

FRIENDLY POST

A special note from Friendly the Eagle | October 2017



CAR LOAN TIPS & TERMS

So far this year we've talked about savings goals, and if you're like most teens, the next big item on your savings goal list is buying a car! No matter if it's new or used, buying a car comes with a big price tag, and you probably haven't saved quite enough money to pay for the whole thing. But, with your parent's help, you can borrow the money from the bank - called a loan - and pay it back over a few years.

Here are some terms to know that can help as you look for a loan. Let's say you find a car for \$10,000 and want to make sure the monthly payment fits in your budget. The table* below explores a few scenarios that show how much your total Monthly Payment would be, including interest the bank charges you, and the Total Cost of Car, or the total amount you will have paid when the loan is done.

- **APR:** This stands for "Annual Percentage Rate" and is an average of the interest and fees the bank charges you in a year for borrowing the money. *(The next newsletter will have more on APR)*
- **Down Payment:** This is a sum of money you can "put down," or give the bank, to reduce the Loan Amount.
- **Monthly Payment:** This is the total amount, including interest, you are required to pay the bank every month.
- **Total Cost of Car:** This shows how much you will pay for the car, including interest, when the loan is done or "paid off."

Loan Term	3 Years		4 Years		5 Years	
APR (assuming no fees)	4%		4%		4%	
Down Payment	\$0	\$2,000	\$0	\$2,000	\$0	\$2,000
Loan Amount	\$10,000	\$8,000	\$10,000	\$8,000	\$10,000	\$8,000
Monthly Payment	\$295	\$236	\$226	\$181	\$184	\$147
Total Interest Paid	\$620	\$496	\$848	\$688	\$1,040	\$820
Total Cost of Car	\$10,620	\$8,496	\$10,848	\$8,688	\$11,040	\$8,820

*This table is for educational purposes only and is not intended to be a promotional advertisement or to solicit business.

LOANS & YOUR BUDGET

The table above has a lot of numbers, but the main things we want you to notice are:

1. The **lowest Monthly Payment** has the longest Loan Term.

Why? The Monthly Payment is lower because the Loan Amount is spread out over more time. Think about borrowing \$20 from your parents to go to the movies. If they asked you to pay them back in 3, 4 or 5 days, how much would you have to pay them each day?

$$\$20 / 3 \text{ days} = \$6.67 \quad \$20 / 4 \text{ days} = \$5.00 \quad \$20 / 5 \text{ days} = \$4.00$$

In this case, the lowest daily payment (\$4.00) will take you the longest time (5 days).

2. A longer Loan Term has a **higher Total Cost of Car**.

Why? A longer Loan Term means you're paying interest for a longer period of time, so you end up paying more for your car. Because of this, it's best to get a loan for the shortest amount of time possible as long as you can afford the monthly payment.

3. Having a Down Payment lowers the Monthly Payment and Total Cost of Car.

Why? The Monthly Payment and Total Cost of Car are lower because you don't have to borrow, and pay back, as much money. So as you think about buying a car in the next few years, one of your savings goals could be saving up for a Down Payment.

A QUICK NOTE ABOUT YOUR CREDIT

As you get older and start paying bills, make sure you pay them on time every month. This will help build your credit and keep your credit score high.

Why is your credit score so important? It shows how trustworthy and reliable you are to make your payments. That's what banks, credit card companies, renters, employers, and more will think when they look at your credit score - are you reliable and trustworthy? You want the answer to be YES!



PO BOX 648
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CALENDAR OF EVENTS

11/19 Waukesha Christmas Parade!

Come on out to Downtown Waukesha and watch as Friendly the Eagle rides down Main Street in the back of one of the Great Lake A's Classic Cars. Get ready for fun, candy and to see Santa Claus at the end of the parade.

Watch for parade details, coming soon!

12/16 Ice Skating with Santa and Friendly the Eagle!

Saturday, December 16th from 3:00 - 5:00 p.m.
Naga-Waukee Ice Arena (2699 Golf Rd. Delafield, WI 53018)
Free for Friendly's Club members
\$6 for parents and non members

Watch for your invitation, coming soon!

Be sure to watch our website to find out where Friendly will be next!

Go to our website,
www.WaukeshaBank.com,
at the beginning of each
month to view the new
monthly trivia question.
Answer the question
at any Waukesha
State Bank office,
and receive a token.
Save your tokens and
redeem for cool prizes.



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DIY SPIRIT JUGS

What you'll need:

- Clean gallon milk jugs
- Black permanent marker
- Craft knife
- String of clear low-wattage Christmas lights

Directions:

1. Draw some spooky faces on your milk jugs.
2. Using the craft knife, cut a hole in the lower backside of the jug, about the size of a half dollar.
3. Line all of your ghosts up and stuff several lights in each one.
4. Place the group of jugs along your walkway or in your window and plug in the light string.