

Finance Unit

Lesson 4 – Leasing vs. Financing



Vehicle Research

Student Name: _____ Block: _____

	After High School	Career A	Career B
Vehicle Information			
New / Used	Used	New	New
Year	2002	2010	2016
Make (Brand)	BMW	Ford	Toyota
Model	M3	Adrenalin	4 Runner LTD
MSRP (Asking Price)	\$18,995	\$48,000	\$49,550
Finance (Bank)			
Cash Purchase (10% Discount)	$\$18,995 \times 0.10 = \$1,900$	$\$48,000 \times 0.10 = \$4,800$ +Employee Pricing $\$4800 + 3200 = \mathbf{\$8000}$	$\$49,550 \times 0.10 = \$4,955$
Tax (PST + GST)	$\$18,995 - \$1,900 = \$17,095$ $\$17,095 \times 0.12 = \mathbf{\$2,051}$	$\$48,000 - \$8,000 = \$40,000$ $\$40,000 \times 0.12 = \mathbf{\$4,800}$	$\$49,550 - \$4,955 = \$44,595$ $\$44,595 \times 0.12 = \mathbf{\$5,351}$
Loan Amount (including tax)	$\$17,095 + \$2,051 = \mathbf{\$19,146}$	$\$40,000 + \$4,800 = \mathbf{\$44,800}$	$\$44,595 + \$5,351 = \mathbf{\$49,946}$
Bank Interest Rate	6.5%	5.25%	2.7%
Term	48 months	84 months	84 months
Monthly Payment	\$454	\$634	\$653
Total Cost	$\$454 \times 48 = \mathbf{\$21,792}$	$\$634 \times 84 = \mathbf{\$53,256}$	$\$653 \times 84 = \mathbf{\$54,852}$
Interest	$\$21,792 - \$19,146 = \mathbf{\$2,646}$	$\$53,256 - \$44,800 = \mathbf{\$8,456}$	$\$54,852 - \$44,595 = \mathbf{\$4,906}$

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	After High School	Career A	Career B
Finance (Dealer)			
Interest Rate	7.5%		2.99%
Term	60 months		72 months
Monthly Payment	\$426		\$697
Buy Out (optional)	N/A		N/A
Total Cost	$\$426 \times 60 = \mathbf{\$25,560}$		$\$697 \times 72 = \mathbf{\$50,184}$
Interest	$\$25,560 - \$21,274 = \mathbf{\$4,286}$		$\$50,184 - \$43,790 = \mathbf{\$6,394}$
Lease (Dealer)			
Interest Rate			3.99%
Term			60 months
Monthly Payment			\$607
Buy Out (optional)			$\$19,705 \times 1.12 = \$22,070$
Total Cost			$\$607 \times 60 = \$36,420$ $\$36,420 + \$22,070 = \mathbf{\$58,490}$
Interest			$\$36,420 - \$29,845 = \mathbf{\$6,575}$