

## Money & Me Educator's Lesson Guide

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<b>Title:</b>	Behind the Wheel
<b>Goals:</b>	Students will be better able to: <ul style="list-style-type: none"><li>- Explain steps to buying a car</li><li>- Determine car insurance needs</li><li>- Understand the real cost of borrowing money</li><li>- Describe other basic types of insurance</li></ul>
<b>Summary:</b>	After completing this unit students will understand how to research and buy a car. Students will review various materials and apply lessons learned in a practical assignment to demonstrate understanding of concepts taught.

### Day 5

#### **Part 1**

##### **8:30-8:50 (20 minutes)**

Review of Day 4's lesson; ask volunteer to share keys points  
Review goals for today (PPT 1)

Follow the Day 5A PowerPoint (PPT) presentation. The NEFE HSFP Unit 6 presentation has been modified to fit this program. Several new slides have been added. Any of the NEFE slides still have their original numbers so that they correlate with the correct slide when you are referencing the HSFP Instructor's Manual (IM) for more information.

#### **Activity 1: Anticipatory Set (15 minutes):**

Ask each student to take out their homework. What cars are they interested in purchasing? What about insurance costs – what will it cost for them to insure their cars. Use flip chart to write down a few of the types of cars, what they cost and estimates for insurance.

Then ask how are you going to pay for it? This should open a quick discussion and review from a prior discussion about budgeting, saving, and credit.

#### **Part 2**

##### **8:50-9:10 (20 minutes)**

PPT 2-3

The 9 steps to buying your first car

1. Where to Buy: Local newspaper, On-line, Want Ad Digest
2. Affordable "stay within your budget" – insurance, payment, MPG.
3. Buy a car when you are not in a rush, take your time.
4. Check consumer reports.
5. Check Kelly Blue Book for prices: don't pay more than the market price.
6. Take someone with you – mechanic or friend who knows about cars.
7. Is it a reputable dealer and do you get a warranty?
8. Negotiate \$\$
9. Register, insure and keep it clean.

PPT 4-5

Demonstrate Loan Amortization Schedule (Loan calculator)

Demonstrate the MS Excel calculator after slide 5. Be sure to point out the interest and how it grows and interest rates increase as well as the length of the loan. You can ask students to give you the cost of their car from their homework and use that in the model as it can help improve keeping all students engaged in the subject material. Can also use online loan calculators from local credit union.

### **Buying Your First Car on Credit: Compound Interest Rate Activity**

Ask students to use the cars from their homework assignments to complete the compound interest rate activity. Be sure to walk around helping students complete the project and support any questions. The students will have to take turns using the MS Excel loan calculator on your computer. If some students finish early and they have illustrated understanding of concepts then they can help others in the class. Ask one or two students to volunteer to talk about the results of their project

Slide 5 – Other costs of car ownership introduces the topic of insurance

### **BREAK 9:10-9:20**

Part 3

9:20 – 10:20

Begin instruction using NEFE HSPPP Unit 6 – Insurance

Guide students to read the case study (IM p. 173, SG p. 79)

**What Do You Think? Activity** (IM p. 174, SG p. 80)

PPT 6-A, 6-B (IM p. 175, SG p. 81)

PPT 6-C, 6-D (IM p. 176, SG p. 82)

### **Exercises 6C & 6D (IM p. 178, SG p. 84)**

All About Auto Insurance

PPT 6-F, 6-G, 6-I, (IM pp. 179-181, SG pp. 85-87)

PPT 6-J-1, 2 & 3 How to Save Money on Auto Insurance

### **Exercises 6E & 6F (IM p. 183, SG p. 89)**

Give students copies of the forms listed below. You may choose to walk them through some of the key information they will need to complete one or both forms. If possible, share a personal experience about being in an accident, what happens, what type of information one needs to get from the other driver, etc.

- SM 6-1: Insurance Application
- SM 6-2: Insurance Claim Form

PPT 7, (IM pp. 184-185, SG pp. 9091)

### **BREAK 10:20-10:30**

**Part 4**  
**10:30-11:05**

**JA Activity**  
**Make It Match Game**

Refer to JA Personal Finance Guide for Volunteers and Teachers  
Session Five: Protect Yourself (p. 39)

**Money & Me Wrap-Up Activities**

- **Post-test:** Distribute JA post-test and ask students to complete. Collect tests.
- **Student Evaluation:** Distribute Money & Me evaluation and ask students to complete. Collect surveys.

**BREAK 11:05-11:15**

**Part 5**  
**11:15-Noon**

**Presentation of Certificates**

Include time for photos and a meet and greet with credit union staff members.

## Buying Your First Car?

- **Buying what you want on credit:**
  - Buy now pay later.
- **9 Easy Steps to Buying Your 1<sup>st</sup> Car!**
- **The Power of Interest:**
  - The real cost of interest.
- **Car Insurance – Protecting What You Own**
- **Your Turn:**
  - Find a car you would like to buy and find -- **The Real Cost!**
- **Other Types of Insurance**



## 9 Steps to Buying Your First Car

1. Where to Buy:
  - Local newspaper, On-line, Want Ad Digest
2. Buy what you can afford “stay within your budget”
  - Consider miles per gallon (mpg), insurance and cost of parts.
  - If buying on credit consider interest rates and monthly payments.
3. Buy a car when you are not in a rush, take your time.
4. Check consumer reports.
5. Check Kelly Blue Book for prices:
  - don't pay more than the market price.



## 9 Steps to Buying Your First Car (cont.)

6. Take someone with you – mechanic or friend who knows about cars.
7. Is it a reputable dealer and do you get a warrantee?
8. **Negotiate \$\$** – If you like it and want to buy it, make an offer less than the asking price.
9. Register, Insure and keep it clean.



## Buy Now... 2005 BMW 6 Series 645Ci Coupe

\$69,900

\$69,900



Term	Interest Rate	Monthly Payment	Real Cost (Cost + Interest)
60 Months	2%	\$1,225	\$73,500
60 Months	5%	\$1,319	\$79,140
60 Months	10%	\$1,485	\$89,100



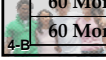
## Buy Now... 1976 Mini 850cc

\$3,500

\$3,500



Term	Interest Rate	Monthly Payment	Real Cost (Cost + Interest)
60 Months	2%	\$61	\$3,681
60 Months	5%	\$66	\$3,963
60 Months	10%	\$74	\$4,462



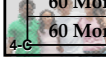
## Buy Now... 1974 Spitfire

\$11,000

\$11,000





Term	Interest Rate	Monthly Payment	Real Cost (Cost + Interest)
60 Months	2%	\$193	\$11,568
60 Months	5%	\$208	\$12,454
60 Months	10%	\$233	\$14,023




## Other Costs of Car Ownership

- Gas
- Tolls
- Maintenance
- Major Repairs
- Insurance

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### Unit 6 - Insurance: Protecting What You Have


When you're young and healthy, owning insurance doesn't seem like it should be a high priority. The chances of something bad happening seem remote, and you'd rather not think about that anyway. But misfortune does happen—to everyone. So everybody needs to think about insurance.

6

NEFE High School Financial Planning Program  
Unit 6 – Your Money: Keeping it Safe and Secure

### Common Exposures to Loss

Exposure	Risk	Potential Loss
<b>Accident or Illness</b>	Loss of income from inability to work; uninsured medical bills; death	<b>UNLIMITED</b>
<b>Property Ownership</b>	Your property is damaged, destroyed, lost, or stolen	<b>Amount needed to replace your property</b>
<b>Liability</b>	You are found liable for injuries to other people or damages to their property	<b>UNLIMITED</b>



6-A

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Unit 6 – Your Money: Keeping it Safe and Secure

### Alternatives for Managing the Possibility of Loss

**Avoid it**

**Reduce it**

**Accept it**


**Share it**




6-B

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Unit 6 – Your Money: Keeping it Safe and Secure

MANAGING LOSS



FROM INJURY



6-C

NEFE High School Financial Planning Program  
Unit 6 – Your Money: Keeping it Safe and Secure

### Managing the Possibility of Loss

**Avoid it**

**Reduce it**

**Accept it**

**Share it**



6-D


NEFE High School Financial Planning Program  
Unit 6 – Your Money: Keeping it Safe and Secure **1 of 2**

## My Personal Financial Risk Exposures

Exposure	Risk	How to Evaluate	Potential Loss
Accident or illness	Lost Income	How much would I lose if I couldn't work for: 1 week? 1 month? 1 year?	<b>Unlimited</b>
	Medical Bills	What is the most this could cost me?	<b>Unlimited</b>
	Death	Permanent	<b>Unlimited</b>

6-E-1

## Can You Guess...



### What Factors Affect Automobile Insurance Costs?

6-E-1

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If you're a good student

How much you use the car    Make of car    Driver's education  
Credit rating

## Factors Affecting Automobile Insurance Costs

Where you live    Gender  
Type of car  
Marital status    Driving record  
Do you take the car to work?    Your age

6-F

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## Auto Insurance Coverage

Suggested Minimums

Coverage Type	Suggested Minimum Coverage
Liability	\$100,000 per person \$300,000 per accident
Medical Payments	\$10,000 per person
Uninsured / Underinsured Motorist	\$100,000 per person \$300,000 per accident

6-G

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## Comparing Costs of Auto Insurance

Shop around...

COVERAGES	LIMITS YOU WANT	Company 1	Company 2	Company 3
A. Liability				
1. Bodily Injury	\$ ___ per person \$ ___ per accident			
2. Property Damage	\$ ___ per accident			
B. Medical Payments	\$ ___ per person			
C. Uninsured & Underinsured Motorists	\$ ___ amount			
D. Damage to your car				
1. Collision	\$ ___ Deductible			
2. Other than collision loss (comprehensive)	\$ ___ Deductible			

6-I

NEFE High School Financial Planning Program  
Unit 6 – Your Money: Keeping it Safe and Secure **1 of 3**

## How to Save Money on Insurance

- Shop at least three places; compare rates and policies; ask about discounts and special rates.
- Read sources of information such as *Consumer Reports*®.
- Purchase more than one type of insurance from the same company; insure all cars with the same company.

1 | 2 | 3

6-J-1

## How to Save Money on Insurance

- Choose the right car.
- Don't smoke.
- Select a higher deductible.
- Carefully consider before adding riders or floaters.
- Have a good driving record & good grades ("B" or better).



6-J-2

1 | 2 | 3

## How to Save Money on Insurance

- Ask about discounts.
- Eliminate collision and comprehensive coverage if car is older.
- Reduce your daily driving.
- Drive defensively.
- Avoid theft and vandalism.
- Avoid filing excessive claims.
- Keep tabs on credit.



6-J-3

1 | 2 | 3

## Other Types of Insurance

- Health insurance
- Dental insurance
- Property insurance
- Life insurance
- Disability insurance
- Liability insurance



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# Loan Amortization Schedule

Enter values	
Loan amount	\$ 10,000.00
Annual interest rate	5.00 %
Loan period in years	5
Number of payments per year	12
Start date of loan	3/6/2010
Optional extra payments	\$ -

Loan summary	
Scheduled payment	\$ 188.71
Scheduled number of payments	60
Actual number of payments	60
Total early payments	\$ -
Total interest	\$ 1,322.74

Lender name:

Pmt No.	Payment Date	Beginning Balance	Scheduled Payment	Extra Payment	Total Payment	Principal	Interest	Ending Balance	Cumulative Interest
1	4/6/2010	\$ 10,000.00	\$ 188.71	\$ -	\$ 188.71	\$ 147.05	\$ 41.67	\$ 9,852.95	\$ 41.67
2	5/6/2010	9,852.95	188.71	-	188.71	147.66	41.05	9,705.30	82.72
3	6/6/2010	9,705.30	188.71	-	188.71	148.27	40.44	9,557.02	123.16
4	7/6/2010	9,557.02	188.71	-	188.71	148.89	39.82	9,408.13	162.98
5	8/6/2010	9,408.13	188.71	-	188.71	149.51	39.20	9,258.62	202.18
6	9/6/2010	9,258.62	188.71	-	188.71	150.13	38.58	9,108.48	240.76
7	10/6/2010	9,108.48	188.71	-	188.71	150.76	37.95	8,957.72	278.71
8	11/6/2010	8,957.72	188.71	-	188.71	151.39	37.32	8,806.34	316.03
9	12/6/2010	8,806.34	188.71	-	188.71	152.02	36.69	8,654.32	352.73
10	1/6/2011	8,654.32	188.71	-	188.71	152.65	36.06	8,501.66	388.79
11	2/6/2011	8,501.66	188.71	-	188.71	153.29	35.42	8,348.37	424.21
12	3/6/2011	8,348.37	188.71	-	188.71	153.93	34.78	8,194.45	459.00
13	4/6/2011	8,194.45	188.71	-	188.71	154.57	34.14	8,039.88	493.14
14	5/6/2011	8,039.88	188.71	-	188.71	155.21	33.50	7,884.67	526.64
15	6/6/2011	7,884.67	188.71	-	188.71	155.86	32.85	7,728.81	559.49
16	7/6/2011	7,728.81	188.71	-	188.71	156.51	32.20	7,572.30	591.69
17	8/6/2011	7,572.30	188.71	-	188.71	157.16	31.55	7,415.14	623.25
18	9/6/2011	7,415.14	188.71	-	188.71	157.82	30.90	7,257.32	654.14
19	10/6/2011	7,257.32	188.71	-	188.71	158.47	30.24	7,098.85	684.38
20	11/6/2011	7,098.85	188.71	-	188.71	159.13	29.58	6,939.71	713.96
21	12/6/2011	6,939.71	188.71	-	188.71	159.80	28.92	6,779.92	742.88
22	1/6/2012	6,779.92	188.71	-	188.71	160.46	28.25	6,619.45	771.12
23	2/6/2012	6,619.45	188.71	-	188.71	161.13	27.58	6,458.32	798.71
24	3/6/2012	6,458.32	188.71	-	188.71	161.80	26.91	6,296.52	825.62
25	4/6/2012	6,296.52	188.71	-	188.71	162.48	26.24	6,134.04	851.85
26	5/6/2012	6,134.04	188.71	-	188.71	163.15	25.56	5,970.89	877.41
27	6/6/2012	5,970.89	188.71	-	188.71	163.83	24.88	5,807.06	902.29
28	7/6/2012	5,807.06	188.71	-	188.71	164.52	24.20	5,642.54	926.48
29	8/6/2012	5,642.54	188.71	-	188.71	165.20	23.51	5,477.34	949.99
30	9/6/2012	5,477.34	188.71	-	188.71	165.89	22.82	5,311.45	972.82
31	10/6/2012	5,311.45	188.71	-	188.71	166.58	22.13	5,144.87	994.95
32	11/6/2012	5,144.87	188.71	-	188.71	167.28	21.44	4,977.59	1,016.39
33	12/6/2012	4,977.59	188.71	-	188.71	167.97	20.74	4,809.62	1,037.13
34	1/6/2013	4,809.62	188.71	-	188.71	168.67	20.04	4,640.95	1,057.17
35	2/6/2013	4,640.95	188.71	-	188.71	169.38	19.34	4,471.57	1,076.50
36	3/6/2013	4,471.57	188.71	-	188.71	170.08	18.63	4,301.49	1,095.13
37	4/6/2013	4,301.49	188.71	-	188.71	170.79	17.92	4,130.70	1,113.06

Pmt No.	Payment Date	Beginning Balance	Scheduled Payment	Extra Payment	Total Payment	Principal	Interest	Ending Balance	Cumulative Interest
38	5/6/2013	4,130.70	188.71	-	188.71	171.50	17.21	3,959.20	1,130.27
39	6/6/2013	3,959.20	188.71	-	188.71	172.22	16.50	3,786.98	1,146.76
40	7/6/2013	3,786.98	188.71	-	188.71	172.93	15.78	3,614.05	1,162.54
41	8/6/2013	3,614.05	188.71	-	188.71	173.65	15.06	3,440.40	1,177.60
42	9/6/2013	3,440.40	188.71	-	188.71	174.38	14.33	3,266.02	1,191.94
43	10/6/2013	3,266.02	188.71	-	188.71	175.10	13.61	3,090.92	1,205.55
44	11/6/2013	3,090.92	188.71	-	188.71	175.83	12.88	2,915.08	1,218.42
45	12/6/2013	2,915.08	188.71	-	188.71	176.57	12.15	2,738.52	1,230.57
46	1/6/2014	2,738.52	188.71	-	188.71	177.30	11.41	2,561.21	1,241.98
47	2/6/2014	2,561.21	188.71	-	188.71	178.04	10.67	2,383.17	1,252.65
48	3/6/2014	2,383.17	188.71	-	188.71	178.78	9.93	2,204.39	1,262.58
49	4/6/2014	2,204.39	188.71	-	188.71	179.53	9.18	2,024.86	1,271.77
50	5/6/2014	2,024.86	188.71	-	188.71	180.28	8.44	1,844.59	1,280.20
51	6/6/2014	1,844.59	188.71	-	188.71	181.03	7.69	1,663.56	1,287.89
52	7/6/2014	1,663.56	188.71	-	188.71	181.78	6.93	1,481.78	1,294.82
53	8/6/2014	1,481.78	188.71	-	188.71	182.54	6.17	1,299.24	1,301.00
54	9/6/2014	1,299.24	188.71	-	188.71	183.30	5.41	1,115.94	1,306.41
55	10/6/2014	1,115.94	188.71	-	188.71	184.06	4.65	931.88	1,311.06
56	11/6/2014	931.88	188.71	-	188.71	184.83	3.88	747.05	1,314.94
57	12/6/2014	747.05	188.71	-	188.71	185.60	3.11	561.45	1,318.05
58	1/6/2015	561.45	188.71	-	188.71	186.37	2.34	375.08	1,320.39
59	2/6/2015	375.08	188.71	-	188.71	187.15	1.56	187.93	1,321.96
60	3/6/2015	187.93	188.71	-	187.93	187.15	0.78	0.00	1,322.74