

Lesson 4 Buying New

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Base price is the cost of a vehicle with standard/basic equipment. Optional equipment are extras that can be added on for additional cost(s).

Freight charge is the cost of transporting a vehicle ~~from~~^{from} the manufacturer to the dealership.

Sticker price = base price + options + freight + A/C tax
(or Manufacturer's suggested retail price MSRP)

Cost of Purchasing a New Vehicle

- 1.) Calculate Sticker Price
- 2.) Add Documentation Fee (if applicable)
- 3.) Subtract Trade-In Allowance (if applicable)
- 4.) Add taxes (both PST & GST)

Example 1

Calculate the sticker price of a new vehicle with a base price of \$27 900, optional equipment (sunroof, chrome wheels and leather seats) worth \$2600, freight charge of \$700 and A/C tax of \$150.

$$\begin{aligned} \text{Sticker price} &= 27\,900 + 2\,600 + 700 + 150 \\ &= \$31\,350 \end{aligned}$$

Example 2

Danni bought a new car with a base price of ~~\$24 600~~. She added on options worth ~~\$1765~~. The freight charge was ~~\$785~~. She received a trade-in allowance of \$2300 for her used vehicle. If Danni was also charged a documentation fee of ~~\$225~~, calculate the total cost of her new vehicle.

1) Sticker price

$$24\ 600 + 1765 + 785$$

$$\$27\ 150$$

2) Add documentation fee

$$27\ 150 + 225$$

$$\$27\ 375$$

3) Subtract trade-in allowance

$$27\ 375 - 2300$$

$$\$25\ 075$$

4) Add taxes (both PST and GST)

$$\$25\ 075 \times 1.12$$

$$\$28\ 084$$

* Cash down payment is subtracted last

(after taxes are calculated)

$$\text{ie } 28\ 084 - 5000 = \$23\ 084$$