

## Cash for Clunkers by Lois Schafer

The term "Cash for Clunkers" is what America and the news media use to describe a new program from the government that will help you pay for a new, more fuel efficient car or truck from a participating dealer when you trade in a less fuel efficient car or truck. The official name for the program is "Car Allowance Rebate System" (CARS). The rules and conditions for participation in the CARS program are outlined on the official NHTSA website, <http://www.cars.gov>. The website is clear and easy to use. Check the web site if you plan to use this program. The program has had high participation and will only last as long as the funding is available.

In order to qualify:

The purchased vehicle must be new (2008, 2009, 2010 models).

The vehicle can not cost more than \$45,000.

The vehicle must be purchased, or leased for at least 5 years, between July 1, 2009 and November 1, 2009

You **cannot** trade in a clunker for a **motorcycle**.

Your clunker has to be less than 25 years old, in drivable condition.

You provide proof the vehicle "has been continuously insured consistent with State law, registered to the same owner for a period of not less than 1 year immediately prior to the trade-in", and has a clear title without liens. If you owe less than what you will get for your clunkers trade in, you may want to consider paying off the lien and getting a clear title before going to the dealer.

The value of the credit for the purchase or lease of a new passenger car depends upon the difference between the combined fuel economy of the vehicle that is traded in and that of the new vehicle that is purchased or leased. If the new vehicle has a combined fuel economy that is at least 4, but less than 10, miles per gallon higher than the traded-in vehicle, the credit is \$3,500. If the new vehicle has a combined fuel economy value that is at least 10 miles per gallon higher than the traded-in vehicle, the credit is \$4,500. If less than 4, the car does not qualify for the program.

To figure the EPA ratings: Go to <http://www.fueleconomy.gov> and click on the model year of your vehicle, the make, and then the model. Under the words "ESTIMATED NEW EPA MPG" in the red banner, there is a **red number** with the word "COMBINED" under it. That is the new combined city/highway fuel economy for your vehicle. You may then enter the make, model, and model year of a new vehicle you may want to buy and see its combined MPG for comparison.

The credit is not income for the consumer. There is no income limit that will disqualify owners. If the old car is worth more than \$4,500, the program would not provide any benefit. The CARS credit is independent from manufacturer buying incentives. For example, if a car dealer is offering \$3,000 off the list price of a car and you qualified for a \$4,500 CARS credit from your trade-in, then the total reduction off the Manufacturer's Suggested Retail Price would be \$7,500.