

### Calculating Payments for a new car

Purchasing a car may seem out of reach because cars are expensive items. One way to help individuals afford a car is through financing, and taking a car loan. This allows you to pay for a car by making smaller payments over a period of time, rather than in one single payment.

When financing, the first thing to look at is the purchase price of the car. Often, a percentage of that price, also called the down payment, must be paid. The amount financed is the remaining amount.

Factors including interest rate, financing term (months to finance) will impact the monthly payment. Calculating monthly payment requires a financial calculator or solving an amortization formula.

### WORKSHEET INSTRUCTIONS

Each line of the worksheet has a different car available for sale. Information about the cars includes the price, and financing information (down payment, amount financed, interest rate, months, payment per month, and total yearly payments) must be calculated. The student is to fill in the missing information.

Calculating the payment per month will require a financial calculator or solving an amortization formula. Below is a sample of a calculator you can use. You may also google "Loan payment calculator" to find one.

<https://www.bankrate.com/calculators/mortgages/loan-calculator.aspx>

Sent from my iPad







Name \_\_\_\_\_



Date \_\_\_\_\_

### Purchasing and Financing a Car

Hunter is looking to purchase a new car. Assume all financing requires a 10% down payment, and that the remaining cost of purchasing a car may be financed. Fill in the missing financing information.

 Chevrolet Cavalier Price \$14,881	Down Payment	Amount Financed	Interest Rate 8% 24 Months	Payment per month	Total Yearly Payments
 Toyota Corolla Price \$12,930	Down Payment	Amount Financed	Interest Rate 5% 60 Months	Payment per month	Total Yearly Payments
 Toyota Celica Price \$19,186	Down Payment	Amount Financed	Interest Rate 9% 24 Months	Payment per month	Total Yearly Payments
 Dodge Neon Price \$16,146	Down Payment	Amount Financed	Interest Rate 5% 60 Months	Payment per month	Total Yearly Payments
 Mercury Sable Price \$20,899	Down Payment	Amount Financed	Interest Rate 7% 48 Months	Payment per month	Total Yearly Payments
 Nissan Sentra Price \$21,699	Down Payment	Amount Financed	Interest Rate 6% 24 Months	Payment per month	Total Yearly Payments

ANSWERS

Name \_\_\_\_\_



Date \_\_\_\_\_

Purchasing and Financing a Car