

# How to Choose Between Buying and Leasing a Car

For anyone in the market for a vehicle, one of the most important financial decisions to make is whether to lease or buy. It's not just about preference; it's about cost, flexibility, and how a vehicle fits into your broader financial goals. With current car prices still elevated, interest rates higher than usual, and many people driving less due to remote or hybrid work, this decision carries even more weight than it did a few years ago.

Both leasing and buying offer legitimate advantages, and neither is inherently "better" across the board. The key is understanding how each works, what they cost over time, and which option best fits your driving habits and financial situation.

## **Buying a Car**

When someone buys a vehicle—either outright or through financing—they are paying to eventually own the car completely. Once the loan is paid off, there are no more monthly payments, and the vehicle can be kept, sold, or traded in as desired. For drivers who plan to keep a vehicle for many years, this can result in significant long-term savings.

Ownership offers flexibility. Drivers are free to put as many miles on the vehicle as they want, make modifications, and manage wear and tear without worrying about contract terms. However, new vehicles lose value quickly, by 20 percent to 30 percent in the first year, and once a warranty expires, repair costs typically rise. For those concerned about depreciation or maintenance, buying a certified pre-owned car, a used vehicle

that has passed a thorough inspection and comes with an extended warranty, can be a smart middle ground.

## **Leasing a Car**

Leasing is essentially a long-term rental. The driver pays for the use of the car over a set period (usually two to four years) and returns it at the end of the lease. Monthly payments are typically lower than those for a loan on the same car, and upfront costs, like a down payment and sales tax, are often reduced.

Leasing may also appeal to those who want to drive newer vehicles with the latest technology and safety features without worrying about long-term reliability. Most leases also include warranty coverage for the full term, which lowers repair expenses. But there are limits: leases often cap annual mileage at 10,000 to 15,000 miles, and going over can result in costly penalties. Lessees must also return the vehicle in good condition or risk end-of-lease fees.

Because a leased car is never owned, there's no resale value at the end—and no chance to recover any of the money paid. It's important to consider that the lower monthly payments come with trade-offs in flexibility and long-term value.

## **What to Consider in Today's Climate**

Several current market conditions are affecting how buyers and lessees should approach this decision:

- **High car prices** remain a reality, especially for new vehicles. While prices have eased slightly compared to pandemic peaks, many models are still significantly more expensive than they were five years ago.
- **Interest rates** for car loans now average between 6 percent

and 8 percent for borrowers with good credit, increasing the total cost of financing. Leasing rates—calculated using a factor called the “money factor,” which functions like an interest rate—are also elevated, though they can be slightly lower than loan rates.

- **Remote and hybrid work** continue to reduce the time and miles many people drive. This makes leasing more practical for some drivers who now put fewer miles on their car and can stay well within the lease’s mileage limits.
- **Electric vehicle (EV) incentives** may favor leasing. Certain federal tax credits are currently easier to access through a lease than a purchase, as dealers can apply the credit to reduce lease costs directly.

### **Look at the Bigger Financial Picture**

There’s no single right answer when it comes to leasing versus buying—it depends on the driver’s needs, habits, and financial priorities. Someone who commutes long distances, plans to keep a vehicle for many years, or wants to avoid recurring payments may find that buying offers better value over time. On the other hand, someone who drives less, prefers newer cars with updated features, or wants predictable costs and minimal maintenance might benefit from leasing.

The smartest choice is the one that aligns with a household’s broader financial goals. That includes not just the monthly payment, but the total cost over five to seven years: insurance, maintenance, fuel or charging, taxes, and potential resale value. A decision based only on what feels affordable month-to-month may miss hidden long-term costs.

When possible, it’s wise to run a full cost comparison before deciding—and to treat the car not just as a vehicle but as part of a larger financial plan.

# Building Your Financial Dream Team

Managing money can sometimes feel overwhelming. There are so many moving parts: saving for retirement, paying taxes, planning for your family's future, and making thoughtful investment decisions. The good news is you don't have to figure it all out alone. Your financial advisor can help guide and support you as you build toward your goals. And a wider team of trusted professionals—who coordinate and bring different skills to the table—can add even more structure to your financial life.

## **The Financial Advisor: Guiding the Big Picture**

Your financial advisor often serves as the central point for your financial team. They take time to understand your priorities, whether that's buying a home, saving for education, preparing for retirement, or feeling more confident about day-to-day finances.

Advisors can help design a plan tailored to your situation and adjust it as life changes. They may guide investment choices, suggest approaches to managing risk, and coordinate with your Certified Public Accountant (CPA) or attorney. Many clients find it helpful to work with an advisor when they're starting out, navigating major life transitions (such as marriage or

parenthood), approaching retirement, or experiencing significant financial changes.

### **The Certified Public Accountant: Managing the Numbers**

Taxes affect nearly every aspect of your plan. A CPA can help prepare and file your returns, offer year-round guidance on ways to manage taxes, and bring clarity when life events get more complicated—like when starting a business, selling property, receiving an inheritance, owning rental real estate, managing multiple income sources, or handling stock compensation.

CPAs can also represent you before the IRS if issues arise, and they frequently collaborate with your advisor to keep cash flow and investment decisions aligned with your tax picture.

### **The Estate Planning Attorney: Preparing for the Future**

Estate planning helps you communicate your wishes and consider your loved ones. An estate planning attorney helps put legacy documents in place (such as wills, trusts, powers of attorney, and health care directives) and can explain state-specific rules. They may offer strategies to help reduce taxes where applicable and guide executors or trustees through probate or trust administration. It's wise to revisit your plan with your attorney after major life events such as marriage, divorce, the birth of a child, or significant changes to your assets.

### **The Insurance Professional: Protecting What Matters**

Insurance is a key piece of financial security. An insurance professional can help you evaluate needs for life insurance, disability coverage, long-term care, and liability protection. They can explain policy options, help you review coverage as circumstances change, and coordinate insurance strategies with your overall plan. Major milestones, such as buying a home,

starting a family, changing careers, or nearing retirement, are good times for a check-in.

## **Other Professionals Who May Play a Role**

Depending on your circumstances, you might also work with other specialists. A real estate agent or broker can help with buying, selling, or investing in property. If you own a business, you may engage consultants for strategy, systems, succession planning, or financial optimization. Other specialists could include appraisers, trustees, philanthropic advisors, or property managers.

## **How They Work Together**

Each professional brings a different perspective, but collaboration adds real value. A financial advisor and a CPA may coordinate to ensure investments and cash flow reflect tax considerations. An estate planning attorney and advisor can help align retirement and legacy plans with your documents. An insurance professional can work with a financial advisor to integrate protection strategies. In some situations, the whole team coordinates on wealth transfers across generations.

## **Putting Your Team in Place**

Think about which professionals could support you now and which you might add over time. Everyone's team looks a bit different based on goals, family, and stage of life. If you're seeking help for a specific area, your advisory firm can often suggest professionals they know, trust, and collaborate with. By surrounding yourself with professionals who bring complementary expertise, you'll gain access to guidance that can help you move forward with clarity and confidence.

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# Pollution Liability: The Spill is Just the Beginning



By Chris Richmond for [WorkBoat Magazine](#)

All commercial hull policies have a pollution exclusion clause attached to them. Sometimes you can get a pollution buy back endorsement added for a small amount of additional premiums, but this will essentially just cover the cleanup of a spill. While this is a good start it is not the ideal solution for a potential spill. In today's world, the cleanup costs can just be the start of the expense you will incur.

Pollution policy premium is based on the vessels gross tonnage and type of vessel. These policies offer coverage for eight different sections:

- A: The Discharge of the pollutant
- B: Investigation & Defense
- C: Fines & Penalties
- D: Additional Public Relations
- E: Automatic Acquisition

F: Mitigation

G: Property Damage Ashore

H: U.S. Criminal Defense

While not all of these may apply to your circumstances, there are some important distinctions to remember.

Section A covers not only spills related to the Oil Pollution Act of 1990 but also to claims brought under the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA). Remember, pollution is not only petroleum but can also include other hazardous materials that are stored or transported on your vessel. You can have just as much a problem with a chemical spill as an oil spill.

After the spill is contained and cleaned up, who is going to pay your defense costs? Section B addresses this area. As you are well aware, this is a part of liability policies that come in key as potential litigation claims can drag on and defense costs mount. Whether you are found liable or not your defense costs can add up. Having these covered in a policy is particularly important.

And what if your spill was a total accident? Is that going to stop any fines or penalties imposed upon you by state or federal authorities? Don't count on it. Section C provides coverage here for fines that may be imposed against you.

The only thing worse than the actual spill is the image on the television of oil coated birds on the beach. Allowing the public to know that you are doing your best to take care of the situation can go a long way with public relations. Section D of the pollution policy will help you there.

Should your vessel be out of commission and you require a short-term charter to continue operations you can have pollution

coverage on these under Section E.

Actions taken by you after the spill has occurred to help mitigate further damage due to the spill or to property ashore is provided to you under section F.

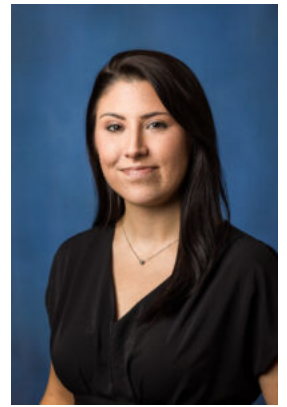
Third party liability claims against you due to damage done to property ashore due to the spill is afforded to you under section G, Property Damage Ashore.

And finally, Section H provides U.S. criminal defense costs that you may incur due to federal and state laws that have been violated due to the discharge of a pollutant.

While you may never have to use your pollution policy, the coverage that it provides for that one time will pay off in the long run. It is an important part of your vessel's coverage and in some instances, it is required by the Coast Guard's Certificate of Financial Responsibility (COFR) program. Have a talk with your insurance agent to find out more.

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**Welcoming Ashley Rackliff to  
the Allen Team**



Ashley Rackliff has joined Allen Insurance and Financial as a Client Service Associate in the company's personal insurance division.

Ashley brings a strong background in customer service and management, with prior experience in banking, hospitality and retail leadership. Ashley holds an associate degree in business administration and is currently pursuing her bachelor's degree in the same field.

She joined Allen in March 2025 and looks forward to supporting clients with personalized solutions and a proactive approach. She is based in Camden.