

What a Ride!



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Monthly Payment Calculator

1. Go to www.vacu.org
2. Click on the tab Loans & Mortgages
3. Select Car loans
4. On the Car loans page use the slider to select
 - APR
 - Term
 - Loan amount



Vocabulary: Match the definition with the correct word

- Choice
- Scarcity
- Opportunity Cost
- Price
- The inability to satisfy everyone's wants at the same time
- Selecting from a set of possible alternatives
- The amount of money exchanged for a good or service
- What is given up when a choice is made

Vocabulary: Correct Answers

- Choice
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Points to Ponder

- What factors made you pick your car?
- Were you surprised at the price of the car?
- Can you really afford the car you picked out?



Ongoing Additional Costs

This is just an estimate of what you might pay per month:

Insurance	\$80.00
Gas	\$100.00
Maintenance	\$25.00
Registration	\$5.00
Parking	\$5.00
Property Tax	\$20.00
Total	\$235.00

Insurance

- Liability Insurance
- Full-Coverage Insurance

Optional Costs

- GAP (Guaranteed Asset Protection)
This covers the gap between what the insurance company will pay on the car vs. what you owe on the car if it is totaled or stolen
- Extended Warranty Plans
- Credit Life or Disability Insurance



New Cars vs Used Cars

What are the advantages and disadvantages of both?

New Cars

Advantages

- Get what you want
- Consumer protections laws or lemon laws
- Reliability
- Warranty

Disadvantages

- Initial depreciation
- Price



Is supply and demand an advantage or disadvantage?

Used Cars

Advantages:

- Price/Opportunity Cost : Has already lost its initial depreciation value as a new car

Disadvantages:

- Don't always know its history
- Possible increased need for maintenance
- Usually limited warranty and options



How will you pay for your car?

- Save enough and pay cash
- Cash or Loan from a parent
- Loan: Borrowing money from a credit union or bank
- Lease: Similar to renting a car



Loans

- Eventual asset
- Unlimited miles
- Payment options



Leasing

- Similar to renting a car
- The typical contract is 24-36 months
- It is hard to get out of contract
- Mileage limitations
- Before returning the car you must pay for any damages to the car



Credit

- Establish credit early
- Credit history is important when seeking a loan
- Seek first-time buyer loans if you have no credit
- No credit is better than bad credit
- May be able to use a co-signer

How should I interact with a salesperson?

- Educate yourself
- Have a plan and stick with it
- Know the total cost you can afford
- Watch your body language



Loan Application

- View loan application
- View buyers order
- View dealer loan contract

What are the effects of not paying off your loan or paying on time?



Did you make a good choice?

- Don't buy more than you can afford
- Do your research
- Ask questions
- Reject unnecessary extras
- Walk away if pressured

