It is the end of the year — not the real one, but only in the auto industry. Advertisements tell us that now is the time to buy. So, is that more hype … or is it really the right time to purchase a new vehicle?

Buying a new car is complicated. Most of us are tied up in misgivings on whether we got the best deal. It doesn’t help that you know the depreciation — when you drive the car off the lot — may cost you as much as 20 percent of the value of the car. In addition, car loans are often weighted so you pay mostly interest initially, so you don't have much equity in the vehicle for a long time. Of course it's intimidating, but you can do it. The secret is understanding how to shop for a good deal.

Buying a car is a business negotiation, not a war between you and the auto dealership. As you begin preparations to buy a new car, realize that getting the best possible deal requires a good amount of research and plenty of time. If you don’t do your homework, you can expect to pay the manufacturer's suggested retail price for the vehicle and possibly more for financing and add-on items. The best idea is to do your homework.

There are lots of online resources to help you do your homework, but here are some of my favorites. Cars.com, Edmunds.com and the auto companies all have excellent information to help you make up your mind.

Cars.com has a great buying guide that will help you decide which car to look for. You fill in your ZIP code and tell them what kind of a car you are considering (economy, sedan, pickup, etc.). This website will give you a great rundown on different makes of cars and their costs, features and even the mileage you can expect to get. It has a star system to rate cars and offers consumer comments. Check out this website and then look at the company website for particular information about vehicles. But remember that the company is trying to sell you a vehicle, so take that into consideration.

Let’s say you have narrowed your choices to two different cars. Now is the time to go to Edmunds.com. They have a feature called True Cost to Own. It will consider
depreciation, interest on the loan, taxes and fees, insurance premiums, fuel costs, maintenance, and repairs over a five-year period. You may find that your dream car may be just a little expensive.

I had a question the other day on whether it is better to take the rebate or to take the lower interest rate on a car. The answer isn’t straightforward and isn’t always the same for every person.

A cash rebate is provided by the manufacturer to reduce the net price of a vehicle. Consumers usually choose to apply the cash rebate as a down payment toward the purchase price of a new vehicle.

A low interest rate, or “low-interest financing,” is a loan offered by the manufacturer's finance company at a below-market interest rate. Normally, eligibility is based on the customer's creditworthiness, meaning that the higher your credit score, the lower the interest rate you can get.

Often, it's your choice. With cash rebates, you save a larger sum of money at one time; with a low interest rate, your savings are spread out over the length of your finance term.

Again, refer to cars.com. They have a great database that has all the different cars organized by make and a summary of the choices you have. Is it either the rebate or the low interest rate, or both? This website gives you a rundown for your ZIP code. This is handy information to have, before you start dealing with the car dealership.

Once you have decided what you want to buy, go to www.bankrate.com. They have a great low interest rebate calculator that will help you make that final decision. You fill in how much the rebate is and the amount of the interest rate and it will tell you exactly how much you can save by going with a certain plan.

Keep in mind that rebates and special interest rates are not available for all cars, particularly perennial best sellers.

Now that you have done your homework, it is time to kick a few tires and take a test drive. Happy car shopping!

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