

Chapter 16

Buying and Owning a Vehicle

16.1 Buying a Vehicle

16.2 Insuring a Vehicle

**16.3 Environmental
Concerns**

Buying a Vehicle

- ❖ Having your own vehicle gives you a lot of freedom and mobility
- ❖ It also carries a lot of responsibility

Ask yourself these questions?

1. Do you need a vehicle
2. Can you afford to own a vehicle
3. What kind of vehicle should you buy



Cost of a Vehicle Loan

Monthly Payments (5 years)

Amount Borrowed

Interest Rate Charged

	10%	12%	14%	16%	18%
\$2,000	\$42.49	\$44.49	\$46.54	\$48.64	\$50.79
\$4,000	\$84.99	\$88.98	\$93.07	\$97.27	\$101.57
\$6,000	\$127.48	\$133.47	\$139.61	\$145.91	\$152.36
\$8,000	\$169.98	\$177.96	\$186.15	\$194.54	\$203.15
\$10,000	\$212.47	\$222.44	\$232.68	\$243.18	\$253.93

Total Cost of Vehicle Loan

Amount Borrowed

Total Amount Paid (Loan Amount Plus Interest on Loan)

\$2,000	\$2,549.65	\$2,669.33	\$2,792.19	\$2,918.17	\$3,047.21
\$4,000	\$5,099.29	\$5,338.67	\$5,584.38	\$5,836.33	\$6,094.42
\$6,000	\$7,648.94	\$8,008.00	\$8,376.57	\$8,754.50	\$9,141.63
\$8,000	\$10,198.58	\$10,677.33	\$11,168.76	\$11,672.67	\$12,188.85
\$10,000	\$12,748.23	\$13,346.67	\$13,960.95	\$14,590.83	\$15,236.06

Do You Need a Vehicle?

- ❑ Are your driving needs great enough to justify owning a vehicle
- ❑ Are there alternatives to buying a vehicle



Can You Afford to Own a Vehicle

- ❑ **The cost of owning a vehicle can be more than you expect**
 - 1. Purchase Price**
 - 2. Depreciation**
 - 3. Financing**
 - 4. Other Costs**



What Kind of Vehicle Should You Buy

Examine your needs, wants, and budget

- What will I use the car for
- Do I need room for passengers
- Will I tow anything
- How many miles will I drive
- Will I need a vehicle for long or short trips
- How long will I keep the vehicle



Room for more passengers



More cargo capacity



Fuel Efficient



Sporty but expensive

Factors to Consider

- **Vehicle Size**
- **Engine Size**
- **Transmission**
- **Optional Equipment**





'06 PONTIAC SOLSTICE ROADSTER

2.4L 4Cyl. 5-Speed Manual CD Chrome Wheels - 2,500 Miles

Sale Price

\$23,375

Stock# R11638



06 Chevrolet Impala LTZ\$19,865
3.9L V6 6Disc-MP3 P.Seats Htd.Leather
Remote-Start Sunroof Alloys XM-Radio 12K
LaserBlue R11573



06 Pontiac Grand Prix\$13,850
3.8L V6 CD P.Seat Full Power Remote-Start
Alloys 27K Sport Red R11416



02 Chevrolet Monte Carlo LS\$10,570
3.4L V6 CD Full Power Keyless-Entry Sunroof
55K White R23524A



02 Oldsmobile Aurora\$10,475
3.5L V6 CA/CD P.Seats Leather Full Power
Keyless-Entry Alloys 59K Dark Red 52742B



05 Chrysler Pacifica Touring AWD\$18,870
3.5L V6 CD P.Seats Leather KE Chrome
Wheels 3rd-Row Seat 29K Silver R23488



03 Mercury Mountaineer AWD\$15,880
4.6L V8 CD P.Seats Htd.Leather KE Moon
Alloys Tow Pkg. Running Boards 1-Owner 57K
Blue 52995A



05 Chevrolet Colorado\$17,590
Ext. LS Z71 4x4 3.5L 5Cyl. MP3-CD AC Tilt
Cruise Tube Steps 18K Blue 53888A



04 Chevrolet Silverado 1500.....\$20,675
Ext. LS Z71 5.3L V8 CD P.Seat Full Power KE
Alloys Tow Pkg. Running Boards 1-Owner 42K
White 53334A



02 Ford F150 Ext. Lariat 2WD\$15,220
5.4L V8 CD P.Seat Leather Full Power KE Tow
Pkg. Running Boards 35K Red 50745B

RATES AS LOW AS 3.9% FOR 60 MONTHS ON SELECT GM CERTIFIED USED VEHICLES**

Buying A Used Vehicle

How much Should You Pay?

Choosing a Used Vehicle

Outside and Inside Checks

Test Drive

Inspection

Insuring a Vehicle

- ▣ Financial Responsibility Law
- ▣ Policy - a written contract between you and the insurance company.
The Policy includes the terms and conditions of insurance coverage.
- ▣ Premium - a specified amount of money for coverage over a specified period of time.



Car Insurance

Kind of Insurance	Coverage	Claim Includes	Minimum Amount	Notes
Bodily-injury liability	Pays claim against owner if someone is killed or injured and owner is at fault.	Hospital and doctor bills Legal fees Court costs Loss of wages	States normally specify minimum: \$10,000–\$30,000 for one person; \$20,000–\$100,000 for several persons.	Required in many states. Needed by all car owners. Minimum coverage required is generally too low.
Property-damage liability	Pays claim against owner if property of others is damaged and owner is at fault.	Other car and possessions in car. Damage to house, telephone pole, and traffic light.	States normally specify minimum: \$5,000–\$25,000	Required in many states. Needed by all car owners.
Uninsured-motorist* and underinsured-motorist	Pays for injuries to you and your passengers in case of hit-and-run collision, uninsured or underinsured motorist.	Hospital and doctor bills Legal fees Court costs Loss of wages (Does not cover property damage.)	Usually same as bodily-injury liability.	Required in many states. Needed by all car owners.
Collision	Pays cost of repairing or replacing owner's car when owner is at fault or when owner cannot collect from person at fault.	Repair or replacement of any car driven by owner or with owner's permission.	Insures for depreciated value of car. Owner decides on \$100 to \$500 (or more) deductible to reduce cost of premium.	Important for new or expensive car. Drop after 7–10 years of ownership or when value of car no longer justifies cost of coverages.
Comprehensive	Pays cost of repairing or replacing owner's car.	Fire Theft Flood Wind Earthquake Storm Riots Vandalism	Insures for depreciated value of car, usually with \$100 to \$500 (or more) deductible to reduce cost of premium.	Important for new or expensive car. Drop after 7 to 10 years of ownership.
Medical-payments	Pays medical costs for you and your passengers injured in any collision, regardless of fault.	Pays all immediate medical costs (generally in addition to other medical insurance).	Insures for \$500 to \$5,000 per person.	This insurance does not require a legal process to determine fault, while bodily-injury coverage usually does.
Towing	Pays cost of towing or minor repair to disabled car.	Dead battery Out of gas Flat tire Accident (regardless of cause or fault).	Usually pays amount validated by towing company.	Good to have. Not needed if owner belongs to automobile club with towing service.

*Note that uninsured-motorist insurance covers collision-related injuries only, not property damage. Some states now allow insurance companies to offer uninsured-motorist property damage insurance.

Insurance Rates

- **Driving Record**
- **Age**
- **Miles Driven**
- **Driver Gender**
- **Marital Status**
- **Type of Vehicle**
- **Where Driver Lives and Drives**
- **Claims Record**



Insurance Rates Lower As Driver Ages

Unmarried male driver under 30 who owns or is principal driver of the car

Unmarried male driver under 25 who is not the owner or principal driver of the car

Married male driver under 25

Unmarried female driver under 24

Base rate
(Base rate is rate most drivers pay for minimum coverage)

Age

17

20

23

26

17

20

23

17

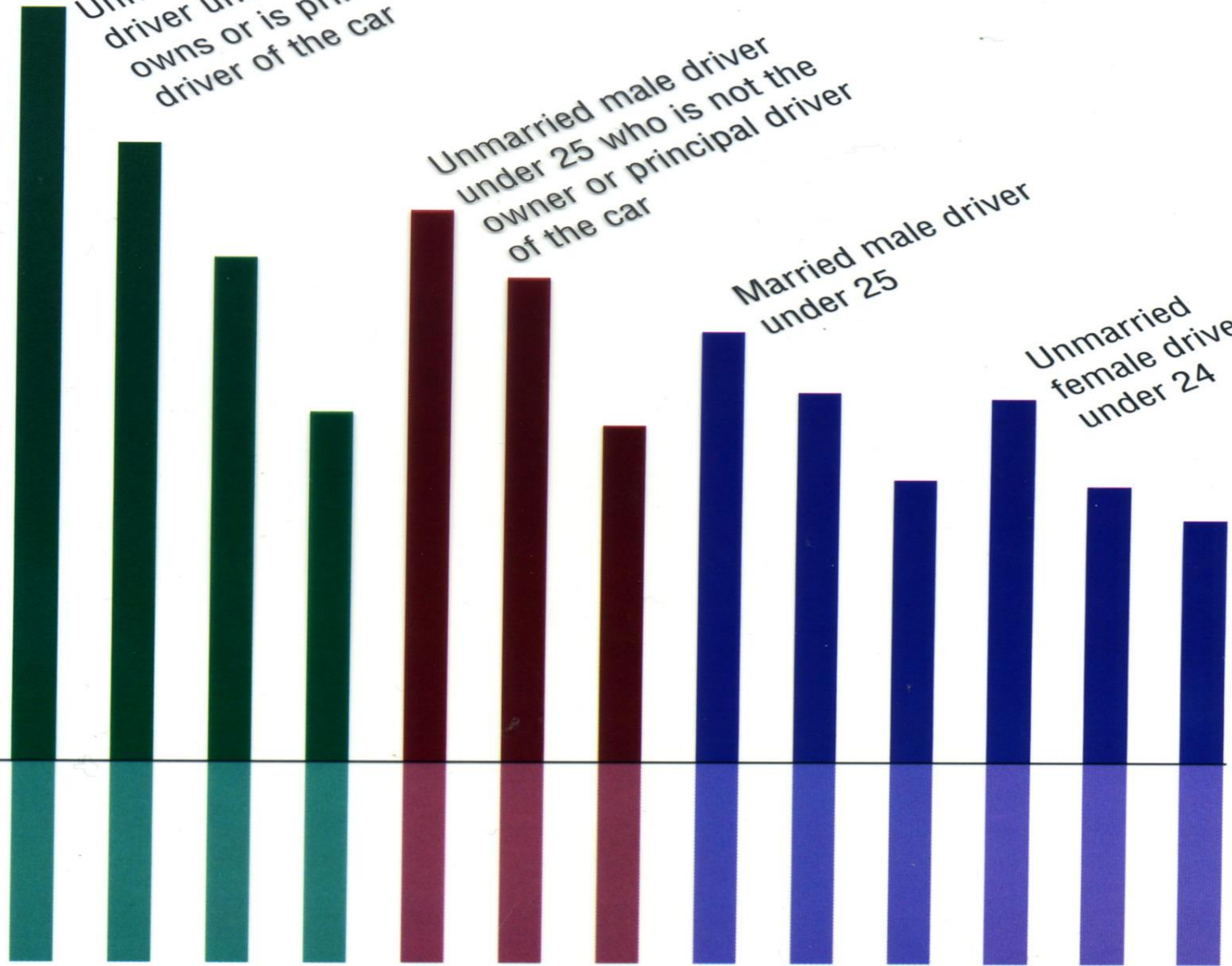
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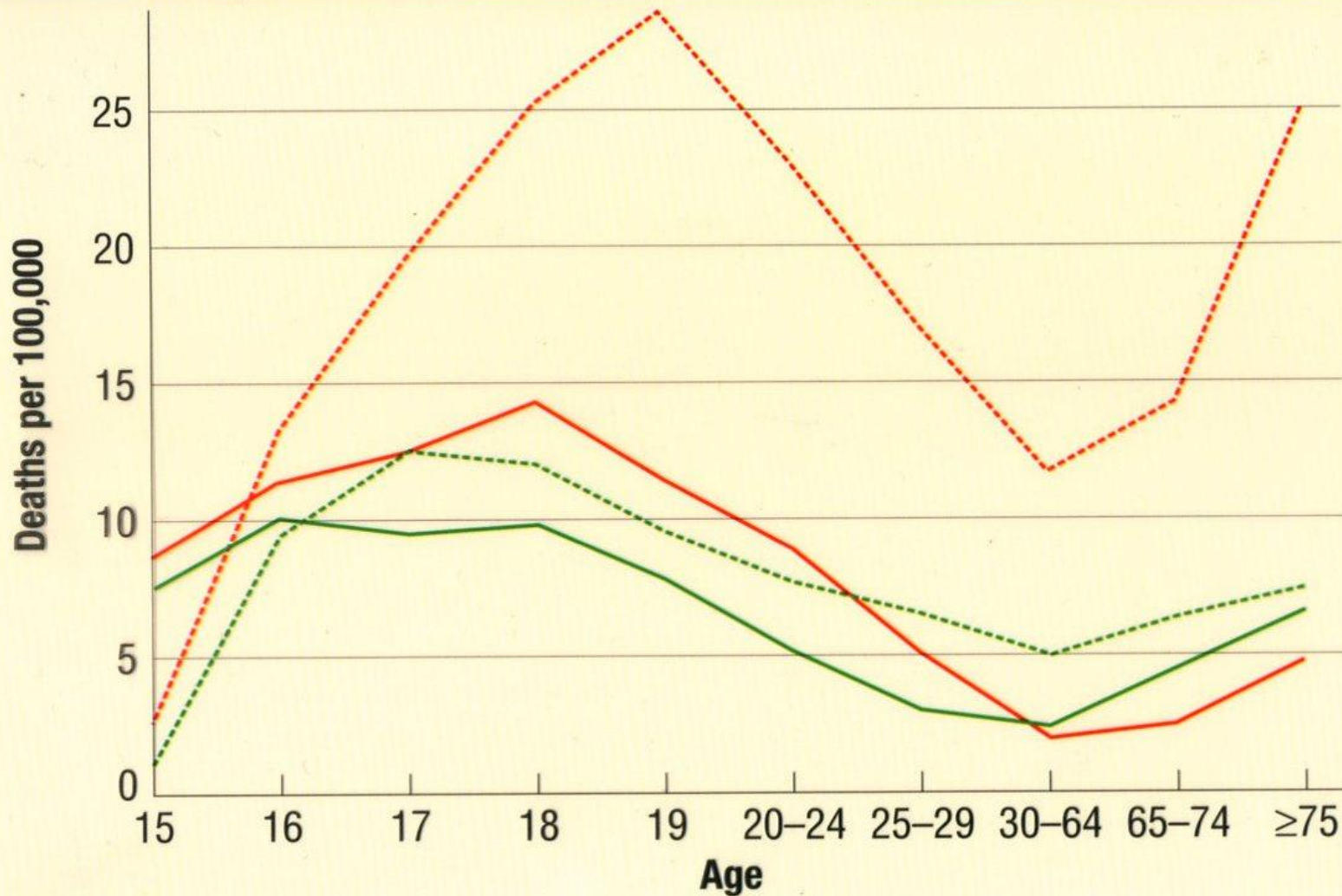
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Death in Passenger Vehicles per 100,000 People, 1999



Male drivers	-----	Female drivers	-----
Male passengers	-----	Female passengers	-----

Reduced Premiums

- **Maintain Good Grades**
- **Complete Approved Driver Education Program**
- **No Claims or Convictions for Three Years**
- **Multiple Vehicle Policies**
- **Safety Features**

