and you'll find you'll be able to get into that same car after someone else has eaten the depreciation and have about enough in savings to pay cash for it (depending on the model). Sure, it will be used, but shop smartly and it will be in no worse shape than if you were the original owner. You will buy it for 35 percent to 50 percent less, still be able to find an extended warranty, and you'll avoid two to three more years of car payments.

If you think you can afford a car payment, you can afford to save in absence of one. If you can't afford to save, then you can't afford the new car either and should avoid it.

This assumes of course that your current car can make it for a while without further major repairs. My mechanic tells me that a well-maintained Honda can easily last you another two or three years. His advice is to have it thoroughly inspected by an experienced mechanic and then decide if it is worth keeping.