

Buying an Automobile

WebQuest Description: This webquest will take you through the steps of researching and buying a car that you can afford based on your current income status.

Grade Level: 9-12

Curriculum: Business / Economics

Keywords: car, automobile, vehicle, car insurance

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Introduction

Transportation is a part of everyday life. It comprises about 15-20% of an individual's budget. Individuals need to assess and research their transportation needs. If this means purchasing an automobile, it should be well planned. Often, the automobile is the second most expensive durable good purchased, coming only after a home. Avoid impulse buying by following the steps. 1. Prioritizing wants 2. Pre-shopping research 3. Fitting the budget 4. Comparison shopping 5. Negotiating 6. Making the decision 7. Evaluating the decision. In this unit, you will be learning how to buy an automobile on your own. The car must be one that reasonably meets the needs of a young adult that recently graduated from high school. (What would you be able to afford? What arrangement will you make to pay for it and the required insurance?) Even if you are not looking for a car at the present time, you must still complete this unit as though you were. It is tougher to buy a car than you think! Where to Begin-- Here! Before you can start researching a car, think about the type of job you are going to have after you graduate from high school. Will it be part-time or full-time. Use the attached worksheet (below) to help you determine what your monthly wages are to help you determine how much car you can afford. It is in the consumer's best interest to discover how much a dealer paid for a vehicle. This helps to determine which vehicles to consider and to negotiate a fair price. Many consumer publications are available with reports on cars and trucks. The public library is a good place to access this information. • Consumer Reports - <http://www.consumerreports.org> -- You must subscribe to use in-depth information from this Web site. • Federal Citizen Information Center - <http://www.pueblo.gsa.gov> • Kelley Blue Book - <http://www.kbb.com> • Motor Trend - <http://www.motortrend.com> • Edmunds - <http://beta.edmunds.com/tco.html> To continue this WebQuest, click on the navigation bars in the upper left-hand side of this page. Each page takes you to the next step.

1. Watch the video link attached at the bottom of this screen. 2. Then, try this interactive texting and driving simulation. When you are done, use the snipping tool and save your score as an image. Then print out your score (image) in landscape orientation. <http://www.nytimes.com/interactive/2009/07/19/technology/20090719-driving-game.html> Distracted driving has become a trend with deadly, real consequences. For anyone who thinks they can talk on their phone, text, apply make-up, or do any other distracting activity while driving, it's time for a crash course in reality from the National Highway Traffic Safety Administration (NHTSA): According to Teen Safe Driver Program: Per mile driven, teen drivers aged 16 to 19 are three times more likely than drivers aged 20 and older to be in a fatal crash. In 2010, 22 percent of drivers aged 15 to 20 involved in fatal motor vehicle crashes were drinking. In 2011, only 54 percent of high school students reported they always wear seat belts when riding with someone else. - Teen Safe Driver Program

Vehicle Comparison Shopping Objective: You will complete a survey to determine your personal transportation wants and needs as a starting point for your comparison shopping. 1. Review the Buying a New or Used Car presentation that is a .pdf file at the bottom of this page. Make note of specific information you will need in completing the worksheet. 2. Obtain the Vehicle Comparison Shopping Student Worksheet from your instructor. Complete the worksheet according to the worksheet instructions. 3. Print the results of your car comparison that you find online.

Financing a Car Loan Objective: You will understand how the relationship between the down payment, interest rate, and length of a loan influences the cost of a loan. Understanding how a loan works can be tricky. First, let's review some terms: Purchase Price-The amount the car is selling for after you negotiate with the sales person. Principal-Amount you are borrowing from the bank. Interest or Interest Rate-What you are charged from the bank to take out the loan (the price of money). Down Payment-Typically a 10% down payment should be made. This money comes from your savings account and helps reduce the amount of money you have to borrow (principal). Length of Loan-This helps determine your monthly payments on your car loan. The longer the loan, the more interest you will pay but you may have lower payments. Usually car loans are 2, 3, 4 or 5 years in length measured in months. Total Purchase Cost- This is the amount of your principal (loan) + interest accrued + down payment 1. Review the Financing a New or Used Car Presentation located at the bottom of this page, making note of specific information you will need in completing the worksheet. 2. Study the Shopping for an Auto Loan Presentation found in the resources below. 3. Read the Shopping for an Auto Loan Information sheet found in the resources below. 4. Complete the worksheets Calculating the Cost of a Loan and

Shopping for an Auto Loan with Financial Calculators located at the bottom of this page. You may use an online financial calculator such as <http://www.onlineloancalculator.org/> to complete the calculations for the car loans. Set the sales tax to 0%.

Insurance Basics Objective: You will review basic insurance concepts and then match insurance terms with insurance vocabulary. 1. Review the Auto Insurance Presentation as a .pdf file located at the bottom of this page, making note of specific information you will need in completing the worksheet. 2. Study the Auto Insurance Information Sheet found in the resources below. 3. Complete the Auto Insurance Review Worksheet located in the resources below. 4. Finally complete the Auto Insurance Crossword in the resources below.

Maintaining a New or Used Car Objective: You will understand the importance of maintaining your new or used car. 1. Review the Maintaining a New or Used Car Presentation located as a .pdf file at the bottom of the page, making note of specific information you will find helpful. 2. Determine Maintenance costs for the month. Using the Maintenance Cost Worksheet below, go to Repair Pal or Auto MD and work through the estimate for services on your worksheet

Taxes and Fees Taxes and Fees can be a major expense if they are paid once a year. However, you can budget for them throughout the year and the impact to your budget won't be as bad. When purchasing a vehicle you must determine if the state you live in has a state sales tax or an excise tax on vehicles. South Dakota does not have a state sales tax but rather an excise tax for using the highways. Calculate the taxes and Fees for your vehicle using the Taxes & Fees Worksheet below.

Monthly Budget and Operating Costs Objective: You will develop a budget for personal expenses and car-related expenses to determine if you are able to afford a car. 1. Complete your Personal Monthly Budget. Write down all expenses you incur in a month. For example, snacks, entertainment, meals, gas, insurance, cell phone, and any other bills you incur and pay for with your paycheck and/or allowance. 2. After you calculate your Total Expenses, do you have enough money to afford a car payment? Use the standard interest rates below along with <http://www.onlineloancalculator.org/> to determine if you can afford a car payment. Then go on to the next step below.

Standard APR 24
New Standard APR 24

Months: 5.50% 5.19% 36 Months: 5.60%

Months: 5.35% 48 Months: 5.65% 5.4% 60

Months: 5.69% 5.5% 66 Months: 5.75% 72 Months: 5.75% 84 Months: New Only

Minimum amount financed \$25,000 7.75% A. If your vehicle is 2009 or newer: Go to Edmunds.com True Cost to Own and enter the information for the vehicle you have chosen. Print a copy of the results showing the 5 Year

Details. Circle/highlight the 5 Yr Total True Cost to Own your chosen vehicle. or B. If your vehicle is a 2008 or older: Go to MoneyZine.com and enter the information in the Buying a New or Used Car Calculator. Print a copy of the results showing the 5 Year Details. Circle/highlight the Total Cost of Ownership of your chosen vehicle.

What if you get a lemon? A vehicle is a lemon when it is in and out of the repair shop with problems monthly. All states have enacted lemon laws pertaining to new-car sales and service, but the specifics vary from state to state. The lemon laws are in place to protect consumers. To fall under the lemon law it must: Must have a substantial defect which cannot be fixed in a reasonable time, and If the defect remains unfixed after four repair attempts or the vehicle remains in the repair shop for a total of 30 days, it would qualify as a lemon. This allows the consumer the right to a refund or a new vehicle. If a consumer feels they have purchased a lemon, they should contact the state's attorney general office to request information on the state's lemon laws and how to use the law in their case. Directions: In a separate Word document, answer the three questions below. Research the State Attorney General's Website <http://atg.sd.gov/> to find the answers to the following questions (Re-state the question in your answer using complete sentences, correct grammar, spelling etc.). Other Websites that may help you are <http://www.autosafety.org/> which lists current restrictions in South Dakota and DMV.org <http://www.dmv.org/sd-south-dakota/automotive-law/lemon-law.php>. 1. How long do you have to declare a car a "lemon" in SD? 2. How/what makes a vehicle qualify? 3. If your car is declared a lemon, how will you be compensated? Will you receive the full value?

Now What? Now that you have completed the Auto WebQuest, you need to assemble the assignment sheets in the following order and turn them in to your instructor. This is due on the date given by the instructor, no excuses. Attach the following worksheets in this order: 1. Driving and Texting Score 2. Auto Webquest Wages Worksheet 3. Vehicle Comparison Shopping Student Worksheet 4. Calculating the Cost of a Loan 5. Results of Car Comparison 6. Shopping for an Automobile Loan Using Financial Calculators 7. Automobile Insurance Review 8. Auto Insurance Crossword (Extra Credit) 9. Maintenance Cost Worksheet 10. Taxes and Fees Worksheet 11. Monthly Personal Budget Worksheet 12. 5 Yr Total True Cost to Own Printout 13. Lemon Laws Word Document