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**My Car Assignment**

**Directions:** Over the next few days, you will be buying your first car. Most people assume that the sticker price is the actual amount a car costs, but this is not the case! There are many other factors that go into the true cost of a car. Follow the steps on this worksheet to complete the assignment.

When buying a car, most people cannot afford to buy it for the sticker price. Usually, people take out a car loan. Buyers will pay an initial payment (down payment) on the car that will be paid to the car dealer. The rest of the money will be financed from a car loan. For the sake of this assignment, here are your rules.

Your maximum down payment is $2,000

Your maximum financing is $38,000

So, your maximum sticker price is $40,000

Cars need gas in order to operate, so it is essential to recognize the price of gas in the Clinton area at this time. For this assignment, refer to the following for gas

The average person travels 15,000 miles per year

The current price of gas is…

Regular- 3.41

Plus- 3.59

Premium- 3.77

You are now ready to buy your car! Follow the steps below in order to complete the assignment!

Step 1: Income

Go back to your Career Paycheck Wiki Page. Find your netpay:

$500

Multiply that number by 2 and write that number here: $1000

This is how much money you have per month for all expenses. A car loan counts as one of these expenses!

Step 2: Find a Car!

Use this site:<http://www.edmunds.com/>

My car is…

Make (ex. Ford): Porsche

Model (ex. Focus): Boxstergas

Year (ex. 2013): 2002

Color (ex. blue): Red

New or used: Used

Step 3: Can you afford the car?

The sticker/list price: $12,000

If I put $2,000 down, I will borrow/finance (sticker price-2000): $10,000

When you borrow money from a financial institution, you will ultimately pay interest. Keep this in mind considering your monthly income!

FINANCING OPTIONS- Calculate by clicking the AUTOLOAN calculator at bankrate.com

HINT: YOU SHOULD CALCULATE ALL OPTIONS AND SEE WHAT YOU CAN AFFORD BEFORE SETTLING DOWN ON A LOAN!!

\*\*Short loan – higher monthly payments, but you pay less total interest

\*\*Long loan – lower monthly payments, but you pay more total interest

Financing: what will the loan to purchase this vehicle cost you? Use the interest rates below which represent NJ averages. **Circle which loan (36 mo., 48 mo. or 60 mo. that you think you will ask for)**

36 month (new car) = 3.49% 36 month (used car) = 4.86%

48 month (new) = 3.75% 48 month (used) = 4.95%

60 month (new) = 3.75% 60 month (used) = 6.45%

For my financing, I will be paying $230.7 per month for 48 months.

Overall, I will pay (monthly payment x # of months) $11,003.60

How much total interest will you pay (Total Payment – Amount Financed)?

$1,003.60

Step 4: Other Expenses

There are many other expenses that go with the car.

GASOLINE:

What is the Highway MPG? 28 MPG

What is the City MPG for your car? 18 MPG

The average person drives a vehicle a 15,000 miles per year.

45% (6750 miles) on the highway and 55% (8250 miles) in-city travel.

Gallons needed for highway driving (6750 / highway MPG):

375 gallons

Gallons needed for City driving (8250 / city MPG):

458 gallons

Total Gallons Needed: (Highway gallons + city gallons):

833 total gallons

If gas is currently $3.41 per gallon, calculate the total cost for fuel for this car per year.

Total Cost of Gas per year (Total gallons x gas price): $2840.53

Total Cost of Gas per month (Total above / 12): $236.70

CAR INSURANCE

In order to drive in NJ, you need to be insured in case anything happens.

For males, you will pay $200 per month. Females will pay $150 per month.

Car Insurance = $200 per month

MAINTANENCE

REMEMBER you want your vehicle to last you for more than just one year!

What costs haven’t we considered? Find out by entering the make, model, year and style at the following website –<http://www.edmunds.com/tco.html>.

What are the total costs in taxes and fees for 5 years? $479.53

What are the total maintenance costs for 5 years? $854.43

What are the total costs for repairs for 5 years? $1489.43

So how much does it actually cost to own your car???

Add the following numbers together…

Down Payment: $2,000

Total Financing Payment (including interest): $11,003.60

Gasoline Expenses (total cost of gasoline x 5): $14202.65

Car Insurance (monthly payment x 60): $4800

Estimated taxes (Step 4): $479.53

Estimated maintenance (Step 4): $854.43

Estimated repairs (Step 4): $ 1489.43

TOTAL PRICE TO OWN A CAR FOR 5 YEARS…

$32476.25