

Eliminate Surprises with an Auto Loan Calculator

Determining your monthly car payment is more complicated than taking the amount of the loan and dividing by the number of months. This method doesn't take into account the considerable sum added by the interest, taxes, and other fees. When you work out your budget for buying a car, do the initial math with an auto loan calculator so you know exactly how much you can really afford to pay for a car before you start car shopping.

Auto loan calculators usually ask for data like the amount of the loan, the length of the loan, and the interest rate you plan to pay. Some calculators will also take into account where you live, whether you plan to make any extra payments on the loan, whether you made a down payment or had cash taken off because of your old car's trade-in value, how much sales tax you will be expected to pay, and even whether you must pay any fees on top of the loan. Some auto loan calculators have a "loan vs. lease" option that will compare the cost of an auto lease to the cost of a loan on the same car. Inputting accurate answers is essential to using an auto loan calculator. Tiny variations can add up to big differences in your monthly payment. When in doubt, be conservative. For instance, if you do not know exactly how much interest you are likely to pay, estimate your interest a little high. If you do not know how much cash you will be able to get back for your old car, estimate a little low.

Play around with the numbers, using a longer or a shorter term, a higher or a lower down payment, and so on. Get a feel for how small variations affect the bottom line. Understanding how the different parts of an auto loan work together will be a great help when you negotiate with the dealership or the bank for funding.

Also remember that lower is not always better. For instance, if you take out a loan for \$15,000 with 10 percent interest and a three-year term, you will pay \$484 a month, and the total cost of the loan will be \$17,424. If you pay off the loan over five years, your monthly payments drop to \$319, but the amount you ultimately pay rises to \$19,140. Be sure to find an auto loan calculator that tells you the total amount you will pay as well as your monthly payment.

Getting a car is an important decision. Start the process with the most accurate information you can get, and use an auto loan calculator to check your math and work out how much of a loan you can afford. It will make the process of buying a car far more pleasant. Good luck! See more [Auto insurance](#) . [Auto insurance](#) . [Affordable car insurance](#) .

About the Author

Find more information related to auto insurance, browse by insurancetree.com/auto-insurance.

Source: <http://sportsmans-shop.com>