

Financial Decision-making: Car Ownership

SUBJECT(S): Personal Finance

GRADE LEVEL(S): 9, 10, 11, 12

≡ NBEA STANDARD(S):

- Personal Finance, I. Personal Decision Making
- Personal Finance, V. Buying Goods and Services

≡ RELATED ARTICLES:

- [“Three Critical Steps to Help You Choose a College”](#)
- [“Purchase Power: How to Make Smart Consumer Choices”](#)

TOPIC/COMPETENCY: Financial Decision Making: Criterion-based financial decision making practices

CEE National Standard:

II Buying Goods and Services, Standard 3, Grade 12 Benchmark

Jump\$tart National Standard:

Financial Decision Making: Standard 4: Make criterion-based financial decisions by systematically considering alternatives and consequences

Common Core State Standard:

CCSS.ELA-LITERACY.W.9-10.2

CCSS.ELA-LITERACY.W.9-10.4

LEARNING OBJECTIVE: Students will apply the five (5) steps to conducting a cost-benefit analysis they can use when making criterion-based financial decisions

ESTIMATED TIME: 50 minutes classtime; 50+/- minute assessment at home

MATERIALS NEEDED: Internet access for instructor and/or students; Projector

Teacher will need to enroll and create a Teacher account in “Educanon” – a free online learning product that allows for interactive video presentations instead of a passive lecture www.educanon.com Paper/pencil for students to answer questions while viewing Educanon public domain video about automobile ownership.

[Edmunds True Cost of Ownership Worksheet](#); sample of a current newspaper article that includes headline, byline, date and body of article to show students before beginning their assessment

KEY VOCABULARY/TERMS: [Debt](#), [Depreciation](#), [Leasing](#), [Purchasing Power](#)

WHY THIS MATTERS TO YOU NOW: One of your earliest “big ticket” purchases as a consumer may very well be a car. It is important for you to understand the “true cost of automobile ownership” when you sit down to make this important financial decision, regardless of what age/stage it occurs in your life.

Activities: 5-7 minutes

- Motivational hook / activity – Create interest in the material; Answer the question: “Why do I need or want to learn this material?”
- Play this “Funny Money Man” video clip to draw attention to today’s subject: The True cost of automobile ownership.

<https://www.youtube.com/watch?v=2TzIz5CrZs8> 3:06 length

Ask students for feedback on what “Funny Money Man” advised viewers about buying a car and talk about this advice as it relates to financial decision making.

- **Comprehension – 20 minutes** Two Activities
 - Show this video to students about the economic principle of Cost-Benefits Analysis directly from YouTube using this link:
<https://www.youtube.com/watch?v=dcU-sEURd08>
 -
 - Interactive Video to students and ask that they write down their answers to the nine questions embedded in this video:

<https://www.educanon.com/public/56180/155668> 5:50 in length + time for students to write down answers and review correct answers seen in real viewing time.

To find this specific presentation with questions embedded, you can use the link above OR you can log in to your teacher account and search for this in the public domain by typing “Buying a Car” in the search box on Educanon’s website.

Answers to each question are provided in the video immediately after students have had a chance to write down their answers. Discuss any questions students may have as the video is shown.

- Next, have students read this print article from Edmunds, a reliable online source for news and information about new and used cars.
<http://www.edmunds.com/car-buying/true-cost-to-own-tco.html>

Debrief what students discovered by reading this article

Practicing – 15-20 minutes

- Activities for students to practice what they are learning – 15 minutes
 - Students will compare the “true ownership” costs of two or more similar cars.
 - Have students use this web address: <http://www.edmunds.com/car-buying/true-cost-to-own-tco.html> and go to the “Compare Cars Feature” on Edmunds website.
 - Students can view the “true cost of ownership” for a five year period for at least two (2) designated cars they want to compare.
 - Instruct students to write down these answers for both cars: MSRP figure in \$, TCO (True Cost to Own) figure in \$, Depreciation figure in \$, Taxes and Fees figure in \$, yearly fuel costs in \$, insurance cost in \$, maintenance cost in \$,

and repair costs in \$. *See accompanying worksheet with this lesson for students to use

- After students have completed their cost comparisons, debrief their answers and ask which two cars they compared.

Assessment – Writing Assignment -Complete at home.

- Students will write a news article of 500 words or more for their school newspaper which shares valuable lessons with their peers about “The True Cost of Automobile Ownership”.
 - The news article should include a headline targeted to their peer group, a byline of the student writer’s name and the date of publication for the article (current date). *Show a sample of a current newspaper article to the class so that they understand these elements of a printed article.
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- Select the best article in each class and offer this to your school newspaper for future publication then celebrate the student(s) writing success with classmates at a later date!
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- **Apply/Going Further/Homework** –
 - To extend their knowledge of careers further, invite students to read this article from Consumer Reports <http://www.consumerreports.org/cro/2012/12/how-to-buy-your-first-car/index.htm> about tips for buying your first car. Be sure to point out the unbiased resource that has been in existence since 1936. Consumer Reports accepts no advertising and conducts its own in-house testing.