

Appraiser Blog

Are Prepaid Maintenance Plans Worth It?



By Tony Rached

Are Prepaid Maintenance Plans Worth It?

Thursday, February 22, 2024



Should You Get a Prepaid Car Maintenance Plan?

Imagine this: After weeks of researching and test-driving, you finally pick out your perfect car. It's reliable, has a solid warranty, and feels just right. As you're about to sign the papers, the dealer asks if you want to add a prepaid maintenance plan. With this plan, you won't have to pay each time your car needs routine check-ups like oil changes or inspections. It sounds convenient, doesn't it?

These plans cover the regular check-ups your car needs, which are listed in the manual that comes with your car. But, they don't cover everything. Things that get used up, like brake pads or windshield wipers, aren't included.

If your plan costs less than what you'd pay for these services on your own, it could be a good deal. But finding out if it's actually cheaper takes a bit more homework.

1

Is It Worth It?

Oren Weintraub, a pro at helping people buy cars, says making this decision on the spot can be overwhelming. Dealers often talk about these plans in a way that makes it hard to see the total cost. "Any product that a dealer offers can be good if the price is fair and you really need it," Weintraub explains. But figuring out if you're getting a good deal means looking into costs before you're sitting in the dealership.

If you're thinking about one of these plans, try to get one that's backed by the car's maker. This way, you're not stuck going to just one dealership for service. For example, if you get a plan from Mercedes-Benz, you can use it at any of their dealerships across the country, and they say you could save up to 30%.

How Much Does It Cost?

A common inquiry among car owners is the cost of a prepaid maintenance plan. This cost can differ greatly, influenced by factors such as your vehicle's brand and model, the duration of the plan, and the included services.

Prices for these plans often span from several hundred to over a thousand dollars. This wide range underscores the importance of closely examining what the plan offers to ensure it aligns with your needs and provides genuine value for your investment.

For mainstream brands, a basic plan might start around \$200 to \$600 for a term covering two to three years of routine maintenance. Luxury brands, known for their higher maintenance costs, can offer plans that range significantly higher, sometimes exceeding \$1,000, depending on the length and comprehensiveness of the services offered.

Doing the Math

To see if a plan is worth the money, call different dealerships and ask how much the services you'd need will cost. Compare this to the price of the prepaid plan. Sometimes, dealers will say that by paying upfront, you'll save money in the long run because you won't be affected by price increases.

Appraiser Blog

That could be true, but only if you pay for the plan all at once. If you add the plan's cost to your car loan, you'll end up paying interest on it, too.

According to Weintraub, only a few car brands offer plans that aren't worth it, though he didn't name which ones. He often gets these plans for his clients because they can save money, especially with certain brands. For example, Audi and Mercedes-Benz offer better deals on these plans if you're leasing a car, which can make the lease cheaper.

The Bottom Line

Deciding to buy a prepaid maintenance plan comes down to whether it offers a good deal on the services and the convenience it provides. It's about balancing the ease of having a plan with its cost and potential savings.

For many people, the benefits of having a plan, like not worrying about maintenance costs, outweigh the initial expense.

As you think about whether a prepaid maintenance plan is right for you, consider the financial side and the convenience it offers. Isn't the goal to enjoy your car with as little stress as possible? Could this be the way to a worry-free ride?