



When it comes to auto loans, a 0% interest rate is a head turner. But it's not always the best deal.

Car dealerships generally advertise 0% offers in the summer when they're looking to make room in the showroom for newer models. The offers come from the financing arms of the large auto manufacturers, who, unlike traditional lenders, profit directly off the sale of the car and don't necessarily need the interest revenue.

But like any great deal — there's a catch. The *New York Times* reports that only about 10% of consumers actually qualify for 0% interest loans, which require pristine credit — usually a FICO score of 720 or higher. And the loans typically are reserved for a limited number of models and are not available if you're shopping for a used car, which obviously tend to cost less than newer models.

These 0% loans often are paired with shorter term loans, which cost you less overall but mean a higher monthly payment.

Before you head to the dealership, keep these points in mind:

Look at All Available Deals

Check for other offers, such as cash back. If you can get a rebate — which lowers the overall price of the car — paired with a low-interest loan, it may save you more than the 0% financing, so be sure to [crunch the numbers](#).

Negotiate the Price

Before you get to the interest rate, finalize a sale price and stick to it. Don't feel pressured to accept expensive add-ons. Once the sale price is established, then talk about financing.

Get Preapproved for a Loan

Heading to the dealership with a firm offer in hand will give you a point of comparison and puts you in a stronger negotiating position. Credit unions, as not-for-profit financial cooperatives, offer competitive rates.