2026 · SHOULD I LEASE OR BUY MY NEXT AUTOMOBILE?

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Start Here

Do you like to get a new automobile every few years?

- Yes → Are you concerned about automobile safety features and technology quickly becoming obsolete?
  - Yes → Do you drive a significant number of miles each year?
  - No → Do you want flexibility in how long you keep the automobile, and what modifications you can make?
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- No → Do you drive a significant number of miles each year?
- Yes → Consider buying your next automobile, and explore financing options that work best with your budget (e.g., self, dealer, bank, etc.).

Do you want to minimize the immediate costs of depreciation and minimize your purchase price?

- Yes → Consider buying a used automobile to take advantage of the depreciation that has already occurred.
- No → Are you a business owner?

Are you a business owner?

- Yes → You may be able to deduct certain ownership and operation costs associated with the business use of your automobile.
- No → Buying offers several advantages, including control over the duration of ownership, discretion to use and customize, and the potential to protect the value of the asset and ultimately sell/trade.

Buying offers several advantages, including control over the duration of ownership, discretion to use and customize, and the potential to protect the value of the asset and ultimately sell/trade.

→ Be mindful of the disadvantages of buying, including sunk costs, depreciation, the responsibility for repairs (potentially beyond warranty), and the hassle of trading in or selling.

→ Consider conducting a break-even analysis as you assess the overall financial impact either buying or leasing.

Do you drive a significant number of miles each year?

- Yes → Leasing (even with a high-mileage lease) may not be advisable due to mileage limits and the expensive per-mile overage and wear-and-tear fees.
- No → Consider leasing your next automobile.

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→ Are you a business owner?

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- Yes → You may be able to deduct certain leasing and operation costs associated with the business use of your automobile.
- No → Leasing offers several advantages, including a short-term commitment, warranty coverage, and temporary use of a depreciable asset.

Leasing offers several advantages, including a short-term commitment, warranty coverage, and temporary use of a depreciable asset.

→ Be mindful of the disadvantages of leasing, and recognize that the total costs over time may be higher than with ownership, particularly if you buy out your lease at the end of the term.

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