

Work Readiness

Week 6

Final Project

This will be your final project for this class. You are going to buy a vehicle that will need to be financed. You will need to look at different options and decide which will be the best choice for your situation. Your relative has given you \$5,000.00 for a down payment to buy a car or pickup. You cannot finance more than \$40,000.00. Your income is \$15 an hour. You normally work 40 hours a week. You will need to calculate your monthly income. Remember we learned at the beginning of this six weeks that you do not get home with all the income you make. For calculating, let's say your net pay is 90% of your gross income. This is what you will have to live on each month. From this amount you will need to decide how much can go to a vehicle payment. The final report will need to justify why you can afford to make the monthly car payment you determine.

In this lesson you will determine what vehicle to buy and which loan you will use to finance your purchase.

Process

1. Find an advertisement for a vehicle that you would like to purchase. Remember to look at different options and discuss with others if available which vehicle will best suit your needs in your future situation. For the vehicles you consider, use "Edmunds Car Buying Guide" or "Kelly Blue Book" to learn how the advertised prices compare with market prices generally for vehicles of the same make, year, and model. Check with your parents/guardians, I am sure they have valuable information in this area. Some may love the chance to look at cars with you.
2. Once you have found the automobile of your choice and have determined the amount you will be spending on the car, you need to calculate the monthly payment. The "loan Calculator" at bankrate that we used last week will be helpful in calculating the monthly payments according to the amount of borrowed principal.
 - a. Calculate the monthly payment for your vehicle for each option listed in the attached worksheet, (loan I, II, and III). Also, you will need to find the total amount of payments you will make once your car is paid in full for each loan. This total amount can be found by taking the monthly payment \times the number of payments (how many months will it take to pay for the car), that will be determined by how many years you are financing the car. You will need to complete a sheet like the one I have attached. If you cannot print it, you can draw one of your own.
3. Provide a summary of your project. Tell what you think your best loan option would be and justify that conclusion. Include the mathematical reasoning behind this conclusion from your findings. Include the justification for the amount of payment you are willing to pay.
4. Final Report should include:

- a. An ad for the vehicle of your choice (picture)
- b. Monthly payments for each option calculated (worksheet)
- c. Total cost of the loan for each option (worksheet)
- d. Your written summary

After completing this lesson, you will have an understanding of the process and cost of buying an automobile via financing.

Have fun shopping!!!! I cannot wait to see what type of vehicles you will find. Let me know if you have any questions.

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