

Should You Dump Your Car? Considering Transportation Alternatives as a Way to Save Money

The American Automobile Association in April stated the average cost of driving a car is \$8,095, only \$26 less than the cost of operating a vehicle during the 2008 oil shock. That dollar figure includes such things as auto financing, fuel, insurance, service and other related operating costs, many of which have increased over the last year.

Seeing that number in black and white has made many recession-battered drivers wondering if they really need a car. While the thought of saving thousands of dollars is an attractive one, giving up an automobile requires careful thought about current habits and available transportation alternatives so savings won't be eaten up down the line.

While downsizing or selling an automobile might be an important money-saving move, it needs to be compared with other lifestyle issues where changes could bring other benefits. A visit to a financial planning professional can help you review all of your expenses as well as your transportation needs to make the right decision.

In the meantime, here are some important points to review before you put up the "for sale" sign in your windshield:

What's the current and projected cost of your automobile? Most people have never taken time to determine what they actually spend on their car during any one-month period. Spend the next month tracking everything you do with your automobile. Measure how often you drive to work, how often you drive to activities, and how often you run errands. Write down what you spend on parking, fuel, insurance and any service-related issues that crop up. Use resources like Edmund's Car Buying Guide to price your car in the used market and maybe check the same model that's a few years older to see how pricing has held up. Start building a picture in your head of whether your paid-off car is worth keeping long-term.

Rethink your driving behavior: How easy would it be for you to replace a typical car ride with public transportation, a bike, or a relatively short, safe walk to your destination? Obviously someone who has to make several sales visits a day can't easily substitute a car, but someone with a "9 to 5" office or factory job might be able to save a significant sum by experimenting with another transportation option. The same goes for non-work-related transportation. Can you consolidate shopping trips so you're not constantly driving to the grocery store or shopping center?

Could car-sharing work? Renting a car doesn't make good financial sense for everyday use, but see if there's an opportunity to rent cars on an hourly or daily basis for short-term errands and destinations. The "car-sharing" movement has produced both independent companies and nonprofits that rent cars by the hour that customers can use for errands or a short time period. These companies often park customers' cars right in the neighborhoods where they need them. Keycard technologies allow access to the cars and customers typically reserve and pay for the cars online.

How's your health? It's one thing to say you'll dump your car and ride a bike, walk to work or use public transportation. It's another to make those decisions if you're not sure you're healthy enough to do so. If you are sedentary, significantly overweight or have other health issues, make sure you can make a gradual transition to these alternatives without a negative strain on your health.

Check government incentives: On Jan. 1, the Bicycle Commuter Act went into effect, which offers consumers who commute regularly on bike, a tax benefit of up to \$20 a month. That might not sound like much, but add up the savings from parking, gas and insurance costs, and the financial advantage to biking starts to add up. It also makes sense to check if there are state and local tax incentives to make the switch, and if your local government offers or has plans to offer safe places to lock your bike as well as safe locker and shower space to allow you to store your gear and get ready for work.

See if your employer will cut you a break: Employers are thinking more about transportation solutions that are not only green but improve the health of employees. Biking, walking and taking public transportation generally exposes employees to more physical activity (generally good for health insurance costs) while allowing employers to say they're encouraging a better environment. Contact your human resources department to check whether they offer discounts and incentives for any of these choices.

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