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## 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!