

HOW MUCH CAR CAN YOU AFFORD?

Use this worksheet to make sure your next set of wheels won't put a drag on your finances



DETERMINE YOUR MAXIMUM MONTHLY PAYMENT

For financial well-being, experts say that total payments on *all* of your consumer loans should max out at 36 percent of your gross income. This worksheet will calculate a monthly payment just below that level. It will also calculate a safe payment if you're renting and don't have a mortgage.

Start with your gross monthly income (before taxes are taken out)

3
Divide that number by 3

Add up your monthly debt and housing payments

Mortgage (or rent)

Credit card debt

Other car loans

Student loans

Medical debt or other loans

Subtract monthly payments from income



THIS IS YOUR MAXIMUM MONTHLY CAR PAYMENT

If the number is zero or negative, it means taking out a car loan is risky for your financial health. If you must buy a vehicle, insert a dollar amount you have strong confidence that you can pay each month.

Divide your maximum monthly car payment by the payment factor

x 1,000

THIS IS YOUR MAXIMUM LOAN SIZE

YOUR "PAYMENT FACTOR" IS BASED ON INTEREST RATES, YOUR CREDIT RATING AND THE LENGTH OF YOUR LOAN

CREDIT SCORE		48-MONTH USED CAR	48-MONTH NEW CAR	60-MONTH NEW CAR
POOR	500 TO 589	16.7% 28.7	16.8% 28.7	16.9% 24.8
	590 TO 619	15.5% 28.1	15.6% 28.1	15.6% 24.1
	620 TO 659	9.6% 25.2	10.8% 25.8	10.9% 21.7
	660 TO 689	8.2% 24.5	8.1% 24.4	8.1% 20.3
	690 TO 719	6.7% 23.8	5.8% 23.4	5.9% 19.3
EXCELLENT	720 TO 850	5.1% 23.1	4.5% 22.8	4.6% 18.7

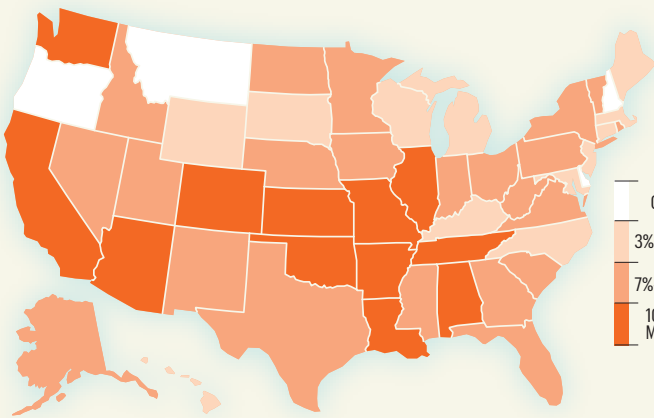
INTEREST RATE (APR)*

PAYMENT FACTOR

Pencil in the payment factor corresponding to your credit score and type of loan

FEES AND TAXES: HOW MUCH THEY VARY

Taxes, DMV fees and documentation costs vary by state; sales tax, for example, can range from zero to over 11 percent on a car purchase. But often, the higher the tax, the lower the fees. Go to edmunds.com/car-buying/what-fees-should-you-pay.html for a full list of car-purchase costs.



Map shows each state's maximum sales tax as of Jan. 1, 2019



Maximum loan size

What's the trade-in value of your old vehicle?

How big a down payment will you make? (the bigger it is, the smaller your loan and the less you'll pay in interest)

THIS IS HOW MUCH CAR (INCLUDING SALES TAX AND ALL FEES) YOU CAN AFFORD



THE REAL COSTS OF OPERATING A CAR

MAINTENANCE COST

MILES ON CAR:

0-25K

\$0.06

25K-50K

\$0.09

50K-75K

\$0.08

75K-100K

\$0.12

Choose the rate for your car

Maintenance cost per mile

Gas cost per mile

Operating cost per mile

Miles car is driven in a year

GAS COST

Price you pay for a gallon of gas (PPG)

Mileage you get per gallon of gas (MPG)

Annual registration

Annual insurance

Annual parking and tolls

Annual gas and maintenance

TOTAL ANNUAL COST TO OPERATE