

HOW MUCH WILL IT COST?

How much will your new car really cost?

Using the Government of Canada Vehicle Lease or Buy Calculator, compare how much a new \$25,000 vehicle would cost over the term of a 6 year financing agreement.

WEBSITE - <https://ic.gc.ca/app/scr/oca-bc/ssc/vehicle.html?lang=eng>

COST - \$25,000

TRADE IN - 0

TAX RATE - 11% (SASK TAX RATE 6%, GST 5%)

DOWN PAYMENT - 0

NUMBER OF MONTHS - 60 (5 YEARS)

INTEREST RATE - 3%

BUYOUT (RESIDUAL VALUE) - \$7,000

FINANCE

Amount financed*:

A

Monthly Payment:

B

Total investment (monthly payment x 60):

C

Resale value at end of term (25,000 x 40%):

D

Adjusted investment at end of term (Total investment - resale value)

E

FINANCE WITH DOWN PAYMENT

Down payment:

F

Amount financed*:

G

Monthly payment:

H

Total investment [(monthly payment x 60) + down payment]:

I

Resale value at end of term (25,000 x 40%):

J

Adjusted investment at end of term (Total investment - resale value)

K



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* The amount financed includes both provincial and federal sales taxes when purchasing a vehicle. When leasing, you are only paying for the use of the vehicle.

How MUCH will it COST?

LEASE

Monthly Payment:

L

Total investment (monthly payment x 60):

M

Value at end of term (without buying out lease):

N

LEASE WITH DOWN PAYMENT

Now recalculate how much you would be paying if you had a \$5,000 down payment.

Down payment:

O

Monthly Payment:

P

Total investment (monthly payment x 60 + down payment):

Q

Value at end of term (without buying out lease)

R

Difference in investment with a down payment (M - Q)

S

BOTTOM LINE

Fill in the total investment for each option.

Finance - no down payment

Lease - no down payment

Finance - down payment

Lease - down payment

Q: Which option is best for a short range budget?

A:

Q: Which option is best for a long range budget?

A:

EXTENSIONS:

Plug in different values in the fields for down payment and interest rate to see how they affect your monthly payments and overall investment.

It's difficult to imagine what your situation might be in 5 years, but try to project which option will play out the best for you at that point in time.



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Additional factors:

Financing:

- you will own the vehicle outright after the 60 months. If you continue to drive it and save the amount you were paying, you will be at a better starting point for your next major purchase

- your resale value will ultimately be determined by the condition of the vehicle. The better you take care of it, the more you will be able to sell it for

Leasing:

- you may purchase the car at the end of the lease term. If you have to finance the balance of the cost, you'll continue making payments, but they will be lower

- the car dealer will charge penalties if your mileage is too high or if the car is in poor condition