



Deciding to buy a car or lease is a big financial decision to make. It adds hundreds of dollars to your monthly expenses, and that doesn't even factor in other routine maintenance and gas. Here are some of the pros and cons of buying versus leasing a new vehicle.

You own the vehicle free and clear after you finish paying it off. It will be yours to keep, sell or trade in on your next vehicle.



You pay to use the vehicle during the term of the lease and must eventually return it unless you choose to purchase the vehicle.

Monthly loan payments are higher than lease payments because you're paying for the full purchase price. Each payment builds equity for a future trade-in.



Monthly lease payments can be lower than loan payments because you're paying for the vehicle's value used during the lease term, plus interest.

Since you own your vehicle, you can customize it however you want. You can add aftermarket parts, and drive it as much as you need.



Leases often come with mileage restrictions, and exceeding them can result in extra fees. You can't make any changes to your vehicle.

You will either have to extend your warranty once it expires, or pay for out-of-warranty repairs and maintenance.



Your vehicle is generally under factory warranty during your lease term, as long as you stay within mileage limits.

You can refinance your vehicle to lower your monthly payment, or get a better interest rate on your loan.



Your lease payment will stay the same throughout your lease term. It will never change, which helps with budgeting.

You can sell your vehicle at any time and use the money for a down payment on a new car. However, you might need to use the money to pay off your loan instead.



You're signed into a lease that you're expected to honor. If you want to change vehicles, you could incur a pricey penalty.