What's the difference between buying and leasing?

Put simply, when you buy, you either finance or pay cash to pay for the total cost of the vehicle, When you lease, you don't have to pay for the whole vehicle...only for that portion of the vehicle's worth you will use.

How are your lease payments determined? The key is found in your Guaranteed Future Value. Let's look at some figures to illustrate how your Guaranteed Future Value and leasing works.

Let's say you want to drive a new $15,000 car for two years. If you financed, you'd probably be faced with some pretty hefty monthly payments. But if you choose a lease, you don't have to pay for the whole life of the car.

Instead,there is an estimate of what your car will be worth after those two years of driving. Let's say the value after two years is determined at $7,500. This $7,500 is the lease-end value or Guaranteed Future Value. Since you won't be using this portion of the car's worth, it is deducted from the original $15,000 total purchase price. That means your lease payments are based on the portion you will use--$7,500 in this case plus a lease charge based on the total price.