



Lenders Insurance Solutions Group LLC

“Increasing Vehicle Repair Cost”

Last month we discussed the high increase of purchasing a vehicle. Not only are new cars increasing in price, but used cars are increasing as well. In 2023, the average cost of purchasing a new vehicle is almost \$48,000* and a used vehicle is reaching an all-time high of \$27,000. However, as equestrians will tell you, the cheapest part of owning a horse, is the purchase price of the horse! The same may be true for purchasing a vehicle. The cost of maintaining and repairing a vehicle is also skyrocketing. Yes, regular maintenance, fuel, tire replacement, vehicle registration, property tax (if applicable) and auto insurance are necessary; however, what happens when there is an unexpected vehicle repair for that used vehicle? The 2023 average auto repair labor rate in Missouri can go as high as \$170/hr. Let's look at the 2023 escalated cost of repairs for vehicles. You can't see into the future and know exactly when your car will need to be serviced or how much it'll cost. How do your members prepare for the inevitable?

A few years back, AAA conducted a study on the cost of auto repair. While they haven't put out an updated study since, it's safe to assume that rising inflation has increased the costs in the last couple of years.

First, the typical unexpected repair is approximately \$500 to \$600. The study found that 1 in 3 Americans couldn't afford to do that repair without going into debt. *AAA recommends putting \$100 month aside for auto maintenance and repairs. How many of your Members are doing this? A very important question to ask them is:

“How much money are you able to put aside each month specifically for auto maintenance and/or repairs?”

The reality is **that most people do not consider an auto repair in their monthly vehicle expense budget.** Also, the cost of the repair is based on the type of repair. Here are a few:

- Alternator replacement: \$746.63 - \$842.18
- Brake (depending on the type of break repair): \$532.91 - \$612.01
- Fuel injector replacement: \$1,103.18 - \$1,226.21
- Fuel pump replacement: \$1,093 - \$1,211.87
- Mass air flow sensor replacement: \$451.69 - \$524
- Power steering pump replacement: \$836.81 - \$935.65
- Starter replacement: \$727.98 - \$820.04
- Thermostat replacement: \$660.75 - \$746.64

Doesn't it make sense to share this information when your member gets their vehicle loan instead of having the conversation when they need another loan for a vehicle repair?