

# Don't Count on Cash for Clunkers

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**The long-awaited bill has been approved by Congress, but it doesn't benefit very many car buyers**

If you were waiting to buy a new car or truck until the “cash for clunkers” program became reality, the time has come. But be ready to be disappointed. Not many “clunkers” qualify for vouchers, and even if yours does, you may get a better deal selling it on your own.

The idea behind the legislation was to spur auto sales, replacing older gas-guzzlers with more fuel-efficient vehicles. But the legislation as it stands won't achieve either goal very well.

## How It Works

To qualify as a clunker, your vehicle must have been manufactured in 1984 or later, be registered and in use for at least one year, and get 18 miles per gallon or less in combined city and highway driving (see [www.fueleconomy.gov](http://www.fueleconomy.gov) to check the official mileage of your vehicle). It must also be drivable.

If your car qualifies, you can get a voucher toward a new, more fuel-efficient model that costs less than \$45,000. Trade your old car for a new one that gets at least 22 mpg, and your voucher is worth \$3,500. If the new car gets 10 mpg better than the old car, the voucher is worth \$4,500.

For light-duty SUVs, vans and pickups to qualify for a \$3,500 voucher, the mileage on the *new* vehicle has to be 18 mpg combined and 2 mpg better than the old one. If the new vehicle does 5 mpg better, you can claim the \$4,500 voucher. For heavy-duty vehicles—those rated at 6,000 to 8,500 pounds for gross vehicle weight—the rules are even more lenient. The \$3,500 voucher is available if the new vehicle gets at least 15 mpg combined and just 1 mpg better mileage than the old one. You need only 2 mpg better to qualify for the \$4,500 voucher.

Work trucks (gross vehicle weight rating of 8,500 to 10,000 pounds) are not rated for mileage; if you own one, the only requirement you have to meet is that your vehicle be a 2001 or older model, and the voucher is \$3,500.

The voucher reduces the cost of the new car and is the only trade-in money you'll see. Your old car gets scrapped.

## Few qualify

At first glance, 18 miles per gallon sounds reasonable—if your car gets less than that in combined mileage, it's a guzzler, plain and simple. But few cars qualify, unless they have large engines and are meant to go very fast. SUVs and trucks are the real culprits, so the plan is skewed heavily in their favor—and benefits the Detroit automakers who sold a lot of SUVs and trucks.

For example, if you're hoping to trade in a 1997 V6 Ford Taurus (rated at 21 mpg combined), you're out of luck. But if you have a V8 Taurus of the same vintage (18 mpg combined), you could qualify. On the flip side, all but one of Ford's SUVs, trucks and minivans from that year qualify as clunkers.

[Kelley Blue Book](#) created a list of models going back to 1990 that get low enough mileage to qualify and are worth less than \$4,500, and came up with only 974 for the past 19 years. The results skew toward older cars, naturally, because they're worth less—93% of the models are seven years old or more. In fact, there are fewer than 70 models that are of a more recent vintage.

The list was also revealing in how heavily skewed toward Detroit the legislation will be. (It has been approved in the House and Senate and is awaiting President Obama's signature.) Some 62% of the cars on the list were from the Big Three, with General Motors' vehicles making up 28% alone. The vouchers don't replace or cancel out other incentives, such as the hybrid tax credit or discounts from dealers or manufacturers. You can also deduct the sales

tax, if any, on your federal tax return.

The program will be in effect for one year, starting whenever the regulations are finalized, and may apply retroactively to qualified purchases since March 30 of this year in the form of cash rebates.

Even if you have a so-called clunker, if it's worth more than the voucher you'll get (to find out what you might get for it, go to [www.kbb.com](http://www.kbb.com)), trading it in would be a mistake. You could sell it on your own--and use the cash to buy your new ride.

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