

4/4 Car of your dreams or nightmares

OWNING A CAR COSTS MUCH MORE THAN YOU THINK

Today you will find out how much more. I think you will be shocked!

Activity

Should you walk, take public transportation or buy a car? How much money do you need monthly for each choice?

- * A good pair of walking shoes costs \$80 - you will need two per year.
 - * \$420/year will get you a bus pass in Erie - you can ride all day, every day!
 - * A new \$20,000 sedan will cost \$476.89/month for three years with a 6.78% interest loan.
 - * Depreciation – as soon as you leave the showroom your car begins to lose its value. In fact, AAA estimates the average annual cost on a sedan driven 15,000 miles per year is \$3,392.
 - * A used \$9,500 sedan will cost \$228.02/month for three years with a 7.12% interest loan.
 - * Your rate may be higher or lower depending on your credit history. Use the calculator at <http://bankrate.com/brm/auto-loan-calculator.asp> to use other rates.
 - * Insurance - AAA estimates \$985/year for a 47-year-old male driver for an average sedan. Premiums vary with each car and driver but they spike 50% to 200% for teen drivers and males under 25. If you are in this category find out your cost and use that amount instead.
 - * Gasoline – current price is \$3.30 per gallon. Car A gets 15 mpg and car B gets 34 mpg. You drive 15,000 miles per year. <http://www.fueleconomy.gov/feg/>
 - * Maintenance cost - \$750/year based on AAA estimates for sedans driving 15,000 miles or five cents/mile.
- Now answer the following:

What would a 20% down payment be for the new and used cars above?
What is the total yearly fuel cost for Car A, Car B? For each car what is the monthly fuel cost, yearly? For the most fuel efficient car how much can you save monthly, yearly, over 5 years?

Has the true cost of driving made you think twice about car ownership?
<http://www.commutesolutions.org/calc.htm>

Newspaper Activity

Using what you have learned about car insurance, find an advertised automobile that would qualify for the lowest rates. Which would be the most expensive to insure? Explain. Use the Internet to check your answers. Try personal variables (age, driving record, etc.) to see how they affect insurance rates.

Look for the best auto deals. Use newspaper ads, the Internet and other sources to learn how sound systems, wheels and special packages affect the purchase price for automobiles.

Quiz Question

4/4/08

Which of the following people is most likely to have the lowest auto insurance premium?

- A. A single person driving a foreign sports car.
- B. A married person driving in a rural town.
- C. A young person driving in the city with a long accident record.
- D. A person driving an old, high-mileage car with a lot of speeding tickets.

Responses:

- A. Incorrect. Being single and owning a sports car tends to raise an insurance premium. Try again!
- B. Correct! Being married and located in a rural town tends to lower an insurance premium.
- C. Incorrect. Being young, located in a city and having an accident record all tends to raise an insurance premium. Try again!
- D. Incorrect. High-mileage cars and a lot of speeding tickets tend to lead to a higher insurance premium. Try again!

WEEKLY QUIZ Question: Visit www.cccr.psu.edu to play the S³ Online Game - Save•Spend•Succeed. Your students can use the online game to practice for the Live S³ Game Show available from JA and Penn State Behrend. Two teams will compete for prizes at Penn State Behrend during the year. They will be treated to lunch and will be given a tour of the college.

Each Friday except Friday 11/23, 12/28, 1/18, 3/21, and 4/18 you will receive newspapers from Erie Times-Newspaper in Education program paid for by our sponsors (see below)

Friday newspaper includes weekly financial literacy topics and weekly activities, your space for student writing, a S³ trivia bonus question and newspaper activities to help students make the connections to the real world by using the newspaper as their resource.

See below for this week and for more resources.

Partner WEBSITES for more information

www.erie.ja.org

www.cccr.psu.edu

www.eriefcu.org

www.unitedwayerie.org

Financial Literacy Website Resources

NEFE – National Endowment for Financial Education

<http://hsfpp.nefe.org/home/>

<http://www.nefe.org/pages/educational.html>

www.smartaboutmoney.org

<http://www.smartaboutmoney.org/nefe/pages/content.asp?page=1730#Top>

<http://www.cooperativalatina.org/education/curriculum.htm>

NEFE – Teen Resource Bureau Website

<http://www.ntrbonline.org/>

The Jump Start Coalition for Personal Financial Literacy

<http://www.jumpstart.org/>

Money Instructor

<http://www.moneyinstructor.com/>

<http://www.moneyinstructor.com/checks.asp>

Financial Literacy in a Box

http://www.mcul.org/Financial_Literacy_In_A_Box_658.html

Pennsylvania Office of Financial Education – Pennsylvania Department of Banking

<http://www.moneysbestfriend.com/>

CUNA – Credit Union National Association

<http://www.creditunion.coop/>

<http://www.precision-info.com/quiz/quiz.cgi?c=1056147613&t=coop>

Thrive By Five - http://www.creditunion.coop/pre_k/

NCUA – National Credit Union Administration

<http://www.mymoney.gov/>

Money Matters

<http://www.smartcredittips.com/>

National Youth Involvement Board

<http://www.nyib.org>

www.eriefcu.org

Treasure Club Kid's Account - <http://www.eriefcu.org/savings/treasure-club/>

CU Succeed – For Teens 13 – 18 <http://www.eriefcu.org/savings/financial-literacy/>

Scholarships for college students - <http://www.eriefcu.org/loans/student-loans/>

“Guides to Independence” Online Interactive Educational Teen Program

<http://www.eriefcu.org/savings/financial-literacy/>