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7 reasons NOT to trade your gas guzzler

By [Amy E. Buttell](#) • Bankrate.com
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When gas prices breached \$4 a gallon, consumers scrambled to unload their gas-guzzling sport utility vehicles. Even with gas prices falling every day, you may still be inclined to swap that Yukon for a Prius, but whether it's a good idea is far from a no-brainer.

In fact, for most consumers, whether you'll save money by dumping a gas guzzler in favor of any high-efficiency vehicle, hybrid or not, depends on a variety of factors, including the age of your current vehicle, what you owe on it, your commute and your family size. Most consumers will lose money on a trade designed strictly to upgrade gas efficiency, so it makes sense to hold onto just about any type of SUV, barring other reasons for a trade in.

"Whether you should trade in a gas guzzler or not depends on what overall benefits you'll get from the trade," says Jack Nerad, executive market analyst with Kelley Blue Book and KBB.com. "You have to ask if the vehicle you are thinking about trading the SUV in for will do what you need it to do. If you regularly transport more than two people at a time, a smaller car may not meet your needs. In most cases, an economy car will not save you enough in fuel costs to offset the loss you would take on trading in your larger car."

If you are coming to the end of your vehicle's useful life and need a new or newer car anyway, considering a more fuel-efficient vehicle makes much more sense, Nerad notes. This is because you need a new or newer car, your current car is probably not worth much at all and your overall needs may be changing. For example, if your kids are in school now and you are carpooling more, a larger car makes sense. If your kids are out of the house and in college, on the other hand, a smaller car makes more sense given your situation.

With that in mind, here are seven reasons it might not be worth it to trade in your gas-guzzler.

7 reasons to keep your gas guzzler

1. [You won't save enough in fuel economy](#)
2. [Your current vehicle may be worth less than you think](#)
3. [You may be upside down in your loan](#)
4. [Your insurance may increase](#)
5. [You may not get favorable interest rates on a loan](#)
6. [Your family may not fit in the smaller car](#)
7. [It can't hurt to wait](#)

1. You won't save enough in fuel economy

Several Web sites offer trade-in calculators that can help you determine if it is worthwhile to trade in your car purely based on the fuel savings. These include [Edmunds.com](#), [PoliticalCalculations.com](#) and [Kelly Blue Book Green](#), all of which provide some interesting food for thought. As a look at these calculators will likely show you, it takes a long time to break even purely on gas savings when contemplating a trade-in. In fact, the time it takes to break even can last way longer than the useful life of the car you're lusting after, as Nerad discovered when he ran some numbers on how long it would take to break even on trading in a 2001 Chevy Tahoe for a 2008 Tahoe Hybrid. The break-even period a few months ago? 48 years.

2. Your current vehicle may be worth less than you think

Because automakers manufactured too many SUVs and so many drivers are seeking to unload them, there is a huge

surplus of used SUVs, which is depressing prices further. "Trade-in values for SUVs are at an all-time low, whereas hybrids and fuel-efficient vehicles are valued at an all-time high," says Mike Vander Baan of AutoConsign.com in Charlotte, N.C. "By trading in, you'll take an enormous hit and have less to put toward your next car purchase."

Mark Scott of AutoTrader.com agrees, saying: "Since gas prices started going up, the value of larger used vehicles has gone down as more and more people seek to sell or trade them, meaning your used SUV that might have been worth \$16,000 last year is now only worth \$12,000 to a dealer or in a private sale."

"How much in gas savings would you have to realize to make up for that lost value?" Scott says. "Or might you be better off holding onto your larger vehicle until the market for used SUVs comes back to some normalcy and some of that value potentially comes back?" If you are serious about wanting to get rid of your SUV, explore sites such as Kelley Blue Book and Edmunds that can give you a ballpark idea of what your car is worth and what it might fetch in either a trade-in or private sale.

SUVs coming off lease are flooding the market, and many consumers in the middle of SUV leases are trying to unload them through lease trading Web sites, says John Sternal of Leasetrader.com, who has seen a 25 percent increase in the number of consumers seeking to unload their leased SUVs. Those interested in assuming leases on these cars are finding some good deals, he notes.

[Next: "It can't hurt to wait ..."](#)

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