CHARTERED PROFESSIONAL ACCOUNTANTS CANADA

JUST THE FACTS:
HELPING YOU TALK ABOUT MONEY

Buying vs. Leasing a Vehicle

When you lease a vehicle, you are essentially renting it (usually for 3-4 years).

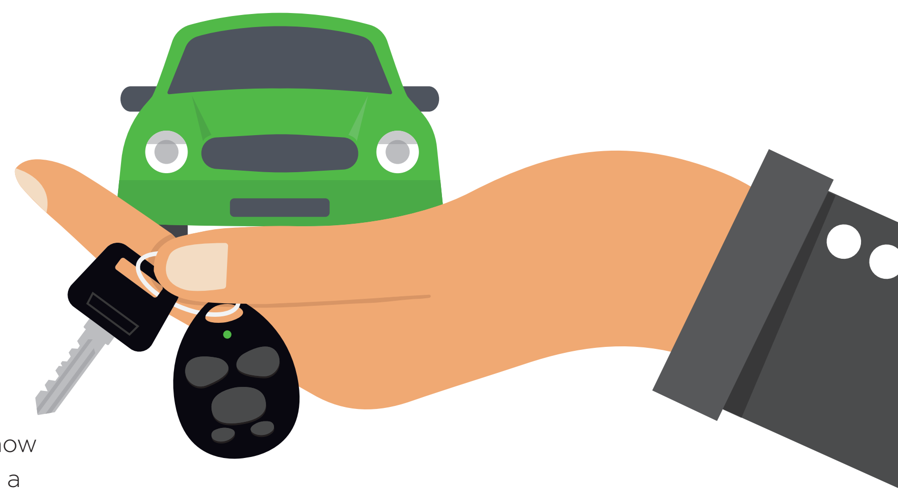
- You don't own the vehicle. You give it back at the end of the lease.
- You will be making payments for as long as you have the vehicle.
- Leased vehicles are usually under warranty, saving you the costs of major repairs.
- At the end of the lease you may have to pay wear-and-tear charges for scratches and dents.
- The leasing company absorbs depreciation of the vehicle's value.
- Lease agreements include a limit on driving distance – usually averaging 20,000 kilometres per year – with a set rate for every kilometer exceeding that limit.

When you buy a vehicle, you own it once the final payment is made.

- Financing agreements enable you to buy a vehicle through scheduled payments over a period of time. Financing agreements usually include interest charges.
- You can sell the vehicle, or use its trade-in value, negotiating your own price.
- You are responsible for repairs and maintenance costs – at your own expense after the warranty expires.

"0%" financing does not mean you are not paying interest.

- Interest charges are included in the purchase price – if you were paying cash (rather than financing) you could negotiate a cheaper price.
- The dealership is legally obligated to show you the Actual Percentage Rate (APR), a commission to the dealership from the lending institutions.



LEARN MORE AT cpacanada.ca/justthefacts

Looking to better understand money basics and how they apply to you?
You may also be interested in taking our ***Financial Wellness Guide questionnaire****.*

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