

Dickerson Auto



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True Cost of Car Ownership (By Todd Dickerson)



Hello everyone, This is Dickerson automotive, we've been in business for 16 years and we often times, we get posed with a question from many of our clients and the scenario is this you've got a vehicle that you purchase new or almost new. You've had it for four or five years, you've got to pay for close to being paid for but it's getting up in age and mileage and as we all know is the vehicle gets a little bit older.

You can expect to do more maintenance and more repairs on that vehicle so the question is do I am? I going to be better off to buy a new vid or am I going to be better off to stick with the vehicle that you currently own.

So we've done some research to help shed some light on this and I'm going to run through a few scenarios with you in this first example. we're going to assume that you currently own a 2011 honda accord and you're faced with what we talked about it's a little bit older and you're looking at what it's going to take to keep this vehicle on the road and take care of it so that it can be safe and reliable for years to come versus buying a brand new one.

So in the brand new scenario what we've chosen is? we've chosen a 2016 honda accord LX sedan. It's not an entry-level honda accord but it's not the real high-end to let work hoard either we've also taken into consideration that you probably are going to.

If you're buying a new car you probably have either really good credit or decent enough credit that you're going to get a decent interest rate. So the interest expenses that are calculated into this or three point nine percent but over the course of five years.

We take into consideration things such as depreciation of the vehicle the taxes and fees the financing that you're going to pay maintenance that you're going to have to do to the vehicle as well as repairs and yes even on a new vehicle arrows maintenance that's involved as well as repairs. The vehicle starts to get a little bit older in this scenario basically to take care of this car and pay all the fees.

I just mentioned it's going to cost you eighteen thousand three hundred and six dollars for those expenses. if you add back in the total cash price which is twenty 2081 dollars the total ownership of this vehicle is going to cost you forty thousand three hundred and eighty-seven dollars.

Most big most drivers are going 15,000 miles a year. so when the vehicle gets about five years old it's roughly going to have 75,000 miles on it. so if you take that number of the forty thousand three hundred and eighty-seven dollars and you / 75,000 miles that's going to give you a cost per mile of 53 cents.

So moving forward the scenario in which you're going to keep your 2011 honda accord what we've done is? We put together a very comprehensive list of the things that we know you should be doing to this vehicle to take care of it properly so that continues to write nice it's dependable.

We're talking about doing services exchange services at every 30,000 miles in this estimate.



We've got yielding registration fees [emission test](#) inspections oil changes cabin and air filter replacement at new set of tires shocks struts spark plugs induction service front and rear brakes. I mean really everything that you could possibly consider that would need to be done to this vehicle as well as.

We've also put six hundred dollars a year and therefore unexpected repairs. so you do the math the calculation all and all of these things. it comes out to be eleven thousand four hundred and sixty eight dollars in ten cents, you divide that by 75,000 miles.

It gives you a cost per mile a fifteen cents per mile, so in this situation it gives you a five-year savings of twenty eight thousand nine hundred nineteen dollars to take care of the car that you currently own that's fifty eight hundred dollars per year in savings that means that new car is going to cost you two and a half times more than the existing card whoa another scenario that we want to present to you suvs have become very popular one of the more popular ones are shipped Tahoe or GMC Yukon are both made by the same manufacturer and they're very popular in this scenario again.

The owner has a 2011 Tahoe and he's looking at body in 2016 Tahoe the new 10,000 16. Tahoe is going to cost you a cash price forty-eight thousand eight hundred and eighty-four dollars again you.

We figured in depreciation taxes and fees financing maintenance repairs the sum over the course of five years. You're going to pay thirty 5721 dollars for this to own this vehicle plus. the total cash price forty nine thousand eight hundred and eighty-four dollars which means in five years you will have paid 80 5565 dollars for this vehicle you divide that by 75,000 miles.

It's a dollar in 14 cents a mile again we prepared a very comprehensive list of everything that you would need to drive this car for another 75,000 miles again the shop struts tune-ups all the fluid exchange services air filters cabin end and

the one for the engine as well along with that yearly registration fees and again with another six hundred dollars a year for budgeted in there for repairs unexpected things that you can't foresee the total cost for that vehicle is twelve thousand six hundred and seventy nine dollars and 43 cents you divide that by 17 or 75,000 miles.

It works out to be seventeen cents a mile that you pay for that vehicle. So in this scenario this gives you a five-year savings of seventy two thousand eight hundred and eighty six dollars. if you take care of the car that you have that's fourteen thousand five hundred and seventy seven dollars and twenty cents per year savings on this vehicle.

This vehicle in this scenario what's five times more expensive to buy new than it is to stick with the one that you have I'm.

I don't know what you could do with kind of money but I think there's plenty enough there in either scenario the honda or the tahoe you could likely go on a family vacation put money away entire retirement do home improvement.

I'm a firm believer in the fact that one of the main reasons why people don't have sufficient enough money and their retirement accounts to actually retire at an age that they want to is because over the course of their lifetime.

They given all the money to the car manufacturers instead of just taking care of what they have and being okay with it. Another thing to consider is you know we all like to drive a nice we hit hold it looks nice well you could take some of that money that you're saving and invest it back into the vehicle in things that make it nice maybe you'd like to put a new set of tires and wheels on it.

Maybe you can take it into a collision center or a body shop and have the paint chips fixed on the front of it. There are minimal extended not some of those expenses are minimal but there are things that you can do to enhance the appearance of the vehicle which internal will probably help you be content with it.

So I'm a firm believer that if you'll commit to taking care of a vehicle over the long haul the way the manufacturers are building them today.

They'll go 250 to 300 thousand miles I really will without really any major component failures like engines transmissions differentials ABS problems power steering issues like rack and pinions. If you'll just take care of the vehicle the way that you're supposed to along the way.

So as you can see there's a big savings in continuing to drive the vehicle that you currently own now. we obviously have the ability to prepare a Simmons to help you take care of the vehicle.

We should over the long haul but we don't have any real way to calculate the expenses on a new vehicle however edmunds.com has a great tool for doing this. if you go to edmunds.com to cost own type in the vehicle that you're considering it really breaks down all those things that I talked about it will give you the purchase price of the vehicle plus.

What you can expect to pay to take care of the vehicle as well as a depreciation that you can expect it to lose on that vehicle. the one thing we do is we take out the fuel and the insurance in our calculations.

You're going to have to put fuel in your old car or you can output fuel in your new car same way with insurance however keep in mind with insurance on the new vehicle.

It's likely going to be more than that the vehicle that you currently own it is five years old, if you're interested in coming up with a plan to take care of your vehicle and really keep some of that money in your pocket.



Come and see us we can help you get you on a maintenance schedule and help you budget to take care of your vehicle.

The way that you really should and we firmly believe in the nuts in the math that if you'll take care of the existing car that you have.

You're going to end up with a lot more money in your pocket over the long haul then you are by replacing your vehicle's every four to five years like many as many of us have accustomed to doing thank you for taking the time to read and hope you have a wonderful day.



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Hours of Operation

8:00 am – 6:00 pm

Monday – Friday