Buying Versus Leasing a Car

	Buying	Leasing
Ownership	You own the vehicle and get to keep it as long as you want it.	You don't own the vehicle. You get to use it but must return it at the end of the lease unless you decide to buy it.
Up-front costs	They include the cash price or a down payment, taxes, registration and other fees.	They typically include the first month's payment, a refundable security deposit, a down payment, taxes, registration and other fees.
Monthly payments	Loan payments are usually higher than lease payments because you're paying off the entire purchase price of the vehicle, plus interest and other finance charges, taxes, and fees.	Lease payments are almost always lower than loan payments because you're paying only for the vehicle's depreciation during the lease term, plus interest charges (called rent charges), taxes, and fees.
Early termination	You can sell or trade in your vehicle at any time. If necessary, money from the sale can be used to pay off any loan balance.	If you end the lease early, early-termination charges can be almost as costly as sticking with the contract.
Vehicle return	You'll have to deal with selling or trading in your car when you decide you want a different one.	You can return the vehicle at lease-end, pay any end-of-lease costs, and walk away.
Future value	The vehicle will depreciate but its cash value is yours to use, as you like.	On the plus side, its future value doesn't affect you financially. On the negative side, you don't have any equity in the vehicle.
Mileage	You're free to drive as many miles as you want. (But higher mileage lowers the vehicle's trade-in or resale value.)	Most leases limit the number of miles you may drive, often 12,000 to 15,000 per year. (You can negotiate a higher mileage limit.) You'll have to pay charges for exceeding your limits.
Excessive wear and tear	You don't have to worry about wear and tear, but it could lower the vehicle's trade-in or resale value.	Most leases hold you responsible. You'll have to pay extra charges for exceeding what is considered normal wear and tear.
End of term	At the end of the loan term (typically four to five years), you have no further payments and you have built equity to help pay for your next vehicle.	At the end of the lease (typically two to four years), you'll have to finance the purchase of the car or lease or buy another.
Customizing	The vehicle is yours to modify or customize as you like.	Because the lessor wants the vehicle returned in sellable condition, any modifications or custom parts you add will need to be removed before you return the car. If there is any residual damage, you'll have to pay to have it fixed.