

Saving for a Car.

Earning a driver's license is one major accomplishment every teen dreams of. Saving enough to buy a car, and the independence that comes with it is another. Here are a few tips to help teens figure out how much they really need to save.

Want a car? Make a Plan...

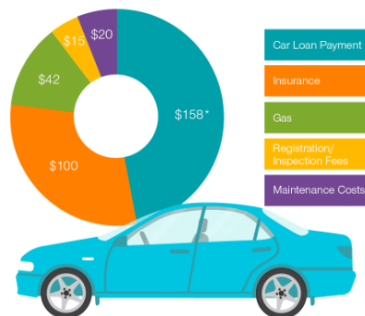
For many teens, the idea of getting a driver's license and buying a car is an exciting dream. In a 2016 study, Autotrader and Kelley Blue Book found that 92% of Americans under the age of 18 want to own their own car. The study also found that 72% of those young people said they would give up social media for one year to have a car!¹ And they are not alone. In 2015, about 17.5 million new cars and trucks were sold in the United States.² While buying a car may at first seem simple, the high cost of car ownership is often surprising. Making short-term and medium-term savings goals is a helpful first step to car ownership. If your financial goal is to purchase a car within the next few years, make a plan now for how much you will need and how long you will have to save, and then start saving!

¹ Fox Business, 92% of Teens Want to Own a Car
² The Wall Street Journal, U.S. Car Sales Set Record in 2015

Sample Monthly Car Budget

A savings account may be the best place for your money until you are ready to make a purchase. Also, ask yourself these questions:

- Why do I want to buy a car? Is it a “want,” a “need,” or a combination of both?
- Which is a better choice, a new car or a used car? Consider insurance costs, car safety reports, car fuel efficiency, and how long you can expect to use the car before it requires major repairs. (A car that gets 20 miles per



*Based on a \$7,000, 48-month loan; interest rate of 4%

gallon [mpg] may cost about \$125 more per year than a car that gets 25 mpg. Based on 5,000 miles per year; \$2.50/gallon fuel cost.) Check out the chart below for a sample price comparison of purchasing a new car versus a used car.

- How will I pay for the car and the yearly costs for things such as insurance, inspections, and maintenance? Making a budget may be a helpful way to plan for these expenses.

	New Foreign Sports Car 2017 Model	Used Foreign Sports Car 2010 Model
Price	\$19,000	\$9,000
Down Payment	\$2,000	\$2,000
Loan Amount 48mos./4%	\$17,000	\$7,000
Monthly Payment	\$384	\$158
Total Cost of Car (After Paying off Loan)	\$20,432	\$9,584

Keep going, you're doing great!

Next Skill