

# Owning a Car

## Overview

In this lesson students will be learning about the different costs that come with buying and owning a car. This lesson is important because there are many costs that students do not think come with owning a car and it is important to take them all into consideration before owning a car.

### Objectives

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

- Define and acknowledge cost that come with owning a car
- Define different types of insurance
- Calculate the cost of a car loan
- Find the costs that come with specific cars

## Standards

### Spending and Saving

Standard 3. Describe how to use different payment methods.

Standard 4. Apply consumer skills to spending and saving decisions.

### Financial Decision Making

Standard 1: Recognize the responsibilities associated with personal financial decisions.

Standard 2: Use reliable resources when making financial decisions.

This listing is based on the JumpStart National Standards for Personal Finance. To see how this lesson aligns with other standards (including for your state), visit [content.PersonalFinanceLab.com/Standards](http://content.PersonalFinanceLab.com/Standards)

## Vocabulary

- **Insurance** - a practice or arrangement by which a company or government agency provides a guarantee of compensation for specified loss, damage, illness, or death in return for payment of a premium.
- **Insurance deductible** - the amount you need to pay out of pocket before your insurance kicks in
- **Insurance Premium** - how much you pay each month for coverage
- **Down Payment** - an initial payment made when something is bought on credit.
- **Interest Rate** - the proportion of a loan that is charged as interest to the borrower, typically expressed as an annual percentage of the loan outstanding.
- **Maintenance Cost** - are the costs incurred to keep an item in good condition or good working order.

## Lesson Plan Includes

- |                              |                               |
|------------------------------|-------------------------------|
| □ Direct Instruction         | □ Technology-Based Activities |
| □ Accompanying Presentations | □ Worksheets                  |
| □ Class Discussion           | □ Assessments                 |
| □ Full Class Activities      | □ External Resources          |
| □ Small Group Activities     | □ Homework Optimized          |
| □ Individual Activities      |                               |

## Activity Summary

- Introduction □ □  
**Time:** 5 Minutes
- PFL Buying a Car Lesson □ □ □ □ □  
**Time:** 15 Minutes  
**Requires:** PFinLab Curriculum Site License, Computer Access
- PFL Car Insurance Lesson □ □ □ □ □  
**Time:** 15 Minutes  
**Requires:** PFinLab Curriculum Site License, Computer Access
- PFL Budgeting Game □ □ □ □ □  
**Time:** 20 Minutes  
**Requires:** PFinLab Budgeting Site License, Computer Access
- PFL Car Loan Calc Lesson □ □ □ □ □  
**Time:** 15 Minutes  
**Requires:** PFinLab Curriculum Site License, Computer Access
- Car Cost Discussion □ □  
**Time:** 5 Minutes
- Car Purchase Research □ □ □  
**Time:** 20 Minutes  
**Requires:** Computer Access

# Instructor's Guide

## Introduction

Explain to students that there are a lot of different costs that come with owning a car.

- Introduce but do not define the terms:
  - Insurance
  - Down Payment
  - Interest Rate
  - Maintenance Cost
- Explain to students that today they will be learning about these terms and more. By the end of the lesson students should have a road map to purchasing and owning a car.

**Time:**  
5 Minutes

**Type:**



**Required Resources:**

# Instructor's Guide

## Independent Activities

Activities designed for students to learn independently—either in class or as homework. Some activities include presentations if you prefer to use them for direct instruction instead of independent study.

### PFinLab Budgeting Game

In the PFinLab budgeting game, students will need to make both payments on their car loan and car insurance.

Before beginning your class's game, browse online classified ads to find a reasonably priced car, and use our Car Loan Calculator (see next lesson) to identify what the monthly payments would be. Use this number in your class budget game as the "Car Payment" bill students will need to pay each month.

Next, find a quote for insurance for this hypothetical car, and use this amount for your students' monthly Car Insurance bill.

Finally, if your students are in Full-Time Mode, they may encounter an event that invites them to trade in their current car for a new one. Doing so will increase their quality of life, but also increase both their monthly Car Payment and Car Insurance Payment.

**Time:**  
20 Minutes

**Type:**



**Required Resources:**

- PFinLab Budget Game
- Computer Access

### PFinLab Buying a Car Lesson

Assign your students the "Buying a Car" lesson on PersonalFinanceLab.com. This lesson breaks the process of buying a car into different steps and will help guide students through the thought process of purchasing a car.

They will be required to complete the quiz at the end as an assessment. If used as homework, follow up with discussion questions the next day

Discussion Questions:

- What are some costs that come with buying a car?
- What is a pro/con of buying a new/old car?
- What would be the first step if you were thinking about buying a car?

**Resource Links:**

Lesson Content (Included in the Assignment on PersonalFinanceLab.com)  
[Buying a Car \(personalfinancelab.com\)](http://personalfinancelab.com)

**Accompanying Presentation:**

[Buying a Car Presentation - Personal Finance Lab](#)

### Open-Ended Challenge Questions

- What are the advantages and disadvantages of buying a new car?
- In your opinion, is having a new or used car better for you and why?
- Using examples, what do you understand by the term depreciation?
- If you are to lease or take out a loan to buy a car, how does the down payment affect your payments?
- Would you rather have a bigger down payment and a smaller monthly payment, or a small down payment and a larger monthly payment?

**Time:**  
15 Minutes

**Type:**



**Required Resources:**

- PFinLab Curriculum
- Computer Access

## Owning a Car

# Instructor's Guide

## PFinLab Car Insurance Lesson

Assign your students the "Car Insurance" lesson on PersonalFinanceLab.com. This lesson goes over the different types of car insurance and then describes the different factors that might lower or increase your insurance rates.

They will be required to complete the quiz at the end as an assessment. If used as homework, follow up with discussion questions the next day

Discussion Questions:

- What type of car insurance is required in most states?
- Give an example of something that will lower/ raise your rates?
- What type of insurance would you get and why?

**Resource Links:**

Lesson Content (Included in the Assignment on PersonalFinanceLab.com)  
[Car Insurance \(personalfinancelab.com\)](https://www.personalfinancelab.com)

**Accompanying Presentation:**

[Car Insurance Presentation - Personal Finance Lab](#)

### Open-Ended Challenge Questions

- In your opinion, should every driver or car on the road be insured?
- Using examples, state and explain the different types of car insurance that are available.
- Using examples, explain what a deductible is.
- Explain what is meant by the term premium when discussing insurance.
- What is the difference between Tort and No fault?
- In what ways could your actions cause your insurance premium to increase?
- In what way are you able to reduce your insurance premium?

**Time:**

15 Minutes

**Type:**



**Required Resources:**

- PFinLab Curriculum
- Computer Access

## PFinLab Car Loan Calculator Lesson

Assign your students the "Car Loan Calculator" lesson on PersonalFinanceLab.com. This lesson has a customizable calculator that helps students figure out the monthly payments of a car loan while helping them learn different terms.

They will be required to complete the quiz at the end as an assessment.

**Resource Links:**

Lesson Content (Included in the Assignment on PersonalFinanceLab.com)  
[Car Loan Calculator! \(personalfinancelab.com\)](https://www.personalfinancelab.com)

**Time:**

15 Minutes

**Type:**



**Required Resources:**

- PFinLab Curriculum
- Computer Access

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# Instructor's Guide

## Full Class Activities

Activities designed for whole-class participation. These are best used along with the direct instruction portion of the lesson.

### Car Cost Discussion

This will be a teacher led discussion about the different costs that come with owning a car.

- Give students 2 minutes to write down as many costs that they can think of when owning a car. This includes purchasing and when you actually own the car.
- After the two minutes, ask all the students to stand up. Remain standing if they have at least 5 cost, 10 costs, 15 costs, 20 or more.
- Go around the class and have students read one cost off at a time. Have them write a check if they have the same cost or add the cost to their list. Do this until all costs have been read.
- After all of the answers have been read, add anything that the students may have missed .
- Discuss key points such as purchasing a car (Interest rate, down payment, monthly payment), insurance, gas, maintenance etc.

**Time:**

15 Minutes

**Type:**



**Required Resources:**

# Instructor's Guide

## Small Group Activities

Activities designed for small groups of students. These resources are best used after full-class direct instruction and activities.

### Car Purchase Research

- Assign each group a different type of vehicle (sports car, new truck, used SUV, etc., or have students make their own selection; be sure groups are choosing a variety of vehicles to maximize the purpose of this lesson).

Have them record the price of:

- New or Used:
- Price/Monthly Payment
- Interest on loan/monthly
- Fees, Taxes upon purchase
- Gas/Month
- Insurance/Month
- Maintenance
- Car Tag
- Other

Have the students make a poster or presentation to explain the overall cost of the car that they were assigned.

They must then compare that car to the "Average" or another car in that same group

As a class, discuss the different costs and which car would be good for different groups of people (Family, High Schooler, Business Person)

**Time:**  
20 Minutes

**Type:**



**Required Resources:**

- **Computer Access**

## Conclusion

Remind students that there are many different costs that come with owning and buying a car. Also, that it is important to think about these costs when thinking about getting a car in order to ensure that you don't go over budget.

Remind them of the key terms:

- Insurance- a practice or arrangement by which a company or government agency provides a guarantee of compensation for specified loss, damage, illness, or death in return for payment of a premium.
- Insurance deductible- the amount you need to pay out of pocket before your insurance kicks in
- Insurance Premium- how much you pay each month for coverage
- Down Payment- an initial payment made when something is bought on credit.
- Interest Rate- the proportion of a loan that is charged as interest to the borrower, typically expressed as an annual percentage of the loan outstanding.
- Maintenance Cost- are the costs incurred to keep an item in good condition or good working order.