

# LINX EDUCATIONAL INSTRUCTOR'S GUIDE

## ALL ABOUT CARS! A CAR BUYING GUIDE

### Activity 1: NEW, USED, OR LEASED? VIDEO REVIEW

1. List 3 advantages of buying a new car.

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- List 2 disadvantages of buying a new car.

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2. List 3 advantages of buying a used car.

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- List the major disadvantage of buying a used car.

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3. Give 2 advantages of leasing.

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- Give 2 disadvantages of leasing.

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## Activity 2: CAR MATCH

Write the letter of the correct definition next to each term.

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|--------------------------|---|
| ___ 1. Closed-end lease  | a. cost of car  |
| ___ 2. Capitalized cost  | b. decreasing value of car                                |
| ___ 3. Depreciation      | c. guarantee by dealer                                    |
| ___ 4. Warranty          | d. option to buy at end of lease                          |
| ___ 5. Dealer Incentives | e. renting a car for a specific time                      |
| ___ 6. Lease             | f. attractive features or rates that encourage you to buy |

## Activity 3: HOW MUCH CAR CAN YOU AFFORD?

1. What percent of monthly income could go towards a car?

\_\_\_\_\_ percent (no more.)

2. What are at least 5 expenses associated with owning a car?

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3. Complete the sentence: Shop around... shop for \_\_\_\_\_ first.

## Activity 4: CAR SEARCH!

Use the internet to research what is available and the costs.

-www.kbb.com      Kelly Blue Book

-www.carfax.com

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## ANSWER KEY

### Activity 1: NEW, USED, OR LEASED?

1. **Advantages-** features you want, no problems, good warranty, want “look” and “feel” of new  
**Disadvantages-** depreciates 30% the first year (70% over 5 years), long-term payments
2. **Advantages-** can get more options/features for less money, usually comes with warranty, shorter payment terms  
**Disadvantages-** may have mechanical problems
3. **Advantages-** less money per month, more car/features for money, less money down  
**Disadvantages-** no ownership, excess mileage charges, charges for wear and tear

### Activity 2: CAR MATCH!

1. D Option to buy at end of lease
2. A Cost of car
3. B Decreasing value of car
4. C Guarantee by dealer
5. F Attractive features or rates that encourage you to buy
6. E Renting a car for a specific time

### Activity 3: HOW MUCH CAR CAN YOU AFFORD?

1. 15-20% maximum
2. monthly payment, registration fees, license tag, insurance, taxes, service/maintenance, fuel, parking/tolls
3. financing