



## Mini-Unit

### Costs of Owning a Car

Student Activity Packet

MINI-UNIT: BUYING A CAR

Name:

#### Students will be able to:

- Summarize the different costs associated with owning a car
- Explain the different factors that can affect car insurance rates
- Understand how depreciation affects car's value over time
- Calculate the total costs of car ownership for a specific vehicle



#### INTRO

#### QUESTION OF THE DAY: In what 3 states is it most expensive to own a car?

Answer the question on the first slide in the space below. Then, compare your answer to the answer on the second slide. Finally, follow your teacher's directions on how to answer the follow-up questions on the last slide.

#### 1. In what 3 states is it most expensive to own a car?



#### LEARN IT

#### ARTICLE: Total Cost of Car Ownership ⌚ 5 min

Owning a car comes with a lot of different costs. Read through the image to learn about these costs and answer the questions.

## What Does Cost to Own Include?



### Fuel

Annual fuel cost for 15,000 miles



### Financing

Most can't afford to buy a car outright



### Maintenance

What it costs to keep the car running well



### State Fees

Items like sales tax, license and registration



### Insurance

Your state's average incl. collision/liability



### Depreciation (Loss in Value)

Price paid vs. current value



### Repairs

Based on a no-deductible extended warranty

[Source](#)

1. Which expenses do you think will change based on how much you drive your car?
2. [Click this link](#) to see vehicle registration amounts. How much is the registration fee in your state?
3. What types of costs do you think are associated with the maintenance section?

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### ACTIVITY: [PLAY: Will Their Auto Insurance Premium Change?](#)

Car insurance is one of the main costs you should take into account when budgeting for a vehicle. There are many factors that car insurance companies consider when deciding how much you should pay for insurance coverage. As a result, the price that two different people might pay for car insurance for the same car can vary a lot. Follow your teacher's instructions to complete the activity.

**EDPUZZLE: [How Cars Can Break Your Budget!](#)**

Another big cost of car ownership is depreciation. While you shouldn't think of a car as an investment, you should consider how much value it's losing over time. Watch this video and follow your teacher's directions to answer the questions either in your student activity packet or within the EdPuzzle itself.

*NOTE: EdPuzzle videos shuffle answer choices and do not always match the order provided in the lesson here.*

**1. Which sentence best describes depreciation?**

- a. Depreciation is the reduction in the value of an asset over time
- b. Depreciation is a general increase in prices and fall in the purchasing value of money
- c. Depreciation is the accumulation of wealth over time
- d. Depreciation is a debt or financial obligation

**2. According to the video, how are lease payments determined?**

- a. Your lease payment covers the depreciation of the vehicle + interest
- b. Your lease payment covers only the interest on the loan
- c. Your lease payment covers overall maintenance on the vehicle
- d. Your lease payment covers principal on the loan + interest

**3. What THREE guidelines are suggested when buying a car?**

- a. Buy a car that is at least 5 years old
- b. Pay your for car in cash to avoid paying interest
- c. Only buy cars that are brand new
- d. Be able to save an equal amount to your car payment

**4. True or False: From a financial perspective, buying a new car is always better than buying a used car.**

- a. True
- b. False

**DO IT****ACTIVITY: [RESEARCH: Monthly Cost of Car Ownership](#)**

Now that you've had the chance to see all of the different expenses you'll have to pay to own a car, let's look at a specific car and do some research to find out how much it's going to cost. Follow the directions on the worksheet to complete this activity.

**EXIT TICKET**

Follow your teacher's directions to complete the Exit Ticket.