Purchasing an Automobile

	Total Points Earned
75	Total Points Possible
	Percentage

Name	
Date	
Class	

Your mission: Find the perfect automobile for yourself or the scenario provided. This workbook will guide you through the planned buying process to evaluate your options, determine how you will pay for the vehicle and protect your investment.

Step One—Prioritize Wants

Draw a picture of the person/family purchasing this automobile. (1 point)

Describe how the automobile will be used. (2 points)

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How Much Can You Afford?

Directions: Use the Practical Money Skills for Life™ website to calculate how much car you can afford.
www.practicalmoneyskills.com/calculators

Down Payment, Trade-in Value and Rebates	Length of Loan	Affordable Monthly Payment (1 point)	Interest Rate	Sales Tax*
Varies	60 months	Monthly net income x .054 = _____	4.5%	Varies

* Go here to learn the sales tax in your state www.bankrate.com/finance/taxes/check-taxes-in-your-state.aspx

What is the total amount you can afford? (1 point)

Step Two—Conduct Research

What Type of Cars Meet My Needs?

Directions: Place a check mark next to important features for how the vehicle will be used. Space available to add additional features if needed. (5 points for completion)

- ☐ Price
- ☐ Year made
- ☐ Gas mileage
- ☐ Fuel type
- ☐ Number of doors
- ☐ Total number of miles (if used)
- ☐ Country of assembly
- ☐ Number of seats
- ☐ Type of engine
- ☐ Transmission (automatic or manual)
- ☐ Body style (SUV, compact car, etc.)
- ☐ Navigation system
- ☐ Amount of trunk or cargo space
- ☐ Towing capacity
- ☐ Warranty
- ☐ Safety ratings
- ☐ Interior style
- ☐ Environmental impact
- ☐ Color
- ☐ _____
- ☐ _____
- ☐ _____
- ☐ _____

Directions:

1. Visit the Kelly Blue Book "Show Me Cars That Meet My Needs" website http://www.kbb.com/cars-for-sale/.
2. Update your location.
3. Answer the questions to indicate your desired features.
4. Click "view" to learn what models have your desired features.
5. Click "model details" next to the picture of each model to learn more about that model including additional features (under specs).
6. Identify three automobiles you are interested in further researching. Record the make, model, year and price in the table on the next page.

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Prioritize Features

Directions: (20 point for completion)

1. **Column one:** Identify the eight most important automobiles features. List them in column one in order of importance. When applicable, be specific and identify what is important about that feature. For example, if high gas mileage is important, rather than listing gas mileage indicate 30+ miles per gallon.
2. **Column two:** Indicate why that feature is important.
3. **Columns three—five:** Evaluate each vehicle and place a check mark ✓ along with any applicable notes in each column if the vehicle has that desired feature.
4. **Last row:** For each option, total the number of check marks.

Desired Features (listed in order of importance)	**Why**	**Automobile 1:** Make: Model: Year: Price:	**Automobile 2:** Make: Model: Year: Price:	**Automobile 3:** Make: Model: Year: Price:
(most important)				
(least important)				
	Totals:			

Which vehicle would you select and why? (2 points)

Where you able to get all of the features you wanted? If not, what trade-offs did you make? (2 points)

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Step Three—Spending Plan Evaluation

Financing Options

1. Identify three financing options for your desired automobile. Consider a variety of lending sources including the dealership, depository institutions or websites such as www.bankrate.com/funnel/auto. (9 points)

	Finance Option 1:	Finance Option 2:	Finance Option 3:
Lending Source			
Interest Rate			
Additional Terms/Fees			
Length of Loan			

2. Practical Money Skills for Life™ website to calculate the monthly payment for each finance option. www.practicalmoneyskills.com/calculators (3 points)

Monthly Payment			

3. Identify an advantage and disadvantage of each finance option. (6 points)

Advantages			
Disadvantages			

Which financing option would you use and why? (2 points)

If you had a poor credit score, what are two ways this could influence your access to credit and/or credit terms? (2 points)

What would happen if you pay more than the minimum monthly payment each month? (1 point)

In addition to the monthly payment, what are three additional automobile expenses to include in your spending plan? (3 points)

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Step Four—Make the Purchase

Your Present Self Impacts Your Future Self

Directions: Use short answers to respond to the following questions.

Over time, how will the automobile's depreciation impact your Statement of Financial Position? (1 point)

What are two ways you could minimize or reduce your out-of-pocket transportation costs? (2 points)

Would you purchase an extended warranty for this vehicle? Why or why not? (2 points)

If you have an automobile loan, what are two actions you will take to maintain a positive credit. (2 points)

What are two ways you will protect yourself from fraud when purchasing/owning an automobile? (2 points)

Why is it important, and required, to have insurance for your automobile? (2 points)

Throughout the research and purchase process, what are two strategies you can use to critically evaluate information? (2 points)

What are two steps you can take to feel confident with the potential lenders, dealerships and/or sales personnel you interact with? (2 points)

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