

Lesson: Other 8-2

Comparison Shopping

Comparison Shopping:

- It is the process of comparing products or services to obtain the
- Best Buy - acceptable quality at a
- Use the Rule of Three: **Always** compare at least

Compare Financing Options:

1. Line up your own source of
2. Compare that offer with the choices given by _____. (Sometimes the dealer will have a better deal.)
3. Always compare loans using the

Rebate:

- It is a partial refund of a
- It is offered as an inducement to
- A rebate is usually an alternative to a special low
- Which is best?
 - If you take the low-rate financing then the lost rebate should be viewed as a
 - You should factor this cost into your

Vehicle Lease:

- It is a long-term
- You do not actually

How is your lease payment calculated?

Formulas:

Adjusted Capitalized Cost =
Gross Capitalized Cost - Capitalized Cost Reductions

Money Factor =
Adjusted Capitalized Cost - Residual Value

Monthly payment = Money Factor ÷ # of months

Lease Vocabulary:

- Gross Capitalized Cost – the cost to the dealer for the vehicle including their
- Capitalized Cost Reductions – your
- Residual Value – the value of the vehicle projected at the
- Money Factor – is a way to compare

Money Factor:

- The monthly payment you pay for a lease is always going to be lower than the monthly payment on a
- You cannot compare because they are completely different!



Lease Types:

- Open-end lease - you might owe more money at the end of the lease period if the vehicle is worth less than the originally estimated
- Close-end lease - you can simply _____ the vehicle in at the end of the lease and walk away. This is more expensive _____ but less risk of _____ at the end

Lease fees:

Leasing fees at the end of a lease can be so high that they can cause you to be

Life Lesson from Ms. Brown

- ❖ NEVER lease a car (Other 8-2)
 - The end-of-lease fees can be ridiculously high!
 - Even though the monthly payment is smaller – at the end of the lease you don't own anything!
 - This means that you can't drive a car for a year or two without a car payment. (Not having a car payment is how you can save money for the next car's down payment so that the next payment is MUCH smaller. The eventual **GOAL:** Not ever having a car payment again!)
 - You will have no trade-in towards your next car which will make the next car's monthly payment VERY high!!
 - If the only way you can afford the monthly payment for a car is to lease it – PICK A DIFFERENT CAR that you can afford!

Warranties:

- It ensures that the item has reasonable
- Warranties are

Extended Warranty:

- It is something you _____. It provides for _____ of covered components for some specified _____.

Life Lesson from Ms. Brown

- ❖ Never buy the extended warranty
 - They are overpriced and always a bad idea!
 - If you are unsure of the quality – don't buy it.

Your Next Five Years

In the next five years you can start doing the following:

1. Check repair ratings in
2. Purchase high-quality _____ and obtain a vehicle
3. Obtain price information from at least

Worst Financial Blunders

You will make personal finance mistakes when you:

1. Tell a seller what you can
2. Rely solely upon _____ for information on price, financing terms, or trade-in value.

Please work on the Other 8-2 Assignment