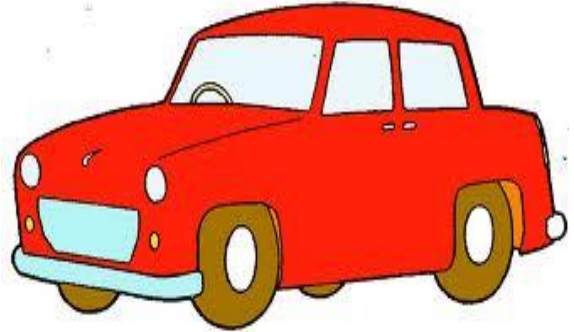


What Am I Really Paying When I Buy a Car



Goal: The goal of this project is learn about the power of compound interest and why banks want you to pay the minimum amount on loans.

Tools: Spread Sheet Software (Excell, Open Office Calc)

Procedure:

- ✧ You are to find a car online that you would like (cars.com, or any dealership's website) that would be sold in Tucson.
- ✧ Next you are to finance the car (meaning take out a loan) to pay the car back. Cars.com has a good car financing calculator.
- ✧ Next you need insurance for the car. Use

<http://money.msn.com/auto-insurance/auto-insurance-quotes.aspx>

To find the yearly premium for your car and calculate the monthly cost for insurance.

- ✧ Now build a spread sheet that calculates,
 1. Number of weeks taken to pay off entire loan.
 2. Amount of interest accrued
 3. Amount of Principal
 4. Amount of Insurance paid
 5. Total amount paid.
- ✧ Do this for,
 1. The suggested minimum payment on the car financing calculator.
 2. Increments of \$75/month more for 3 more payment methods (example, the website says min payment of \$150, so then calculate \$225 per month, \$300 per month, and \$375 per month.