

# Calculating Your Vehicle Cost: 10 Years

While it is fairly easy to understand the costs associated with purchasing a vehicle, it is not so easy to get an understanding of the monthly costs of owning and operating a vehicle. This exercise will allow you to determine the monthly cost of owning and operating a vehicle for a 10-year period. Follow the steps below to calculate your monthly vehicle expense.

1. Divide the purchase price of the vehicle by 120 months: \$ \_\_\_\_\_
2. Divide the total interest paid for the vehicle by 120 months: \$ \_\_\_\_\_
3. Determine the monthly purchase and interest costs by adding #1 and #2: \$ \_\_\_\_\_
4. Determine the miles driven per month by dividing annual miles by 12 months: \_\_\_\_\_ Miles per Month\*
5. Determine the Miles Per Gallon (MPG) rating of the vehicle: \_\_\_\_\_ Miles per Gallon
6. Divide #4 by #5: \_\_\_\_\_ Gallons per Month
7. Determine the average Price Per Gallon of gas: \$ \_\_\_\_\_ per Gallon
8. Determine the monthly fuel cost by multiplying #6 by #7: \$ \_\_\_\_\_
9. Determine the monthly insurance cost for the vehicle: \$ \_\_\_\_\_
10. Determine the monthly maintenance and repair costs of the vehicle by dividing the annual maintenance and repair expenses by 12 months \$ \_\_\_\_\_
11. Determine the monthly "other expenses" (parking, tolls, car wash, etc.) by dividing the annual total of "Other Expenses" by 12 months \$ \_\_\_\_\_

\*Annual miles can be determined by looking at the Registration for two consecutive years and subtracting the lesser amount of miles from the greater amount of miles as shown on the odometer figures on each registration.

Add the following:

#3. \$ \_\_\_\_\_

#8. \$ \_\_\_\_\_

#9. \$ \_\_\_\_\_

#10. \$ \_\_\_\_\_

#11. \$ \_\_\_\_\_

\$ \_\_\_\_\_ = Total Monthly Vehicle Cost (TMVC)

Notes:

The value for Total Monthly Vehicle Cost is approximate as certain values used in the calculations will change over time such as gas prices, insurance rates, parking fees, etc.

This calculation does not include other related costs such as rental of a vehicle while your vehicle is in the shop for repairs or the expense associated with owning a garage to store/protect a vehicle.

This calculation is for an ownership period of 10 years (120 months). The *average* ownership period in the United States is actually 2.5 years (30 months).