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We all know that running a car is expensive but how often do we workout exactly what we are spending? There are ways to reduce costs on your current vehicle and factors to consider when buying a new car.

Firstly how much is your finance deal costing each month? Car dealers will of course try to sell you their finance package but this may not be the best deal for you. It is well worth taking the time to do some research to check out other options available. Internet comparison sites and loan calculators are useful tools to assist in this process and looking for cheap loans before looking for the car will normally work in your favour financially. The main advice here is to do all of this research well in advance. Car salespeople are well trained in their art and will almost certainly put the pressure on to accept their finance arrangements once you are in the dealership. The reason for this is the profits they can make by selling a finance deal as well as a vehicle. In fact often the finance package makes them more moeny that the car itself.

Insurance premiums have risen significantly in recent years. This is because of the increase in personal injury claims and the number of uninsured drivers. The insurance quote will vary according to the type of car, your postcode and the age of the driver. The key to saving money is once again to shop around. Just because one provider was the best value last year does not mean that is still the case when it comes to renewing your policy. Millions of people still regularly renew with their existing provider without shopping around and waste money needlessly.

If you intend to keep your car for an extended period then depreciation will not be a major issue. However, if you change your car regularly but are trying to keep costs down, then consider paying a little extra for a car with a higher resale value. Family cars tend to lose their value most quickly and may only be worth 1/3 of their purchase price after 3 years. However, more prestigious brands can still be worth 70% of the new price after 3 years. Also consider buying nearly new rather than new. That way you will not be fundung the high initial depreciation that vehicles suffer from.

Rising fuel prices obviously have a major impact on running costs. Why not choose a smaller more fuel efficient car or perhaps try a diesel model? Whenever possible fill your tank at supermarkets which usually offer lower fuel prices.

Servicing costs will vary according to the age of the car. If your vehicle is less than 3 years old you are likely to pay more. If at all possible avoid using a main dealer for servicing and repairs. Independent garages usually charge considerably less for labour.

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