

The Benefits of Using Your Tax Refund as a Car Down Payment

It's always a good plan to set some money aside to use as a down payment when financing a new or "new to you" car. As a general rule, you'll want to pay 20 percent of the vehicle's value as a down payment for a new car and 10 percent as a down payment for a used vehicle. This makes tax season an excellent time to shop for a car and use your tax refund as part of your down payment.

Below, you'll find five reasons using your tax refund as a down payment works in your favor.

1. Your Down Payment Helps Reduce Your Monthly Payments

The more money you put toward a down payment for your car, the lower your monthly payments will become. To illustrate how a larger down payment works in your favor, review the following example. Assume you plan to purchase a vehicle for \$25,000 and finance it for 60 months at 3.25% APR.

Down Payment	Monthly Payment	Interest Saved
\$0	\$452.03	\$0
\$2,500	\$406.82	\$212.07
\$5,000	\$361.62	\$424.25

WE HAVE COMPETITIVE RATES!
Securing a low rate can also save you money over the course of your loan. Dealership rates tend to be much higher than your local credit union's.
Get pre-approved with FAFCU to save even more!

As you can see, larger down payments result in lower monthly payments. If you chose to put \$5,000 down on your new car, your monthly payments would be \$90.41 lower than if you put nothing down.

2. You Pay Less Interest on Your Vehicle

Continuing from the example above, you'll notice that in addition to lower monthly payments, you'll also pay less interest. Over the course of the 60-month term, you'd save \$212.07 if you put 10 percent down or \$424.25 with a 20 percent down payment.

3. You Build Equity in Your Vehicle

If you haven't heard of depreciation just yet, it's a word you'll get to know in relation to cars. Vehicles depreciate remarkably fast. In fact, new cars lose approximately 20 to 25 percent of their value within the first year. Your down payment helps you build equity in your vehicle immediately, which is invaluable when the time comes to trade your car in.

4. Helps You Stay Above Water

When you are "underwater" on your car loan, it means you have negative equity. In other words, you owe more on the vehicle than its current value. Your down payment can help you avoid this situation by reducing the effect of depreciation on your car's value. For instance, if you're in an accident and your vehicle is totaled, the insurance company will pay you based on the value of the car – not how much you owe on the vehicle. That will leave you paying the balance out of pocket while shopping around for a new car. Your down payment can reduce the sting of depreciation by decreasing the amount of money you have to pay out should this situation occur.

5. It's Easier to Get Approved for a Loan

Many lenders like to feel as though you have some "skin in the game" before extending credit. This is especially the case if you don't have a long and strong credit history just yet. A substantial down payment shows them you're serious about repaying your loan and makes lenders more likely to grant you approval for the loan.



We're Here to Help!

Navigating your way through the car-buying process isn't always as simple as finding the perfect vehicle. There are many financial considerations to understand and decisions to make along the way. As your credit union, we're here to help you make the smartest financial choices – and buying a car is no different. Our team will show you how various financing options impact your budget, monthly payments, and overall financial future.

If you're ready to buy a new vehicle, get pre-approved today. Go to financialaccessfcu.org/auto-loans-new-or-used.

Each individual's financial situation is unique and readers are encouraged to contact the FAFCU when seeking financial advice on the products and services discussed. This article is for educational purposes only; the authors assume no legal responsibility for the completeness or accuracy of the contents.

Welcome Select Employer Groups!

AGWA
CareerSource Suncoast
New Dawn Electric
PGT Innovation
Redmon Holdings, Inc.
Smart House Integration
Women's Resource Center



Helping the Community!

Recently we have added Select Employer Groups (SEG), Associations and Organizations, and are pleased to say we are growing! We continue to serve individuals who live, work, attend school or worship in the CDFI Investment Eligible Areas of Manatee and Sarasota counties to provide comprehensive, innovative, personalized and affordable products. We are making a difference in the community.

Financial Access FCU's providing a loan resulted in saving an employee's job! Kelly Quickel of New Dawn Electric, one of our Select Employer Groups, recently shared an employee success story with us.

"New Dawn Electric was approached by Financial Access Federal Credit Union to be able to provide financial products to our team of employees who may not have had access to them otherwise. Under our employer umbrella, these products have more favorable interest rates than other banking institutions just because of the mere fact that our employees are working for our organization, which is aligned with FAFCU.

We had a dynamic individual in our office who had started working for us in June. Unfortunately, she was staying with her parents who suddenly moved to South Carolina and she was faced with a decision. She had just relocated from Colorado and didn't have the means to stay in this area in a moments' notice, with the rising cost of living surge. She was about to turn in her notice and move out of the state when it clicked with her that she had access to a program for a loan thru FAFCU. She quickly applied and was approved and this loan gave her the means to secure an apartment with a down payment and first month's rent.

This stellar individual has been able to not only stay with us, but become a key employee in our organization. A true rising star who just needed a break. **We are grateful to FAFCU for being there for our employee and our company and would encourage other Bradenton/Sarasota Employers to find out more about their programs to help everyone continue to better themselves and their organizations!**" Thank you CareerSource Suncoast for introducing us to New Dawn Electric. **We were happy to provide the financial support she needed! There's power in possibilities.**

AROUND THE BRANCH

ANNUAL MEETING: January 25, 2023
Financial Access Federal Credit Union members are cordially invited to attend the annual meeting.

DATE: WED, January 25, 2023 @ 5:00 PM

WHERE: Zoom

REGISTER: Go to financialaccessfcu.org

After you register you will be sent a zoom link prior to 1/25/2023 and the meeting agenda.

Lobby Hours	Drive-Thru Hours
Monday 8 am - 4:30 pm	8 am - 4:30 pm
Tuesday 9 am - 4:30 pm	8 am - 4:30 pm
Wednesday 9 am - 4:30 pm	9 am - 4:30 pm
Thursday 9 am - 5:00 pm	8 am - 5:00 pm
Friday 8 am - 5:00 pm	8 am - 5:30 pm

FAFCU Closed	Holiday Observed
MLK Jr. Day	MON January 16
Presidents' Day	MON February 20
Good Friday	(Early Close-1pm) FRI April 7
Memorial Day	MON May 29
Juneteenth National Independence Day	MON June 19
Independence Day	TUES July 4
Labor Day	MON Sept 4

Benefits of a Higher Credit Score

Why is it important to have a good credit score? Simply put, lenders determine your credit worthiness by those three digits - making it more than a number. The higher the credit score. The lower the rates. The lower the rates, the more you save in interest. Check your credit score for free when logging into our mobile app!

Benefits of having a good credit score:

Lower credit card and loan interest rates, Increased chance for loan approval, Better loan terms, Insurance discount, Being more likely to be approved for an apartment or home AND Saving money!

Get to know your credit score - go to financialaccessfcu.org/online-services/credit-score

