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## Car Costs



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### ASSESSMENT ONE:

- Knowledge
  - T / F You must register your car with the Department of Motor Vehicles (DMV) once every two years.
  - T / F Being able to afford a car involves more than being able to make the monthly payment.
  - T / F When taking out an auto loan, sign up for the shortest loan payment you can afford. The longer the loan, the more you will have to pay in interest.
  
- Comprehension
  - In your own words, define the following terms:
    - ◆ Liability Insurance
    - ◆ Uninsured Motorist Insurance
    - ◆ A Deductible
  
- Application
  - What steps would you take after purchasing a vehicle, just before you drive away?
  
- Analysis
  - Compare and contrast advantages and disadvantages of buying a new car, buying a used car, and leasing a car.
  
- Synthesis
  - Create a flyer for teens explaining the steps they should take before car shopping.
  
- Evaluation
  - What is the perfect vehicle for you? Defend your choice using information from the Teen Guide.



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### ANSWER KEY FOR ASSESSMENT ONE:

- Knowledge
  - FALSE You must register your car with the Department of Motor Vehicles (DMV) once every year.
  - TRUE Being able to afford a car involves more than being able to make the monthly payment.
  - TRUE When taking out an auto loan, sign up for the shortest loan payment you can afford. The longer the loan, the more you will have to pay in interest.
  
- Comprehension
  - Does the teen provide logical definitions for the terms?
    - ◆ Liability Coverage – pays for injury to other people and damage to their property when the insured person causes an accident. Every state requires that all drivers have minimum liability coverage. In California, the minimum coverage is 15/30/5. Liability insurance coverage is written in three numbers, such as 15/30/5 or 100/300/100. Each number represents thousands of dollars. 15/30/5 represents \$15,000/\$30,000/\$5,000. The first two numbers refer to bodily injury (someone is hurt); the third number is for property damage. A policy written as 15/30/5 means that for an accident the insured person causes, their insurance will pay up to \$15,000 for bodily injury per person, but no more than \$30,000 for all persons. This coverage will also pay up to \$5,000 property damage per accident.
    - ◆ Uninsured Motorist Coverage – pays for bodily injury to the insured person and their passengers if there is an accident caused by someone who does not have liability insurance. This coverage also pays if another person causes the accident and they don't have enough insurance to pay the insured person's medical expenses. Teens may even want to buy the deductible waiver coverage so they won't have to pay the deductible when an uninsured motorist hits them.
    - ◆ A deductible is the amount a driver has to pay to repair damage to their car before their insurance company will pay a cent. The deductible can be as little as \$50 per incident, or as high as \$1,000 per incident. The smaller the deductible the higher the insurance rates, since the insurance company will pay more to repair the car if the deductible is low. Choosing the highest deductible a driver can afford will save money on insurance premiums.



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- Application
  - Does the teen provide logical reasons and explanations for their response?
  - Some steps the teen might take are:
    - ◆ Become familiar with your car so you can start the engine and properly operate all the equipment.
    - ◆ Locate the spare tire and jack and be sure you know how to remove them.
    - ◆ Ask for any extra sets of keys.
    - ◆ Be sure you have the bill of sale, warranties, licensing information, owner's manual and maintenance schedule.
    - ◆ Compare the VIN number on the car to the VIN number on the bill of sales.
    - ◆ Sign on the dotted line only after you are certain that you received everything that was agreed to and that all is in good working condition.
  
- Analysis
  - Buying a new car:
    - ◆ Advantages include:
      - ✦ New cars offer the latest technology and safety features, colors, and body styles.
      - ✦ New cars carry no risk of past mistreatment by previous owners.
      - ✦ New cars are covered by a warranty.
    - ◆ Disadvantages to consider before buying a new car include:
      - ✦ New cars are more expensive to insure and register.
      - ✦ New cars have higher purchase prices.
      - ✦ New cars depreciate in value as soon as they are driven off the dealer's lot.
  - Buying a used car:
    - ◆ Advantages to buying a used car include:
      - ✦ Used cars cost less to insure than new ones.
      - ✦ During the first year, used car buyers avoid the initial depreciation costs of a new car, which can be up to 20-30% of its value.
      - ✦ With the same amount of money, used car buyers can get a nicer car, with more options, than they would get if they bought a new car.
    - ◆ Disadvantages to consider before buying a used car include:
      - ✦ The most maintenance-free time of a car's life is during the first two years.
      - ✦ A used car may not have the latest safety or technical features.
      - ✦ Some used cars may not have been properly maintained by the previous owner or may have hidden defects with limited or no warranty coverage.

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- o Leasing a car:
    - ◆ Leasing has become a popular alternative in the past several years. Reasons include:
      - ✦ Leasing a car allows a person who is unable to buy a new car to drive a new car.
      - ✦ Leasing a new car does not require a long-term investment (only a 1 or 2 year commitment).
      - ✦ Leasing a car requires less money upfront with monthly lease payments that may be less than loan payments.
    - ◆ Disadvantages of leasing a new car include:
      - ✦ Having nothing to show for the money spent when the lease ends.
      - ✦ Being left without transportation when the lease is up.
      - ✦ Having to pay penalties for lease violations that include: driving more miles than the lease permits (usually 12,000/year), or for damage (both minor and major) to the vehicle.
  - Synthesis
    - o Does the teen provide logical responses and descriptions?
    - o The teens may include the following:
      - ◆ Know what you need.
      - ◆ Know what your insurance will cost.
      - ◆ Research what your car will cost.
      - ◆ Find reputable dealers.
      - ◆ Don't shop alone.
      - ◆ Read and understand the ads before you go to a dealer, including the fine print.
  - Evaluation
    - o Does the teen provide logical reasons and explanations for their response?



# Car Costs



## ASSESSMENT TWO:

### Things I picked up:

	Before doing the <i>Car Costs</i> Unit			After doing the <i>Car Costs</i> Unit		
	Not at All	A Little	Pretty Well	Not at All	A Little	Pretty Well
I have a good idea of the monthly cost of having a car						
I know how to choose the right insurance deductible for me						
I know how to find the right car for me						

### Fact or Fiction?

	Before doing the <i>Car Costs</i> Unit			After doing the <i>Car Costs</i> Unit		
	Fact	Fiction	Not Sure	Fact	Fiction	Not Sure
Some things to think about in car costs are oil changes, insurance, and registration						
For 15/30/5 liability insurance, the 5 means the insurance company will pay up to \$50,000 in medical costs.						
Depreciation is the loss of value of a car due to aging and use						
Making good grades can keep my insurance rate lower						
I should always buy extended warranties for cars						



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**1. These are some things I liked most about this Teen Guide and Activities?**

**2. The most important things I learned are?**

**3. I will use what I learned by...**



# Car Costs



## ANSWER KEY FOR ASSESSMENT TWO:

**Fact or Fiction?**

	<b>Fact</b>	<b>Fiction</b>
Some things to think about in car costs are oil changes, insurance, and registration	X	
For 15/30/5 liability insurance, the 5 means the insurance company will pay up to \$50,000 in medical costs.		X
Depreciation is the loss of value of a car due to aging and use	X	
Making good grades can keep my insurance rate lower	X	
I should always buy extended warranties for cars		X