

# Lease Versus Buy

When you purchase a car, you own it and can keep or sell it at your discretion. When you lease a car, you have the right to use it for an agreed upon number of months and miles.

## How is Leasing Different Than Buying?

The monthly payments on a lease are usually lower than monthly finance payments if you bought the same car. You are essentially renting the car (plus various fees and taxes), not buying it. At the end of a lease, you must return the car unless the lease agreement gives you the option to buy it. To figure out if leasing fits your

situation:

- » Consider all phases of the leasing costs
- » Consider how long you may want to keep the vehicle
- » Compare different lease offers and terms, including mileage limits
- » Compare purchasing the same car (payments, financing, down payment, etc.)

## General Factors to Consider

Leasing a Car	Buying a Car
<ul style="list-style-type: none"> <li>» No ownership (potentially a lifetime of car payments)</li> <li>» Lower monthly payments</li> <li>» Mileage limits</li> <li>» Possible option of driving a new car every few years</li> <li>» Warranty may likely cover any repairs and maintenance</li> <li>» Potentially lower sales tax</li> </ul>	<ul style="list-style-type: none"> <li>» Eventual ownership</li> <li>» Higher monthly payments</li> <li>» No mileage limits</li> <li>» Sell the car any time</li> <li>» Warranty coverage may eventually cease</li> <li>» Sales tax paid on the full value of the vehicle</li> <li>» Freedom to customize the vehicle</li> </ul>

For more information, visit:

[www.consumer.ftc.gov/articles/0056-financing-or-leasing-car](http://www.consumer.ftc.gov/articles/0056-financing-or-leasing-car)

[www.federalreserve.gov/pubs/leasing/resource/different/upfront.htm](http://www.federalreserve.gov/pubs/leasing/resource/different/upfront.htm).

To run some numbers yourself, you can use this calculator:

<https://fwcalculators.urs.org/DebtManagement/LeaseVsBuy>

*Note that to use the calculator, you will need more specific information from a dealer regarding a lease, such as annual depreciation, the vehicle's residual percent, security deposit, etc.*

*The information in this publication does not contain financial, investment, tax, or legal advice and cannot be construed as such or relied upon for those purposes. Please consult your own investment, tax, or legal advisors for qualified professional advice in these areas.*



Advisor Line: 801-366-7470

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