

Transportation: What can I afford?

On the last page of Booklet #1 you have your rough monthly budget. Add together the amounts for Transportation and Debt Repayment.

	Example:
Transportation	\$ 320
+ <u>Debt Repayment</u>	+ \$ 160
= Maximum Vehicle Budget	<u>\$ 480</u>

Subtracting your other vehicle/transportation costs from your maximum budget leaves you with the maximum you can afford for a car loan.

\$ 480 (Max Budget)
- \$ 100 (Gas - in town) * \$ 400 if you live out of town!
- \$ 100 (Insurance)
- \$ 50 (Maintenance)
<u>\$ 230 (Max. Monthly Loan Payment)</u>

Try to make the length of time for repayment as short as possible. You have to stay between 24 and 60 months.

If your income is around \$50,000 (Gross/year) the total cost of your car can't be higher than \$10,000. You would be at the top end of your budget at 60 months, meaning you're paying the most interest.

Target for \$50,000 (Gross/year) should be \$5000 total for your vehicle.