

Ditch Your Car, Save a Fortune

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In 2011, I parted ways with my car, a 2003 Kia Spectra that my grandparents had given me as a college graduation gift. After eight years of hassle- and payment-free driving, the car wouldn't start one morning before work. The mechanic's diagnosis: A small hole in the transmission had been causing fluid to slowly leak. The financial damage: It would have cost between \$4,000 and \$5,000 to repair. Cha-ching! I was shocked when I heard that dollar amount. I immediately questioned whether sinking that much money into an eight-year-old car was worth it. There was no guarantee it wouldn't require another just-as-costly fix soon afterward. Also, I had been saving up to buy a home, so the repair would have taken money away from my stash for a down payment. That was a sacrifice I didn't want to make. When I considered how easy it would be to get around town with my own two feet and plenty of public transportation (I live in the Washington, D.C., metro area), I decided to go carless.

Carless Savings: About \$5,000 a Year

The financial benefits of not owning a vehicle were immediate. Because I donated my car to the Purple Heart Foundation, I earned a tax deduction of about \$200. The charitable organization even towed it away for me, free of charge.

One of the biggest costs of owning a car—and perhaps the biggest hassle—was parking. The garages near my office charge \$20 a day, on average. I typically drove to the office two or three days each week. I'm guessing I spent nearly \$2,000 a year to park at work.

If I opted to take public transportation to work, I still had to figure out where to leave the car during work hours, which had gotten extremely frustrating. I didn't get to my neighborhood metro station early enough—which apparently meant before dawn—to use the public parking lot before it filled up. But if I left my car at my apartment building, where I didn't have designated parking, or on the street in my boyfriend's Northwest D.C. neighborhood, where I didn't have a parking permit, I often came home to a \$25 parking ticket (and a headache). If I got a ticket just once a month, that would add up to \$300 a year.

Cutting out the cost of gas was also huge. I used to shell out \$45 every week to fill up my car, which added up to \$2,160 a year.

Another big saving: I no longer had to pay for car insurance, which cost me about \$900 a year.

All told, that's more than \$5,000 I'm no longer spending on a car each year. But I've added some costs to my budget to compensate for my lack of wheels.

Carless Costs: About \$2,000 a Year

Fortunately, Kiplinger provides a \$50 monthly transit subsidy to help cover my cost of commuting to and from work via the subway or bus. But with my round-trip Metro ride costing \$6.70 every day, it's not long before I'm paying out of pocket each month—a total of about \$125 a month or \$1,500 per year. (A perk to my carless commute is all the exercise I get by walking to and from the Metro.)

When I need a car on short notice or to make quick trips to places such as the grocery store or a doctor's office, ZipCar is great. For membership and damage fee coverage, I pay \$135 annually. (Other plans in D.C. are available starting at \$6 a month.) The rate to use a car varies based on vehicle type and location, starting at \$6.59 an hour. I generally only use ZipCar once a month, at a cost of about \$30 per trip. And if I need to fill up with gas while I'm out, ZipCar covers it.

For lengthy day trips—such as visits to my grandparents' house two hours away for family events—ZipCar isn't the most cost-effective choice. If I were to reserve a ZipCar from noon to 6 p.m. on a Saturday in mid May, for example, it would cost \$65.23, including taxes. I can rent a car from Enterprise or Avis for an entire weekend for nearly that amount, if I plan in advance. But then I have to pay for gas and parking for that whole time, too.

A less-tangible cost of not owning a car: the extra time I have to allot to get to and wait for public transportation. On weekends in D.C., I sometimes wait 20 to 30 minutes at the Metro station for the next train.

Carless Conclusions

Not having a car has helped me save a lot over the past few years and achieve major financial goals. Most of that money went toward buying a new house in April. Now the money goes directly into my emergency savings fund.

Of course, going carless won't be the right decision for everyone. Be sure to give yourself a trial run before ditching your wheels. I tested out not having a car for about four months (while mine sat in my mother's garage) before finally donating my car in early 2012.

And while going carless has worked out well for me, I'll most likely buy a new car within the next year or two. I've already started saving for it. Having to travel on foot during inclement weather, plus unexpected subway delays during my morning and evening commutes and having to rely on others for a ride (and catering to their schedules) when public transportation isn't an option has slowly started to wear on me. When the time finally comes, I'll be sure to consult Kiplinger's annual Best Car Values guide, which ranks the year's top new-car models based on performance, safety and value. I want to make sure I'm getting the most bang for my buck because I plan to keep my next car for nearly a decade, too.

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