

My Budget

Directions:

Get online and go to <http://www.nadaguides.com/Cars/Payment-Calculator> to access the affordability calculator. Using the online calculator, practice estimating car-buying budgets for each situation listed. Round numbers to the nearest dollar. Then, consider and research your personal situation to determine a car-buying budget for yourself. Be as realistic as possible.

1. Carlos can afford a monthly car payment of \$350, and he wants a 36-month loan. He has \$500 saved up for a down payment, and he owns a trade-in with a value of \$800. The tax rate in his area is seven percent. He has been pre-approved for an auto loan at a finance rate of 12 percent. Determine the price of a vehicle he can afford. Additionally, record how much interest and tax he will pay and the total amount he will spend.

Vehicle Price:	<u>\$11,063</u>
Interest Paid:	<u>\$2,062</u>
Tax Paid:	<u>\$774</u>
Total Spent:	<u>\$13,900</u>

2. If Carlos decides he wants a 60-month loan instead, but all other factors remain the same, what vehicle price can he afford now? How much more is he paying in interest and tax, and how much more is he spending overall?

Vehicle Price:	<u>\$15,920</u>
Interest Paid:	<u>\$5,266</u>
Tax Paid:	<u>\$1,114</u>
Total Spent:	<u>\$22,300</u>

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3. Now imagine Carlos gets his father to co-sign for him, and he is able to get a lower interest rate of only six percent. He still wants a monthly car payment of \$350, and he wants a 36-month loan. He has \$500 for a down payment, and his trade-in is worth \$800. The tax rate is seven percent. What is his vehicle price budget now? How much will he save in interest because of the lower interest rate?

Vehicle Price: \$11,967

Interest Paid: \$1,095

Tax Paid: \$838

Total Spent: \$13,900

Amount Saved in Interest (Compared to Q1): \$967

4. Estimate a car budget for yourself by considering your own situation, talking to your parents about factors they may influence, and researching interest rates, tax rates and trade-in values applicable to your situation. Then create a loan schedule on a separate page listing the loan amount with principle, interest, due dates and balances for the life of the loan. Use any necessary resources, but identify your sources.

Answers will vary, but should be logical and reasonable, and math calculations should be checked for accuracy.

What monthly car payment could you afford?

How long do you want your loan be?

How much can you afford as a down payment?

Do you have a trade-in? What is it worth?

Source:

What is the tax rate in your area?

Source:

What interest rate will you be charged?

Source:

My Car Budget: _____