Complete this worksheet by typing your response into each section.

To earn credit, e-mail your completed worksheet to your teacher

***BY MIDNIGHT ON TUESDAY FEBRUARY 5th***.

(Reyes 🡪 jreyes@aaechighschools.com Sheahan 🡪 hsheahan@aaechighschools.com )

Section #1: It’s all about YOU! **(day 1)**

NAME: *Type your FULL NAME here*

Period: *Type your CLASS PERIOD here*

EMAIL ADDRESS: *Type your email address here…*

Section #2: Where to start? **(day 1)**

Please watch the following introductory video. It’s about 2 minutes long and gives a good overview of what you’ll need to do to buy a new or a used car. <http://www.youtube.com/watch?v=zja6t0nI72Y>

As you saw in the video, the first thing you need to do is figure out what your priorities are for your new, or at least new to you, car. Please fill out the chart below by ranking your priorities from 1-5. You will use this list to help you pick a vehicle that suits your needs.

Some potential priorities could be safety, style, size, gas mileage, low cost to own, look, comfort, low price, handling, reliability, comfort, power, room, trunk space, etc…

|  |  |
| --- | --- |
| My Priorities: | Fill in your top 5 priorities in order of most to least important. |
| 1 | *Type your first priority here…* |
| 2 | *Type your second priority here…* |
| 3 | *Type your third priority here…* |
| 4 | *Type your fourth priority here…* |
| 5 | *Type your fifth priority here…* |

Section #3: Time for some research **(day 1 & 2)**

Now that you’ve looked at your priorities, it’s time to start your search. Please pick 3 cars, at least one should be used and at least one should be new. Use the websites below to analyze what different makes and models of cars will fulfill your priorities. Please provide a short explanation, in your own words, as to why you have chosen each car as well as a link to where you found information about the car. You may have to dig a little to find quality consumer reviews and pricing for your used car option(s).

Example: 2001 Honda Civic Coupe, gets good reviews in terms of reliability, price and gas mileage, which are my top three priorities. <http://www.edmunds.com/honda/civic/2001/?sub=coupe#fullreview>

There are many places on the web to research cars; these are sites that I like.

1. <http://www.nadaguides.com/Cars/Research-Center>,

2. [www.edmunds.com](http://www.edmunds.com)

3. <http://www.kbb.com/compare-cars/>

4.

[http://www.cars.com/go/crp/index.jsp](http://www.cars.com/go/crp/index.jsp%205)

[5](http://www.cars.com/go/crp/index.jsp%205). <https://www.autotrader.com/>

|  |  |  |
| --- | --- | --- |
| Category | Make, Model and Year | Why I chose to buy this car (please include an active link to information on this car) |
| *New Car* | *Insert Make Model and year of New Car Here…* | *Write a couple of sentences on why you chose this car here (don’t forget to include a link)…* |
| *Used Car* | *Insert Make Model and year of Used Car Here…* | *Write a couple of sentences on why you chose this car here (don’t forget to include a link)…* |
| *Choose one: New or Used* | *Insert Make Model and year of Third Option (Either new or Used) Here…* | *Write a couple of sentences on why you chose this car here (don’t forget to include a link)…* |

Section #4: Financing **(day 2)**

You know what car you want to buy, but what will your loan really cost? Should you lease instead? For this workshop we’re concentrating on buying, but for a good summary of leasing vs. buying, please watch the following video.

<http://www.youtube.com/watch?v=wdgDV8JTYow&feature=related>

Depending on the interest rate, the price you get and the length of your loan, your total cost (price + finance charges) will differ. The price and loan terms will depend on the car you choose and what you negotiate with a lender. Your interest rate however will depend in a large part on your credit score. The higher your score, the lower your interest rate will be. If you want more information on what goes into your personal credit score and report, please come to an [Understanding Credit Workshop](http://www.champlain.edu/LEAD-Program/Financial-Sophistication.html).

In general you want to keep a car loan to maximum term of 5 years or less, 4 years if you’re buying used. One of the reasons to keep the term down is that although your payment may go up, the total cost of the car will decrease with the shorter term. You’ll see this when you fill out the table below. Finally, remember that the point of buying, rather than leasing, is so that in time, you will own the car without having a monthly payment! Extremely long payment plans make it more difficult to pay off your loan and you end up paying more in the end.

Bankrate.com is a great site for analyzing loan terms. The link below connects to their car loan financing calculator. It’s a great tool and will help you to easily fill out the table below.

<http://www.bankrate.com/calculators/auto/low-interest-auto-finance-calculator.aspx>

**Step 1:** Choose one of the cars above from your research to explore financing opportunities. **You will use the same car (and therefore price) for each example.**

**Step 2:** Visit the following website:
<http://www.bankrate.com/calculators/auto/low-interest-auto-finance-calculator.aspx>

**Step 3:** Enter the Price of the car into the “Balance to Finance” field

**Step 4:** Enter “$0” in the Down Payment field

**Step 5:** Enter the number of months you are researching

**Step 6:** Under APR Option 1, enter 5%, Option 2 enter 10%, Option 3 enter 15%.

**Step 7:** Click on “Calculate” and then “View Report”

**Step 8:** Look at the chart to find your Monthly Payment and Total Interest Paid based on each interest rate.

**Step 9:** Calculate your total money paid by adding Price to Total Interest Paid.

**Step 10:** ***Using the same car each time***, repeat for additional payment schedules (number of months) to complete the table. Use the link below to calculate the real cost of your loan as well as your expected monthly loan payment for any one of your cars but please use the same car for the whole table. Assume that you will be financing the entire price of the car.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| APR | Price | Monthly payment 3 year loan(36 months) | Total Interest Paid | Total Paid(Price + Interest Paid) |
| 5% | *Insert price of car here…* | *Insert monthly payment here…* | *Insert total interest paid here…* | *Insert the total amount paid here…* |
| 10% | *Same as above…* | *Insert monthly payment here…* | *Insert total interest paid here…* | *Insert the total amount paid here…* |
| 15% | *Same as above…* | *Insert monthly payment here…* | *Insert total interest paid here…* | *Insert the total amount paid here…* |
| APR | Price | Monthly payment 4 year loan(48 months) | Total Interest Paid | Total Paid |
| 5% | *Same as above…* | *Insert monthly payment here…* | *Insert total interest paid here…* | *Insert the total amount paid here…* |
| 10% | *Same as above…* | *Insert monthly payment here…* | *Insert total interest paid here…* | *Insert the total amount paid here…* |
| 15% | *Same as above…* | *Insert monthly payment here…* | *Insert total interest paid here…* | *Insert the total amount paid here…* |
| APR | Price | Monthly payment 5 year loan(60 months) | Total Interest Paid | Total Paid |
| 5% | *Same as above…* | *Insert monthly payment here…* | *Insert total interest paid here…* | *Insert the total amount paid here…* |
| 10% | *Same as above…* | *Insert monthly payment here…* | *Insert total interest paid here…* | *Insert the total amount paid here…* |
| 15% | *Same as above…* | *Insert monthly payment here…* | *Insert total interest paid here…* | *Insert the total amount paid here…* |

Section #5: Do some research into the real cost to own! **(day 3)**

Now that you know what different financing options will cost you, it’s time to research what costs there are, other than your loan, when you have a car. Often, people forget to think of insurance costs, repairs and maintenance and gas when they try to figure out what car they can afford in their budget. For this workshop you’ll be calculating your monthly expenses for each category. Edmunds.com provides a simple site where you get all these numbers at once.

Follow the steps below to fill in the table and calculate an estimate of what it will really cost you per month to own your car!

**Step 1:** Choose the car you want to research on the real cost to own.

**Step 2:** Revisit the [bankrate site](http://www.bankrate.com/calculators/auto/low-interest-auto-finance-calculator.aspx) that you just used to calculate your monthly payment for a 4 year loan at 10% interest for each car.

**Step 3:** Multiply your monthly payment by 12 to get the annual payment for each car.

**Step 4:** Visit <http://www.edmunds.com/tco.html>

**Step 5:** Enter the make/model/year/style of your car.
***Note:*** *If* *you chose a used car that is older than the data available, please look up the data for the same make and model of car in the closest year you can find.*

**Step 6:** Enter the annual costs to own this car from *the 3rd year of ownership* into the chart below.

**Step 7:** Add your total annual costs together.

**Step 8:** Divide your total annual costs by 12 to find out how much it will cost to own this car each month.

Please provide the link to the page for each car that you look up. Fill out the table below for all three cars as a way to compare them, so that you can make an informed decision on which one to choose.

|  |  |  |  |
| --- | --- | --- | --- |
|  | New Car | Used Car | Third Option |
| Make Model and Year of Car | *Insert Make, Model and year of New Car Here…* | *Insert Make, Model and year of Used Car Here…* | *Insert Make, Model and year of Third Option Here…* |
| Annual Payment (4 year loan at 10%)Monthly Payment x 12 | *Insert the monthly payment x 12 here…* | *Insert the monthly payment x 12 here…* | *Insert the monthly payment x 12 here…* |
| AnnualInsurance Cost | *Insert the annualinsurance cost here…* | *Insert the annualinsurance cost here…* | *Insert the annualinsurance cost here…* |
| Annual Repairs | *Insert the annualrepair cost here…* | *Insert the annualrepair cost here…* | *Insert the annualrepair cost here…* |
| Annual Maintenance | *Insert the annualmaintenance cost here…* | *Insert the annualmaintenance cost here…* | *Insert the annualmaintenance cost here…* |
| Annual Fuel | *Insert the annualfuel cost here…* | *Insert the annualfuel cost here…* | *Insert the annualfuel cost here…* |
| Annual Fees | *Insert the annualfees here…* | *Insert the annualfees here…* | *Insert the annualfees here…* |
| Total AnnualCost To Own(Sum of previous cells) | *Insert the annualcost to own here…(sum of all above cells)* | *Insert the annualcost to own here…(sum of all above cells)* | *Insert the annualcost to own here…(sum of all above cells)* |
| Total Monthly Cost to Own(Annual Cost ÷ 12) | *Insert the monthly cost to own here…* | *Insert the monthly cost to own here…* | *Insert the monthly cost to own here…* |
| Link | *Insert the link here…* | *Insert the link here…* | *Insert the link here…* |

Section #6: Conclusions **(day 3)**

You’ve done your research, so what do you think?

Write a reflective paragraph incorporating at least 5 of the following questions.

* What was the most surprising thing you learned?
* Did this exercise make you think differently about the true costs in owning a car?
* Did your priorities change now that you have done some research on the costs different types of cars?
* Did the cost of financing a car surprise you?
* Did the true cost of owning a car surprise you?
* Do you still want to buy a car?
* Do you still think you can afford a car?
* Which of your cars do you think would be the best fit for you right now?
* What kind of car would you like in ten years? Why?

*Insert your short reflective paragraph here…*

To receive credit: *Email your completed worksheet to your teacher* ***BY MIDNIGHT ON TUESDAY FEBRUARY 5th****. Attach your worksheet to the email and type “Last name - Online Buying Your First Car Workshop” in the subject line. You will receive an email confirmation when your work has been reviewed*