



Auto Loan Financing

Why you should finance your next car
with KCT Credit Union

When shopping for a new set of wheels, your first stop should be right here at KCT Credit Union. Though many people start their process on the dealer's lot, you'll enjoy a lower rate, a simpler loan application, and other benefits by choosing to finance your car with KCT.

Let's take a look at the differences in the auto loan process at a car dealership versus KCT.

Financing an auto purchase at a car dealership

When you visit a dealer's lot with the intention of purchasing a car, the dealer will likely ask you how much you're willing to spend on your vehicle of choice. You may have already worked out your numbers or you may just have a vague idea of how much you can realistically afford. Either way, the dealer may try persuading you to push your self-imposed limits to the max or to go over your ceiling price.

If you're financing your car through the dealer, that's only the beginning. Once you've chosen the car you'd like to buy, you'll need to submit a complicated auto loan application form, which the dealer will send to the finance companies it partners with. The dealer will then share the lenders' offers with you and ask you to make your choice.

However, in most cases, the dealer is only the middleman. This means they are going to present your options in a way that most benefits them – not you. Thanks to this practice, even a fantastic offer will be presented as higher than it actually is, or may not be presented at all.

For example, say your dealer contacts three lenders: Lender A, Lender B and Lender C. Lender A agrees to offer you a 5% Annual Percentage Rate (APR), Lender B offers a 6% APR, and Lender C offers a 7% APR. But the lender will not automatically present you with Lender A's offer. Instead, they will first determine which lender would afford them the greatest profit.

The rates presented by the above lenders are known as the “buy rates,” or the lowest possible rate the lenders will grant the borrower. Lender A might offer the dealer a flat fee for each new loan the dealer nets them at the buy rate with more profit granted for each new tier of a car price, such as \$10,000. Lender B, on the other hand, allows the dealer to increase the buy rate by 3% to a new “contract rate.” The dealer then pockets the difference as his own profit. Lender C allows the dealer to offer a contract rate at 2% higher than the buy rate.

In the above scenario, it isn't hard to picture the dealer pushing you to accept an offer from Lender B or Lender C at the new contract rate of 9%. If you complain that this rate is too high, the dealer may then suddenly “remember” that Lender B is willing to finance the loan at a 7% APR. In either case, there's very little chance you'll end up being presented with the offer that is truly in your best interest. And you'll never even know you've been duped!

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Financing an auto purchase at KCT Credit Union

Getting an auto loan with KCT Credit Union is a completely different experience. Why? Because we exist to serve your best interest.

When you walk into KCT with the intention of taking out an auto loan, you'll be dealing with people who know who you are and what your financial reality is like. No one will try to push you into a loan you can't afford.

The process of applying for an auto loan is simple and quick. Also, as a member of KCT, you already have a head start on getting that pre-approval.

One of the biggest advantages you'll have when financing an auto loan through KCT Credit Union is a lower APR. Because you're working directly with the lender, you'll only hear the actual rate we offer instead of a marked-up rate the car dealer presents to you.

Also, as member-owned and operated institutions, credit unions famously offer loan rates that are consistently lower than those offered by large lenders and banks. In fact, according to Bank-rate, the average APR on a credit union auto loan in the beginning of 2019 was a full point lower than the rates offered by banks.

Another key advantage you'll enjoy from a credit union-financed auto loan is a more relaxed setting when determining how much you can afford to pay each month toward your new car.

There's no rush and no pressure when you're working out your budget. In contrast, when you're standing in the dealer's lot surrounded by cars you wish you could afford, you're far more likely to make a decision you'll later come to regret.

If you're in the market for an auto loan, make KCT Credit Union your first stop. You'll enjoy a lower rate and the friendly, professional service you've come to expect.

LOW INTEREST TITLE LOANS

NEED MONEY QUICK? DON'T GET TRAPPED INTO A
HIGH INTEREST TITLE LOAN, KCT OFFERS TITLE
LOANS WITH AN AFFORDABLE RATE!



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Communities Together**

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