



MODULE 28B: VEHICLES—LEASING VS. BUYING

Choose from the Suggested Activities below to find activities to help your students meet the outcome for this module from the Saskatchewan Financial Literacy 20/30 curriculum.

All resources for this module's activities can be found on saskmoney.ca.

OUTCOME

Investigate the processes for buying and leasing a vehicle.

INDICATORS

- Identify the costs of owning and operating a vehicle.
- Discuss the advantages and disadvantages of buying versus leasing a vehicle.
- Calculate the costs of buying versus leasing using lease calculation and owner's calculation formulas.
- Determine an individual's ability to afford a vehicle using strategies or guidelines such as the 20-10 rule and total loan cost.
- Discuss the consequences of relying primarily on the monthly payment amount to determine affordability of a vehicle loan.
- Explore finance options for vehicle loans and leasing vehicles from a variety of providers (e.g., car dealership and bank).
- Compare the advantages and disadvantages of buying or leasing a new and used vehicle.
- Investigate where and how (e.g., through dealerships, privately and online) vehicles might be purchased.
- Discuss the role of a down payment in financing a vehicle purchase or lease.
- Investigate the process of trading in a vehicle to purchase another.
- Research how vehicles depreciate and ways to help a vehicle hold value.
- Define the concept of negative equity and discuss situations (e.g., accident and length of ownership) that may result in negative equity on a vehicle loan.
- Explore the consequences of trading in a vehicle with negative equity to purchase another, and doing so too frequently.
- Research and compare insurance and warranty options for vehicles.
- Discuss the repercussions of financing a vehicle on access to credit for future purchases.
- Apply decision-making strategies or approaches to a variety of scenarios that include the option to purchase or lease a new or used vehicle.

OVERVIEW

Students will develop a budget with full costs associated with car ownership, as well as comparing the advantages and disadvantages associated with both purchasing and leasing.

PREREQUISITE

Modules 28A

SUGGESTED TIME

5-7 hours

RESOURCES

- Textbook** (online or text):
 - Money and Youth* (2018). Module 10: Buying or Leasing a Car, pp. 132-134.
- Online Tools:**
 - CAA: Driving Cost Calculator
 - Car Financing Options (canada.ca)

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- *Government of Canada: Vehicle Lease or Buy Calculator*
- Tips for Buying a Used Car (*consumerreports.org*)
- Your Used Car Checklist: Things to look for before and during the test drive (*canadadrives.ca*)
- Risks to Consider When Buying a Car (*canada.ca*)
- Website and/or pdf: [SGI Canada Auto Pak Policy Book](#)
- **Assignments and Activities:**
 - *TD Bank* Lesson plan: Car Insurance (also [online](#))
 - Reality Check—The cost of owning a car
 - Financing Risks x2 (handout and key)

- How Much Will It Cost?
- Vehicle—Buying vs. leasing
- *SGI Canada Auto Pak: Policy Booklet*
- Practical Money Skills: Car Loans and Expenses unit
- The 20/10 Rule

ASSESSMENT

- Review completed handouts for accuracy and understanding
- Monitor discussions for students demonstrating understanding of concepts and ability to apply the concepts to a variety of situations
- Consider a *Move Out Plan* summative activity if completing Modules A, B, and C. (see last Suggested Activity in Module 28C)

SUGGESTED ACTIVITIES

1. Get an overview of the topic by assigning the reading from the textbook, **Money and Youth**, pages 132–134. Have students make jot notes and compile those in a class discussion. (hard copy text, or online at [moneyandyouth.com](#))
2. **What are the actual costs of owning a car?**
 - a. As a class, brainstorm a list of the expenses associated with owning a car
 - b. Provide a copy of the handout **Reality Check: The cost of owning a car** to each student and review it to make sure everyone understand what each item in the chart represents
 - c. Demonstrate how to use the website [Driving Cost Calculator](#) and then direct students to use it to complete the handout.
 - d. Debrief the experience by discussing how accurate their list of anticipated expenses was and what their reaction is to the final total.
3. **Is it better for me to buy or lease a car at this point in my life?**
 - a. Discuss the possible means of obtaining the use of a car (buy, rent, lease, borrow) and what the students' thoughts are about each.
 - b. Distribute the handout **Vehicle: Buying vs. leasing** and read through to make sure students understand what they are expected to learn.
 - c. Direct students to the website [Car financing options](#) and have them use it to complete the first sections of the handout. Before completing the final chart, review the work completed to that point to make sure everyone understands the content.
 - d. Have students work in small groups to discuss and complete the final chart. Encourage them to use an internet search to compare real life financing offers to complete the chart.

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4. Is buying or leasing going to cost more?

- Lead a discussion with students to identify the many factors that influence the choice between leasing and buying, including down payments, interest rates, monthly payments, financing options, resale value, and equity.
- Explain how to use the handout **How Much Will It Cost?**, then distribute it to the class.
- Go to the website [Vehicle Lease or Buy Calculator](#) and demonstrate how it works.
- Have students use the calculator to complete the handout.
- Students will have a small group discussion to generate situations in which each option would be practical. Bring them together to generate a class list, and discuss their findings.

5. What are some of the risks I should consider when financing or leasing a vehicle?

- Lead a discussion to encourage students to consider the repercussions of committing to purchasing a vehicle using credit. Write down their responses to refer to after the activity.
- Distribute the handout **Financing Risks** and direct the students to use the website [Risks to consider when buying a car](#) to complete it.
- Ask the students to discuss needs vs. wants in regards to a vehicle, and to consider if buying a less expensive car that they can pay off more quickly would be more appealing to them than taking a risk to finance a more expensive car over a longer period of time.

6. Why do I need car insurance?

- Discuss student perceptions about the value of car insurance relative to the cost.
- Give the students the handout from the lesson plan [CAR INSURANCE](#) (online or PDF) and read through it with them.
- Have students refer to the information in the **SGI Auto Policy Booklet** online or PDF.
- Once they have completed the handout, put the students in small groups and have them reconsider the value to cost benefits that the class originally generated.

7. What should I know before buying a car?



- View the video [Tips for Buying a Used Car](#) with the students. Make sure they have materials on hand to jot down the main ideas identified in the video.
- Visit the website [Your Used Car Checklist: Things to Look for Before & During the Test Drive](#)
- Using the information from the resources in steps “a” and “b”, have students create a used car buying checklist.
- Have students compare their checklist with classmates. Generate a single checklist using the students’ input. Make sure each student gets a physical and digital copy.

8. These resources may also help supplement instruction of this module:

- Practical Money Skills**—Car Loans and Expenses unit
- The 20/10 rule:** considerations when accessing credit.

For more curriculum information, please visit the Government of Saskatchewan curriculum website.

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9. The **Avoiding the Lemon** case study offers an effective activity after introductory activities and learning have taken place.
 10. Sample exit slip questions:
 - a) “Some cars may be cheaper to buy but more expensive to own.” Explain how this can happen.
 - b) How does financing from a bank or credit union differ from financing from a dealership?
 - c) Identify one strategy someone can use to negotiate the price of their car.
 11. FinCap Fridays: **Drive Well, Pay Less** (Hosted by @MissBeHelpful) discusses insurance costs for young drivers.
 12. **How to Haggle for a Used Car**, an undercover demonstration (skills & tips for buyers)
 13. **FinCap Fridays: Selling Like Hot Brakes** (NGPF, Feb 2022). This slideshow combines a Kahoot activity with a video and follow up questions and resources.
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