**Buying a Vehicle**

**Part 1: Buy a Used Car**

You are going to search the costs involved with buying a used car first. You are welcome to use whatever website you choose to search for a car, but you will need to assume that you will have to take out a loan to buy the car. Use the links on the webpage to help you start searching or looks at local car dealerships and what is on their used car lots. When you have found a vehicle record the information below:

1. **Find a Car**

|  |  |
| --- | --- |
| **Price** |  |
| **Year** |  |
| **Make** |  |
| **Model** |  |
| **Kilometers** |  |
| **Body Type** |  |
| **Drivetrain** |  |
| **Transmission** |  |

1. **Calculate the Payments**

You will now need to calculate the costs involved with buying and registering this vehicle for insurance (car plates). Use the links on the webpage to an online car payment calculator and enter the

**Setup:**

* **Loan Payment**: This is the full amount of the car that you will be asking the bank to loan. Typically, most people would have some amount that they have saved to buy the vehicle first but let’s see what it looks like without any money saved. Enter in the entire cost of the vehicle here.
* **Interest Rate:** The bank is going to charge you interest for the loan. Similar to when you did the mortgage assignment earlier. Most banks charge around 6% for a car loan.
* **Repayment Period:** This is how long you will have to pay off the loan. Most people choose to pay off a used car as quickly as possible. You typically don’t want to take any more than 5 years to pay off a car as it soon becomes costly to maintain and pay off at the same time. Let’s use 5 years as the timeframe here.
* **Payment Frequency:** This is how often you will make payments on the vehicle in the year. Most people choose to make a payment every month to align with the monthly salary. Let’s choose monthly.

Record the information from the loan calculator below:

|  |  |
| --- | --- |
| **Loan Amount** |  |
| **Interest Rate** |  |
| **Repayment Period** |  |
| **Payment Frequency** |  |
| **Loan Payment** |  |
| **Total Interest Charged** |  |

1. **Calculate the Insurance (basic plates) for the Vehicle**

Every vehicle needs to have insurance coverage in order for it to be on the road. This is in addition to the cost of your valid driver’s license every year. In Saskatchewan, our insurance is also called our basic plates. This involves registering your vehicle with SGI and they will give you license plates to put onto your vehicle afterwards. We are fortunate to have some of lower rates for car insurance in Canada. Using the links on the project website, you will need to determine the cost of ensuring your vehicle every year or month (depending on how you wish to pay). Most people choose to pay their plates monthly. Use the information you recorded about the vehicle in part A to determine the cost of the insurance. Include the information about the insurance below when you are done.

|  |  |
| --- | --- |
| **Yearly Insurance Amount** |  |
| **Monthly Insurance Amount** |  |

1. **Fuel Cost for Vehicle**

The last major cost for a vehicle is calculating the cost of fuel. This amount can range quite a bit depending on how much and how far you drive every day. You will need to estimate the cost of your fuel every month. Below are some ranges to help you estimate the monthly cost:

|  |  |
| --- | --- |
| **Frequent Driving** | **Typical Fuel Cost per Month ($1.20/L)** |
| Car | $140 |
| Truck/SUV | $200 |
| **Average Driving** |  |
| Car | $100 |
| Truck/SUV | $160 |
| **Minimal Driving** |  |
| Car | $60 |
| Truck/SUV | $100 |

1. **Total Cost of Vehicle Per Month**

The last thing you need to determine is the total cost to operate the vehicle below. Fill in the chart and determine the monthly cost.

|  |  |
| --- | --- |
| **Monthly Loan Payment** |  |
| **Monthly Insurance Payment** |  |
| **Monthly Fuel Payment** |  |
| **Total Monthly Cost** |  |

**Part 2: Buy a Brand-New Car**

You are now going to search the costs involved with buying a brand-new car (current year) from a dealership. You are welcome to choose whatever car company and whatever features you want on the car but you will need to assume that you will have to take out a loan to buy the car. Use the links on the webpage to help you start searching. When you have found a vehicle record the information below:

1. **Find a Car**

|  |  |
| --- | --- |
| **Price** |  |
| **Year** |  |
| **Make** |  |
| **Model** |  |
| **Body Type** |  |
| **Drivetrain** |  |
| **Transmission** |  |

1. **Calculate the Payments**

You will now need to calculate the costs involved with buying and registering this vehicle. Use the links on the webpage to an online car payment calculator and enter the information below. See the notes below to help you fill in the information into the calculator.

**Setup:**

* **Loan Payment**: Enter in the entire amount of the vehicle from the car manufacturers website once you have included all options, accessories, fees, taxes, and delivery costs associated with the vehicle
* **Interest Rate:** Use the rate that is advertised on the company’s website for a new vehicle purchase, for example: 2.99% over 72 months (6 years).
* **Repayment Period:** Use the repayment timeframe that comes with the offer, e.g. 72 months (6 years)
* **Payment Frequency:** Choose monthly payments

Use the online loan calculator that you used before to determine the payments. Record the information from the loan calculator below:

|  |  |
| --- | --- |
| **Loan Amount** |  |
| **Interest Rate** |  |
| **Repayment Period** |  |
| **Payment Frequency** |  |
| **Loan Payment** |  |
| **Total Interest Charged** |  |

1. **Calculate the Insurance (basic plates) for the Vehicle**

Use the same links from the website that you used before to calculate the insurance from this new vehicle. If the current year isn’t available yet, use the year before to calculate the insurance.

|  |  |
| --- | --- |
| **Yearly Insurance Amount** |  |
| **Monthly Insurance Amount** |  |

1. **Fuel Cost for Vehicle**

Estimate the cost of fuel for your vehicle every month like you did before.

|  |  |
| --- | --- |
| **Frequent Driving** | **Typical Fuel Cost per Month ($1.20/L)** |
| Car | $140 |
| Truck/SUV | $200 |
| **Average Driving** |  |
| Car | $100 |
| Truck/SUV | $160 |
| **Minimal Driving** |  |
| Car | $60 |
| Truck/SUV | $100 |

1. **Total Cost of Vehicle Per Month**

The last thing you need to determine is the total cost to operate the vehicle below. Fill in the chart and determine the monthly cost.

|  |  |
| --- | --- |
| **Monthly Loan Payment** |  |
| **Monthly Insurance Payment** |  |
| **Monthly Fuel Payment** |  |
| **Total Monthly Cost** |  |

1. Now compare your two vehicles and all the costs associate with them (Used and New Vehicles). What do you notice? Fill in some pros and cons for buying used and buying new in the charts below. Which would be a better option for your future? Explain why in your final decision.

**BUYING USED VS NEW VEHICLE**

|  |  |
| --- | --- |
| **Used Vehicle** | |
| **Pros** | **Cons** |
|  |  |

|  |  |
| --- | --- |
| **New Vehicle** | |
| **Pros** | **Cons** |
|  |  |

**Final Decision On Which Option You Would Choose And Why:** \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_