

Buying a Car

Loan Concepts Worksheet

- Which is the better deal?
 - as low an interest rate as you can get
 - as high an interest rate as you can get
 - somewhere in the middle
- How much money are you comfortable putting down as a down payment?
 - as little as possible
 - a medium amount, something that won't effect my budget
 - as much as I possibly can, even if it is a stretch
- How long would you like to have to pay back the loan on your car?
 - a short time 0-2 years
 - a medium time 2-4 years
 - a long time 4-6 years
- Which is more important to you...
 - having extra money around month to month
 - paying the lowest possible price for something in the end
 - a balance between the two

	...the monthly payment will go...	...the total cost will go...
If you raise the interest rate...	<input type="radio"/> up <input type="radio"/> down	<input type="radio"/> up <input type="radio"/> down
If you lengthen the term of the loan...	<input type="radio"/> up <input type="radio"/> down	<input type="radio"/> up <input type="radio"/> down
If you increase the down pay- ment...	<input type="radio"/> up <input type="radio"/> down	<input type="radio"/> up <input type="radio"/> down

Buying a Car Financing Worksheet

Model of car:

Cost of car:

Your state's sales tax:

SEEING THE EFFECTS

Using the model of car you've chosen, work through the different loan setups described below. You'll be able to see how each part of a loan affects your costs each month and in total.

Changing the down payment

Down payment	Interest rate	Loan term	Monthly payments	Total cost
\$0	8%	48 mo.	\$	\$
\$2000	8%	48 mo.	\$	\$
\$4000	8%	48 mo.	\$	\$

Changing the interest rate

Down payment	Interest rate	Loan term	Monthly payments	Total cost
\$2000	6%	48 mo.	\$	\$
\$2000	8%	48 mo.	\$	\$
\$2000	10%	48 mo.	\$	\$

Changing the loan term

Down payment	Interest rate	Loan term	Monthly payments	Total cost
\$2000	8%	12 mo.	\$	\$
\$2000	8%	36 mo.	\$	\$
\$2000	8%	72 mo.	\$	\$

FINANCE YOUR CAR

Staying within the budget below, find at least three different loan setups that would allow to afford the car you selected. Circle the loan you think you'd prefer to take on.

Your budget

\$250 or less monthly payment

6-10% interest rate

\$2500 or lower down payment

12-72 month loan term

Down payment	Interest rate	Loan term	Monthly payments	Total cost
\$ _____	_____ %	_____ mo.	\$ _____	\$ _____
\$ _____	_____ %	_____ mo.	\$ _____	\$ _____
\$ _____	_____ %	_____ mo.	\$ _____	\$ _____
\$ _____	_____ %	_____ mo.	\$ _____	\$ _____
\$ _____	_____ %	_____ mo.	\$ _____	\$ _____

A CHALLENGE

Staying within the same budget, try to find the loan setup that allows you to have the lowest monthly payments, and the loan setup that allows you to pay the least total cost. How are the setups similar and different?

Your budget

\$250 or less monthly payment

6-10% interest rate

\$2500 or lower down payment

12-72 month loan term

Down payment	Interest rate	Loan term	Monthly payments	Total cost
\$ _____	_____ %	_____ mo.	\$ _____	\$ _____
\$ _____	_____ %	_____ mo.	\$ _____	\$ _____
\$ _____	_____ %	_____ mo.	\$ _____	\$ _____
\$ _____	_____ %	_____ mo.	\$ _____	\$ _____
\$ _____	_____ %	_____ mo.	\$ _____	\$ _____