

Name:

## REALITY CHECK - THE COST OF OWNING A CAR

True: Having a vehicle is an advantage.

Also true: Having a car represents a regular series of expenses.

How much should you set aside in your monthly budget to keep on top of your car expenses? Visit the Canadian Automobile Association website and use their Driving Cost Calculator and use the chart below to figure out how much you should set aside.

1. Go to <https://carcosts.caa.ca/> and choose the "BY CATEGORY" option
2. Select your province from the drop down menu
3. Select the category of vehicle you'd like to own
4. Click on the "KNOW YOUR COSTS" button
5. Use the results to calculate your costs

Vehicle category:

Annual mileage (km)	
City vs. highway mileage (%)	
Current fuel price (/litre)	
Depreciation cost	
Maintenance cost	
License & registration fees	
Insurance costs	
Monthly car payment	
Total annual cost	
Monthly cost (Total annual cost divided by 12)	

Creating a realistic budget requires careful consideration of all aspects of a projected expense. When you consider adding a vehicle into your budget, the complete picture is a lot different than just the monthly finance charge.

Monthly total cost

Monthly car payment

Difference

Longterm considerations -

- gas prices will fluctuate - you may have to drive less to stick to your budget if the costs go up
- insurance costs will decrease if you maintain a safe driving record
- depreciation costs are less of a factor when you purchase a used vehicle. A new car immediately loses about 20% of its value as soon as you drive it off the lot
- if you take out a loan to purchase your car over more than five years, you may not be able to recover the remaining balance of the loan if you're forced to sell the car before paying it off



Image: Every Car Listed [www.everycarlisted.com](http://www.everycarlisted.com)