

Long Term Car Loans

As new cars become more expensive, lenders are offering buyers longer term loans (up to seven years and more). The chart below lists eight car loan categories and the percentage of borrowers that used each category.

Term	Percentage of Borrowers	Term	Percentage of Borrowers
24-29.9 Months	0.7%	66-71.9 Months	3.2%
36-41.9 Months	6.9%	72-77.9 Months	40.1%
48-53.9 Months	5.3%	84-89.9 Months	4.1%
60-65.0 Months	38.6%	96 + Months	0.1%



1. In years, which two term lengths are most popular for borrowers? 2 3 4 5 6 7 8 9

2. What is the advantage of longer term car loans?

3. What is the disadvantage of longer term car loans?

4. Listed below are the monthly payments on a \$20,000, new car loan at 5% and 10% interest with loan terms of 2 to 9 years. Calculate the total of payments for each. The first one is done for you as an example.

$\$877.43 \times 24 = \$21,058.32$

Monthly Payments at 5%

Years	Monthly Payment	Total Of Payments
2	\$877.43	\$21,058.32
3	\$599.42	
4	\$460.59	
5	\$377.43	
6	\$322.10	
7	\$282.68	
8	\$253.20	
9	\$230.35	

Monthly Payments at 10%

Years	Monthly Payment	Total Of Payments
2	\$922.90	
3	\$645.35	
4	\$507.26	
5	\$424.95	
6	\$370.52	
7	\$332.03	
8	\$303.49	
9	\$281.58	

Name: Period: Date