



MCA DETROIT

• HEALTH AND SAFETY DIVISION •

(313) 341-7661, ext. 204
safety@mcadetroit.org
www.mcadetroit.org/safety



Mechanical Contractors Association of Detroit

36200 Schoolcraft Rd. • Livonia, MI 48150

Major Purchase Planning Guide

Why Plan for Major Purchases?

Large purchases can easily throw off your financial balance if you don't plan ahead. By budgeting wisely and preparing, you avoid:

- ✓ Overspending
- ✓ Unnecessary debt
- ✓ Buyer's remorse
- ✓ Long-term financial stress

Step-by-Step Planning Process

Step 1: Define the Purchase Clearly

Ask:

- What exactly do I want to buy? (e.g., a car, home, laptop, new HVAC system, wedding)
- What features or specs do I need vs. want?
- What's the estimated cost (realistically, with taxes, fees, delivery, etc.)?

Tip: Do market research — get quotes, compare options, read reviews.

Step 2: Assess Your Financial Situation

Before buying, understand:

- Your **current income**
- Your **savings**
- Your **debt-to-income ratio**
- How much you can comfortably put down without draining your emergency fund

Rule of thumb: Avoid using **emergency savings** or **retirement funds** for major purchases unless it's an actual emergency.

Step 3: Set a Savings Goal

Based on the total price, figure out:

- How much you need to save
- By when you want to make the purchase
- Monthly/weekly savings targets

Example:

Laptop total cost = \$2,000

Goal: Buy in 6 months → Save ~\$335/month

Open a **dedicated savings account** (or sub-account) to keep funds separate.

Step 4: Explore Financing Options Carefully

For big purchases like a home, car, or tuition:

- **Understand loan terms** — interest rate, monthly payment, fees, penalties.
- Calculate **total cost over time**, not just monthly payments.
- Check your **credit score** before applying.

Avoid high-interest financing or “buy now, pay later” traps for non-essential purchases.

Step 5: Review Long-Term Impact

Ask yourself:

- Will this purchase affect my ability to save or invest?
- Will I need to adjust my monthly budget?
- Are there ongoing costs (maintenance, insurance, upgrades)?

Example: Buying a car → gas, insurance, maintenance.

Example: Buying a home → property taxes, insurance, repairs.

Step 6: Time the Purchase Strategically

Certain times of the year offer better deals:

- **Cars:** End of the month, quarter, or year
- **Electronics:** Holiday sales, Black Friday, back-to-school
- **Home appliances:** Off-season (e.g., buy AC units in winter)

Step 7: Make the Purchase Confidently

When ready:

- Stick to your **predefined budget**.
- Negotiate price when possible (especially on cars or large appliances).
- Review return policies, warranties, and service plans.

Keep all receipts and documents in a safe place.

Tools to Help

- **Savings calculators** (online or in banking apps)
- **Budgeting apps** (Mint, YNAB, PocketGuard)
- **Loan calculators** (for mortgages, car loans, student loans)
- **Spreadsheets** to track progress

Sample Savings Tracker

Goal	Total Cost	Amount Saved	Remaining	Deadline
Laptop	\$2,000	\$1,200	\$800	December 31, 2025
Car Down Payment	\$5,000	\$2,500	\$2,500	June 30, 2026
Wedding Fund	\$10,000	\$4,000	\$6,000	August 15, 2026

Common Mistakes to Avoid

- ✗ Rushing without comparing options
- ✗ Overborrowing or overextending your budget
- ✗ Ignoring hidden or ongoing costs
- ✗ Using high-interest credit to cover gaps
- ✗ Skipping pre-purchase inspections (for cars, homes, used goods)

Final Tips

- Plan **ahead of time** — last-minute purchases lead to overspending.
- Only finance what you can **afford** monthly *and* overall.
- Celebrate the achievement when you hit your savings goal!