

CT Personal Finance Model Curriculum

| | | |
|--|--------------------------------------|--|
| Unit of Study: Owning and Operating A Car | Lesson Title: Financing a car | Anticipated Time Frame: 2.5 - 3.5 Hours |
|--|--------------------------------------|--|

| |
|--|
| <p>Standard(s) V. Buying goods and services: Apply a decision making model to maximize consumer satisfaction when buying goods and services,</p> <ul style="list-style-type: none"> • Level II.I: Compare the costs and benefits of purchasing, leasing and renting. <p>VII: Using credit: Analyze factors that affect the choice of credit, the cost of credit, and the legal aspects of using credit.</p> <ul style="list-style-type: none"> • Level I.VII: Define interest as a cost of credit and explain why it is charged. • Level II: II: Explain how the amount of principal, the period of the loan, and the interest rate affect the amount of interest charged. |
|--|

| | |
|--|--|
| <p>Learning Objective(s) – Students will:</p> <ul style="list-style-type: none"> ○ Define different lengths of car loans and how financing a car works. ○ Define key terms related to financing a car. ○ Estimate car expenses and analyze the personal costs of owning and operating a car ○ Compare Fixed vs. Flexible expenses of owning and operating a car. ○ Define the various types of used car dealers. ○ Define and locate specks on new cars: Example: gas mileage. ○ Fill out a loan contract for financing a car of the students choosing. APR/financing charge (Interest) and term of payments assigned by the teacher. ○ Students will be able to calculate monthly payments for lines 7, 8, and 10 on the loan contract by the information provided by the teacher. ○ Students will fill in lines 1-6, 9 and 11, individually, They will be focusing on the car they have chosen to buy, as well as, if they have any cash to put down on the car or if they will be trading in a car. | <p>Diversity: Enrichment for all students</p> <ul style="list-style-type: none"> ○ Discuss the needs, wants and what can I afford options of cars. ○ Discuss what options are most and least important to students and why. ○ Discuss what options could come up while determining the ways to come up with a down payment on a car. For example: cash, trading in a car, motorcycle, boat or dirt bike. |
|--|--|

| | |
|--|---|
| <p>Assessment and Feedback to Learners</p> <p>Informal/Formative:</p> <ul style="list-style-type: none"> ○ Choose two cars that you would like to own. ○ Once students have chosen two cars, students will then go to the computer lab and find out prices for the exact car they would like to own. ○ Students will find specs on the cars and then create a flyer advertising this car for sale with the specs they have found. (Worksheet attached) ○ Students who already own a car are able to use their existing car as one of the two cars they need to research. The information students are finding is for the financing application. They will need to have a trade in value of their current car in order to put it down as the down payment amount for their new car. | <p>Formal/Summative:</p> <ul style="list-style-type: none"> ○ Students will pick one of the two cars they are advertising for sale in order to apply for a loan to finance the car they want to buy. Students who already own a car will choose to buy the new car and use the trade in value of the second car (car they already own) as a down payment on their new car. Students who do not already own a car will find two new cars and will only have the option to put down cash as a down payment. ○ Students will fill out an Installment Loan Contract as if they are financing the car and they are the bank. ○ Students need to find out what their monthly car payment will be according to their answers in lines 1-10 on the installment loan contract. |
|--|---|

Teacher Actions –

Initiation:

- Hand students a piece of paper that says “My Dream Car Is”? Individually have students share their car choices with the class and tally up the makes and models of cars to find the most and least common cars wanted by teens.

Instructional Input and Differentiation:

- Present key terms to students related to financing a car on the Smart Board- (Note taking sheet for definitions is attached.)
- Discuss and conduct needs, wants and what I can afford for a car activity (sheet attached as an example).
- Have students complete the car comparison worksheet in the computer lab.
- Present a sample of what a completed installment loan contract looks like on the Smart Board. (sheet attached)
- Assign students individual APR rates/finance charges and terms of payments (months). These numbers will be used for lines 7, 8 and 10 on the Installment loan contract.
- Students complete the installment loan contract individually with their individual numbers they have researched and are assigned to come up with a monthly car payment.

Closure:

- Review key terms of the lesson with students
- Discuss with students the finding of their individual monthly payments and ask if the numbers they calculated are realistic for their budget. Remind students they will need to pay for car taxes every year, gas expense depending on how much they drive, insurance and maintenance. Follow up lessons will include finding prices for insurance, local taxes, gas expense depending on how much they drive and possible maintenance expenses.

Key Terms/Vocabulary –

- Fixed expenses of owning and operating a car
- Flexible expenses of owning and operating a car
- Depreciation
- Private party car dealer
- Used car dealer
- New car dealer
- Installment Plan
- Amount Financed
- Finance Charge (interest)
- Total of Payments
- Monthly payment
- Annual Percentage Rate (APR)
- Down Payment
- Trade-in
- Loan Term

Materials (M)/Resources(R)

(M)

- Access to the Internet for students to search for cars
- Teacher assigns students individual monthly financing terms and their Annual Percentage Rate/Finance Charge (Interest) for the car they want to purchase
- Installment Loan Contract filled in as a sample to present to students
- Installment Loan Contract that is blank to be filled in by students with the information about the car they are financing, as well as, with their individual assigned monthly financing terms and Annual Percentage Rate/Finance Charge (Interest)
- Calculators
- Vocabulary list with definitions

(R)

- Unit 9- **Owning and Operating a Car**, pages 182-206 (Skills for Consumer Success, 5th Edition, Copyright 2005 by South-Western, a part of Cengage Learning, Author Mary Queen Donnelly.
- Access to computers and the Internet
- Example of a filled in installment loan contract
- Smart Board for presentation of key terms and sample installment loan contract

