## Monthly Expenses

### Creating a budget & living within your means

**Topic 2 Transportation:**

Before you fill anything out on your budget sheet, fill out the chart on the next page using information from <http://www.bankrate.com/calculators/auto/auto-loan-calculator.aspx> and [edmunds.com](http://edmunds.com).

**Step 1:** Go to [edmunds.com](http://edmunds.com) and pick 4 cars (2 new, 2 used) – the price for the new will be the MSRP and the price for the used will vary depending on the mileage of each car.

**Step 2:** Go to <http://www.bankrate.com/calculators/auto/auto-loan-calculator.aspx>

**Step 3:** Enter the price (or MSRP) into the loan amount box

**Step 4:** Adjust your length of loan to get a desirable monthly payment

**Step 5:** Hit calculate! And record the amount of loan, interest (APR), length of loan, and monthly loan payment in the chart below.

**Step 6:** Go to <http://www.edmunds.com/tco.html>, enter in the make, model, and year of each car and find the true cost to own.

**Step 7:** Addthe fuel, insurance, maintenance, and repairs together for one year

**Step 8:** Divide answer from step 7 by 12. This is considered to be your added costs. (see example below)

| EXAMPLE: |  |
| --- | --- |
| Type of car | Used Car 1:  Nissan Murano |
| Amount of loan | $26,000 |
| Interest Rate (APR) | 3% |
| Length of loan | 5 |
| Monthly loan payment | $467.18 |
| Added costs | $467.50 |
| Total monthly payment | $934.68 |
| Total price for the car | $56,080.80 |

EX: Nissan Murano

Fuel (year 1): $2,055

Insurance (year 1): $1,786

Maintenance (year 1): $1,372

Repairs (year 1): $397

Total: $5,610/12 = $467.50 month

**Step 9:** Add your

monthly loan payment + added costs. This is your total monthly payment, fill in this amount in the chart below.

**Step 10:** To get the total price for the car multiply your total monthly payments x 12. Now, take that number and multiply by the length of the loan years. EX: $934.68 x 12 = $11,216.16

$11,216.16 x 5 (length of loan) = $56,080.80 \*this is the total price for a Nissan Murano

Your transportation table. Fill out COMPLETELY.

| Type of car | Used Car 1: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ | Used Car 2: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ | New Car 1:  \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ | New Car 2:  \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ |
| --- | --- | --- | --- | --- |
| Amount of loan |  |  |  |  |
| Interest Rate (APR) |  |  |  |  |
| Length of loan |  |  |  |  |
| Monthly loan payment |  |  |  |  |
| Added costs |  |  |  |  |
| Total monthly payment |  |  |  |  |
| Total price for the car |  |  |  |  |

**Step 11:** On your excel budget sheet enter the name of each car and the corresponding total monthly payment for each.

**Step 12:** Choose a car and enter the total monthly payment for that car in the Monthly Budget table under “Car Payment”.

**Step 13:** Open up your Monthly Budget Word document from last class. Copy and paste the completed above chart and answer the following questions:

* Using at least 3 economic reasoning terms from the semester explain which car you choose and why.
* Explain the marginal costs and benefits associated with the car of your choice.

**Step 14:** Go to <http://www.360financialliteracy.org/Topics/Insurance/Cars-and-Auto-Insurance/Auto-Insurance-for-20-Somethings> and read the article.

Answer the following in your word document:

1. What advise does it give regarding collision if your car is used?
2. How can you lower your Insurance premiums in your 20s?

Now go to: <http://www.360financialliteracy.org/Topics/Insurance/Cars-and-Auto-Insurance/How-to-save-money-on-your-auto-insurance> and answer question 3 in your word document.

1. Which suggestions for lowering your car insurance cost would only be available to you once you are older and more established financially?