

**Lesson Topic: Wheel, Deals, and Automobiles**

**Supplies Needed:**

* Handout 9.1: Owning a Car
* Computer Access, if possible
* Otherwise: Calculator, magazines, newspapers, or other sources of information about vehicles
* Writing utensils

**Concepts and/or Learning Objectives:**

At the end of the lesson, students will be able to:

* Understand the concept of creditworthiness.
* Research consumer borrowing.
* Compare various types of car loans and lenders.
* Explain the costs of owning and operating a car.
* Calculate the potential costs of owning and operating a car.

**Introduction:**

Buying a car is one of the ﬁrst major ﬁnancial decisions that many teens and young adults face. While several considerations factor into this purchase, one of the most important is the buyer’s monthly payment, which is based on the car’s purchase price and terms of the loan.

In this lesson, students will be assigned different types of vehicles to compare the costs for each type. It will require students to use an online calculator or other tools to compute monthly payments, explore insurance options, calculate gasoline expenses, determine basic maintenance costs, and investigate required fees such as registration and car tags.

**Activity**

1. Begin by asking youth about their dream cars. What would they drive if money were no object? Why? Ask youth if they have ever considered buying a car or if they currently own a car. What factors go into purchasing a car besides price? Have them identify potential costs they may have when owning a car. Explain they will participate in a project where they determine what kind of car is best for them.
2. Ask the youth to discuss reasons so many different types of vehicles are available to purchase today and how the car they drive will meet their needs to get to school or to go to their job. Remind youth that different types of vehicles will have different kinds of costs.

**Activity Continued:**

1. Introduce the video Better Money Habits: Car Buying: The True Cost of a Car (<https://bettermoneyhabits.bankofamerica.com/en/auto/cost-of-owning-a-car>). Distribute Handout 9.1: Owning a Car. Have youth use Part A of the handout to record the information presented in the video.
2. Have youth research their selected vehicle, using online or provided sources and record their findings on Part B of the handout.
3. Ask youth to share their findings with the group. You may want to put information on a flip chart or on a bulletin board to better compare their results.

To summarize this lesson, remind students that buying a car is similar to buying other goods and services. It is important to comparison shop and find the vehicle that best meets their needs. Buying a smaller, less expensive car may not be as stylish as driving a sports car or big truck, but the money saved can be used for future purchases, such as a college education. In addition, the type of car purchased will have an impact on the other costs associated with owning and operating one.

**Discussion Points/Reflection Questions:**

 Debrief the activity by asking the youth what factors or costs seemed to make the biggest difference when comparing the different vehicles. Remind the youth they may choose to save money for a down payment to reduce the monthly costs or save money to purchase a car to save the monthly payment and interest costs.

Invite the youth to discuss the three most important factors to consider when buying a car. Why are these factors important? How has their thinking changed since the beginning of the lesson? Is their dream car the same or would they choose a different vehicle? Why?

**Sources:**

Adapted from:

* Better Money Habits High School
* Bettermoneyhabits.com - Video (<https://bettermoneyhabits.bankofamerica.com/en/auto/cost-of-owning-a-car>)
* Practical Money Skills: Teacher’s Guide: Road Rules

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