

Name: _____

Date: _____

The Cost of Driving

- *Carlos's gross annual salary is \$35 000/year.*
- *He is a single 28-year-old and needs his vehicle to drive 20 km (one way) to work 5 days a week.*
- *His personal driving, which includes running errands, visiting friends, and vacationing is estimated at 800 km per month.*

PART A: Finding a Vehicle

- ☐ Find three vehicles that suit his needs and fit into his budget.
- ☐ Select at least one new vehicle and one used vehicle.

Annual Income = \$35 000

Net Income = \$ _____

Monthly Allotment for Car Payments = \$ _____

Vehicle 1: _____ **Cost:** _____ **L/100km:** _____

Vehicle 2: _____ **Cost:** _____ **L/100km:** _____

Vehicle 3: _____ **Cost:** _____ **L/100km:** _____

PART B: Buy or Lease?

- Determine the monthly payments for the purchase of each vehicle. For the new vehicle(s), also determine the monthly lease payments.

VEHICLE 1	COST		MONTHLY LOAN PAYMENT	MONTHLY LEASE PAYMENT (if applicable)
	Subtotal	\$	<i>(assume a 10% /a interest rate for 5 years)</i>	<i>(assume a 10% /a interest rate for 3 years)</i>
	GST (7%)	\$		
	PST (8%)	\$		
	Total Price	\$	\$	\$

VEHICLE 2	COST		MONTHLY LOAN PAYMENT	MONTHLY LEASE PAYMENT (if applicable)
	Subtotal	\$	<i>(assume a 10% /a interest rate for 5 years)</i>	<i>(assume a 10% /a interest rate for 3 years)</i>
	GST (7%)	\$		
	PST (8%)	\$		
	Total Price	\$	\$	\$

VEHICLE 3	COST		MONTHLY LOAN PAYMENT	MONTHLY LEASE PAYMENT (if applicable)
	Subtotal	\$	<i>(assume a 10% /a interest rate for 5 years)</i>	<i>(assume a 10% /a interest rate for 3 years)</i>
	GST (7%)	\$		
	PST (8%)	\$		
	Total Price	\$	\$	\$

- Which option do you think would be appropriate for Carlos? Explain your reasoning.

PART C: Operating Expenses

1. Based on Carlos's estimated driving distances and current fuel prices, calculate how much he can expect to spend on fuel each week?

DISTANCE DRIVEN (km/week)	FUEL RATING (L/100km)	FUEL CONSUMPTION (L/week)	COST OF FUEL (¢/L)	TOTAL FUEL COST (\$/week)

2. Estimate how much he will spend on oil changes each year. Justify your reasoning.

3. Make some estimates about how much Carlos may need to spend on other maintenance during the first year he has the vehicle. Explain your decisions.

PART D: Insurance

Carlos has been driving for 11 years. He had one minor collision (and was charged with making an improper left turn) 3 years ago with a claim of \$2200. He has no other charges. Using the calculation method in Activity 5, estimate Carlos' monthly insurance premiums. Show your work.

PART E: Putting it Together

List and total Carlos's expenses in the first year that he has the car. What percentage of his net income is dedicated to car expenses? Show all calculations.