

## MONTHLY SPENDING PLAN

1. Complete Column 1 based on your current situation. Start with your monthly take-home pay. This is the amount you have left after taxes and other deductions have been made.

Subtract the amount you need for savings, monthly expenses and monthly creditor payments.

The remaining balance is the maximum amount you can afford to put toward the monthly payment for a vehicle and any new related expenses, like car insurance.

2. Complete Column 2 based on your new situation. This column will show your new vehicle payment and adjustments you've made to expenses and credit obligations. Be sure to adjust any expenses, like vehicle maintenance and insurance expenses, which might go up or down when you get a new vehicle.

The remaining balance in Column 2 will indicate whether you can afford the new vehicle payment and change in expenses projected.

|                                     | <b>CURRENT<br/>[1]</b> | <b>REVISED<br/>[2]</b> |
|-------------------------------------|------------------------|------------------------|
| <b>MONTHLY INCOME &amp; SAVINGS</b> |                        |                        |
| Monthly Take-Home Pay               | \$ _____               | \$ _____               |
| Savings                             | -\$ _____              | -\$ _____              |
| <b>MONTHLY EXPENSES:</b>            |                        |                        |
| Mortgage Payment/Rent               | -\$ _____              | -\$ _____              |
| Utilities                           | -\$ _____              | -\$ _____              |
| Food                                | -\$ _____              | -\$ _____              |
| Transportation                      | -\$ _____              | -\$ _____              |
| Insurance (Home, Vehicle, Life)     | -\$ _____              | -\$ _____              |
| Taxes                               | -\$ _____              | -\$ _____              |
| Clothing                            | -\$ _____              | -\$ _____              |
| Personal                            | -\$ _____              | -\$ _____              |
| Entertainment                       | -\$ _____              | -\$ _____              |
| Gifts & Contributions               | -\$ _____              | -\$ _____              |
| Education                           | -\$ _____              | -\$ _____              |
| Credit Card Payments                | -\$ _____              | -\$ _____              |
| Other Creditor Payments             | -\$ _____              | -\$ _____              |
| Vehicle Payments                    | -\$ _____              | -\$ _____              |
| Miscellaneous                       | -\$ _____              | -\$ _____              |
| <b>REMAINING BALANCE:</b>           | = \$ _____             | = \$ _____             |

## SHOP FOR THE BEST DEAL WHEN FINANCING A VEHICLE

Take the time to know and understand all of the terms, conditions and costs to finance a vehicle before you sign the contract. Review and compare the financing terms offered by more than one creditor.

|  | <u>CREDITOR 1</u> | <u>CREDITOR 2</u> | <u>CREDITOR 3</u> |
|--|-------------------|-------------------|-------------------|
| Negotiated Price of Vehicle            | \$ _____          | \$ _____          | \$ _____          |
| Down Payment                           | \$ _____          | \$ _____          | \$ _____          |
| Extended Service Contract (Optional) * | \$ _____          | \$ _____          | \$ _____          |
| Credit Insurance (Optional)*           | \$ _____          | \$ _____          | \$ _____          |
| Guaranteed Auto Protection (Optional)* | \$ _____          | \$ _____          | \$ _____          |
| Other Optional* Products _____         | \$ _____          | \$ _____          | \$ _____          |
| Amount Financed                        | \$ _____          | \$ _____          | \$ _____          |
| Finance Rate (APR)                     | _____ %           | _____ %           | _____ %           |
| Finance Charge                         | \$ _____          | \$ _____          | \$ _____          |
| Length of Contract in Months           | _____             | _____             | _____             |
| Number of Payments                     | _____             | _____             | _____             |
| Monthly Payment Amount                 | \$ _____          | \$ _____          | \$ _____          |

\*Any items that are "optional" are not required for the purchase. If you do not want these items, tell the dealer and do not sign for them.

## SAMPLE COMPARISON

This example will help you compare the difference in the monthly payment amount and the total payment amount for a 3-year and a 5-year credit transaction. Generally, longer terms mean lower monthly payments and higher finance charges. Make sure you have enough income available to make the monthly payment by reviewing your monthly spending plan. You'll also need to factor in the cost of automobile insurance, which may vary depending upon the type of vehicle.

|                        | <b>3 YEARS (36 MONTHS)</b> | <b>5 YEARS (60 MONTHS)</b> |
|------------------------|----------------------------|----------------------------|
| Amount Financed        | \$ 20,000                  | \$ 20,000                  |
| Contract Rate (APR)    | 8.00%                      | 8.00%                      |
| Finance Charges        | \$ 2,562                   | \$ 4,332                   |
| Monthly Payment Amount | \$ 627                     | \$ 406                     |
| Total of Payments      | \$ 22,562                  | \$ 24,332                  |
| Down Payment           | 10%                        | 10%                        |

Note: All dollars have been rounded for this illustration. The numbers in this sample are for example purposes only. Actual finance terms may be different and will depend on many factors, including your credit worthiness.