

Car Budget Analysis: (High School, Junior College, College) 100 Points each

Objectives:

1. Students will research and select a vehicle of their choice
2. Students will research and report the value of a vehicle they choose
3. Students will determine the loan amount they will need to purchase a vehicle and research the interest rate
4. Students will determine the monthly payment amount and work it into a realistic budget to determine if they can afford the vehicle using Excel and a budget spreadsheet they have already created

1. Find an affordable car: Autotrader.com

Find Your Car > Any Make > ZIP: 80903 > Next > Research & Compare: Used Cars > View More Search Options > Used Cars, Search Area: Any Distance > Select a Make that appeals to you > Scroll down to Price Range > enter maximum for your budget – see below:

High School Car: \$6,000 - \$7,000; **College Car:** \$8,000-\$9,000; **College Grad Car:** New or Used, \$20,000 max

2. What's the car really worth? Go to → [National Automobile Dealers Association](http://NationalAutomobileDealersAssociation.com)

- a. Click on the **Consumer** banner.
- b. Where it says “**Get New and Used Car Pricing,**” Click on **Start Here**
- c. The first time you go to this site, you will have to enter a zip code. Use **80903**
- d. Click on the make of the car you have chosen
- e. Click on the year of the car you have chosen. If the car is older than 1992, click on “Classic/Exotic”
- f. Scroll down to find and select the vehicle you have chosen
- g. If asked, select the trim from the choices you are provided
- h. Enter the mileage at the top in the box provided
- i. Check the boxes that apply under Optional Equipment
- j. Click **Continue**
- k. Find the “**Clean Retail Value**” of the car. It is in bold below where the options you checked are listed

3. What's the monthly payment? **Loan Calculator:** <http://www.edmunds.com/apps/calc/CalculatorController>

- a. Where it says **Car Loan Calculator**, enter the purchase price or value of the car in the space provided
- b. Click **GO**
- c. Type in your zip code. Click Update
- d. Scroll down until you see the **Loan Financing** section
- e. Use the drop-down menu to select the appropriate loan term:
Finance Term: 36 months (High School) 48 Months (College) 60 or 72 (College Grad)
- f. Use the Market Interest Rate that has been provided for you. **You will need to remember what it is so look at it!**

4. Can you afford the car? Open “Monthly Budget” in Excel

1. Type in the amount of your monthly payment where it says Car Payment in your monthly budget for your “Living Alone” budget. Then adjust any of your other budget amounts or number of roommates if necessary in the Living Alone budget in order to afford the car. **At the very least, the roommate budget balance must be positive for you to afford the car.** If you cannot afford the car, you will need to search for a cheaper car.
2. When you have completed your monthly budget analysis open **Create Car Budget Assignment.**

****FOR YOUR SECOND CAR:** Use the Monthly income from your Education and Income assignment to figure the appropriate income for each level of car you are doing the buying analysis for. You can adjust the wage, number of days, or hours to get the **GROSS** income to come as close to matching the appropriate amount in the Income and Education Spreadsheet.