

How to Save Money for a Car: Planning Your Way to Freedom

Attending college is a fun and exciting time. There are so many things to experience and new people to meet that it is easy to find yourself on top of the world. As you prepare and practice for life in the real world, the cost of living on your own begins to teach you a valuable lesson about just how much things really cost. Gone are the days when your parents foot the bill. It's time to start earning and learning how to save money for the things you really want.

Living the college lifestyle comes with many perks, including student discounts on big-ticket items like computers and software, and on small conveniences like movie tickets. Whether you attend college locally or out of state, most likely you will want your own car if you do not already have access to one. Your situation may be that a car is a nice-to-have and that you don't necessarily need one. There are always other ways of getting around, like biking, walking, or riding the bus. But some days the weather is just plain bad. And let's face it, who doesn't want a car!

There are many costs to consider when purchasing a car, including monthly payments, insurance payments, registration, gas, tolls, and routine maintenance costs, like oil changes and tire rotation. Parking a car on campus will usually cost you and if there are free spots, they tend to be few and far in between. The yearly costs of owning and maintaining a car can easily run into the thousands of dollars.

Don't let the financial commitment scare you away, though. If you are serious about owning your own car, you can do it, even as a student and minus a steady paycheck. There are lots of ways you can save cash and reach your goal. The key is to make it a goal and work towards it. Write it down and calculate how much money you need to put away each month. Treat this as a lesson in finance and a strategy that you can apply moving forward. Your parents will be proud!

For purposes of this example, let's say that the car you have your sights set on is used and costs \$10,000. This is your first major purchase and this is a lot of money to fork over at once. You will need to pay up front if you purchase from an individual. The alternative is securing a car loan and making payments over time. If you decide to finance, look into those options prior to car shopping.

Shop around and compare prices on cars that are in good condition, have a moderate amount of miles on the odometer, and consider the option of a limited warranty. Paying cash for your car will allow you to avoid interest payments. Keep in mind when you are saving that you will need to be able to afford the ongoing \$250 to \$500 a month it will cost you just to operate and maintain your car.

There are a lot of ways that you can save the money you need to both purchase and maintain a car. Just be sure not to commit to something that costs more than you can realistically afford. Take on a part-time job, tutor, or freelance. There are always student jobs available on or around campus. You may even find a paid internship in your field of study.

An alternative is to borrow money from friends or family. However you secure the money, be sure to put together a budget plan. Make a record all of your expenses and set limits. Open a savings account if you don't already have one and consistently put away the amount of money you commit to each and every month until you have reached your financial goal.

No matter who you are, buying your first car is an exciting decision and one that will provide you with freedom and peace of mind. Enjoy your new purchase and take good care of it. Planning and keeping up on things will save you a lot of money and headaches in the long run. Enjoy the ride!