



BUDGET & PLANNING

The True Car Budget Calculator

Turn the money you have left each month into a payment, and a price, you can actually live with.

A NOTE FROM OUR TEAM

This is the page where your budget becomes a buying number. We built it the way our own team works a deal: total cost first, payment second, price last. Take your time with it. When you finish, you'll know your ceiling before anyone at the dealership tries to set it for you.

— The Auto Advocate Team

In **Worksheet No. 01, The Family Budget Worksheet**, you found Line E: the money left each month after bills and savings. That number has to cover *everything* a vehicle costs, not just the loan. This calculator carves Line E into its real pieces, finds the payment that is actually safe, and then works backward to the highest price you should agree to.

1 Start With Your Numbers

Line E from No. 01 _____ Monthly gross income _____ Monthly take-home _____

Gross = before taxes and deductions. Take-home = what lands in your account. You need both, because guidelines are written both ways.

2 The 20/4/10 Guideline, Explained Honestly

20/4/10 is a popular rule of thumb, not a law or a lending requirement. It's a useful guardrail, but it's worth knowing that respected sources describe the "10" differently.

20%

DOWN PAYMENT, AT LEAST

4 yrs

LOAN TERM, OR LESS

10%

OF INCOME TO TRANSPORTATION

How sources describe the 10%

- Chase bases it on *gross* monthly income and counts *all* car costs: payment, insurance, maintenance, and fuel.
- Experian describes keeping transportation costs at 10% to 15% of *net* (take-home) income.
- The CFPB notes some financial experts recommend auto loans of five years or less.

How we suggest you use it

- Treat the 10% as covering the *whole* vehicle, not just the payment.
- Run both versions below and use the lower number unless you have a clear reason not to.
- If 20% down or a 4-year term isn't realistic, that's a signal to look at a lower price, not a longer loan.

YOUR TRANSPORTATION CEILING	MATH	AMOUNT
Guideline A: 10% of gross monthly income	$gross \times 0.10$	\$
Guideline B: 10% of take-home income	$take-home \times 0.10$	\$
Guideline C: 15% of take-home income (upper limit)	$take-home \times 0.15$	\$
Line E from No. 01, minus a cushion you want to keep	$Line\ E - cushion$	\$
F. Your Monthly Transportation Ceiling (the lowest number you're comfortable with)		\$

3 Subtract Everything That Isn't the Payment

For context: AAA's 2026 *Your Driving Costs* study puts the average cost to own and operate a new vehicle at **\$12,863 a year, or about \$1,072 a month**, over five years and 75,000 miles. Only part of that is the loan.

\$2,098 INSURANCE PER YEAR	17.3¢ FUEL PER MILE	11.7¢ UPKEEP PER MILE*	\$802 REG. & TAXES PER YEAR
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AAA national averages for new vehicles. *Maintenance, repair & tires. License, registration & taxes shown as an annual average; full-coverage insurance profile; regular gas averaged \$4.152/gal in the 12 months ending May 2026. Your numbers will differ. Use your own quotes.

MONTHLY COST (NOT THE PAYMENT)	WHERE TO GET THE REAL NUMBER	MONTHLY
Insurance	Quote the exact vehicle (VIN if possible). Annual ÷ 12	\$
Fuel or charging	Worksheet No. 04, The Fuel Cost Calculator	\$
Routine maintenance & tires	Worksheet No. 06, Maintenance & Repair Planner	\$
Repair reserve	No. 06, Section 4 (higher for older vehicles)	\$
Registration, tag & inspection	Service Oklahoma or your state's agency. Annual ÷ 12	\$
Parking, tolls, car washes	Your last three months of statements	\$
Costs for any other vehicle you're keeping	Its insurance, fuel, and upkeep	\$
G. Total Non-Payment Costs		\$
H. Maximum Safe Monthly Payment (F – G)		\$

If Line H is small or negative, the fix is a lower price, a lower-cost vehicle, more down, or waiting a few months. Never a longer loan.

4 Work Backward to Your Maximum Price

How a car loan works (amortization). Every payment is the same, but what it pays for changes. Each month, interest is charged on the balance you still owe; your payment covers that interest first, and the rest reduces the balance. Early payments are interest-heavy. Stretch the term and the payment drops, but you pay interest on a larger balance for longer.

MONTHLY PAYMENT PER \$1,000 FINANCED

APR	36 MO	48 MO	60 MO	72 MO	84 MO
0%	\$27.78	\$20.83	\$16.67	\$13.89	\$11.90
3%	\$29.08	\$22.13	\$17.97	\$15.19	\$13.21
5%	\$29.97	\$23.03	\$18.87	\$16.10	\$14.13
7%	\$30.88	\$23.95	\$19.80	\$17.05	\$15.09
9%	\$31.80	\$24.89	\$20.76	\$18.03	\$16.09
12%	\$33.21	\$26.33	\$22.24	\$19.55	\$17.65
15%	\$34.67	\$27.83	\$23.79	\$21.15	\$19.30

Formula: payment = $L \times r \div (1 - (1 + r)^{-n})$, where L = amount financed, r = APR ÷ 12 (as a decimal), n = number of months. At 0%, payment = L ÷ n. Check it yourself: this formula reproduces the CFPB example below to the dollar.

THE CFPB'S OWN EXAMPLE

A **\$20,000 loan at 4.75%** costs about **\$1,498 in interest over 36 months** and about **\$3,024 over 72 months**. Same car, same rate, roughly double the interest, just from a longer term. Longer loans are also more likely to leave you owing more than the vehicle is worth.

BACK-CALCULATION	MATH	AMOUNT
H. Maximum safe monthly payment	from Section 3	\$
Your factor from the table (your APR and term)	e.g., 7% / 60 mo = 19.80	
I. Maximum amount to finance	$H \div \text{factor} \times 1,000$	\$
plus cash down payment		\$
plus trade equity (trade value – payoff; if negative, subtract it)		\$
J. Maximum out-the-door total	$I + \text{down} + \text{equity}$	\$
minus estimated sales tax, title, registration	check Service Oklahoma / your state	\$
minus dealer documentation fee and any add-ons you choose	ask for these in writing	\$
K. Maximum Vehicle Selling Price		\$

Worked example: \$450 maximum payment at 7% for 60 months → $\$450 \div 19.80 \times 1,000 = \$22,727$ to finance. Add \$5,000 down → \$27,727 out the door, before subtracting your taxes and fees.

FROM THE INSIDE

In the finance office, the payment is the most flexible number on the page, which is exactly why it's a poor number to negotiate. Term, rate, down payment, and add-ons can all move to hit a payment while the total climbs. The CFPB also notes that when a dealer arranges your loan, the rate offered can include added interest above the lender's "buy rate" as compensation. Get a preapproval from a bank or credit union first, negotiate the out-the-door price, and only then talk payment. Line K is your price ceiling; Line H is your payment ceiling. Hold both.

BEFORE YOU MOVE ON

- ☐ I calculated my ceiling at least two ways
- ☐ I used a real insurance quote, not a guess
- ☐ Fuel and maintenance came from No. 04 and No. 06
- ☐ I found my factor using a rate I actually qualify for
- ☐ I know my Line K maximum selling price
- ☐ I'll compare finalists in No. 03, the 5-Year TCO Worksheet

PROTECT THE NUMBER YOU JUST FOUND

You know your ceiling. Now let's lower what you pay under it.

The factor you use in Section 4 depends on the rate you qualify for, and the price depends on what's actually available on that vehicle. With the Buyer Brief, we research current rebates, incentivized rates, and fair pricing on the exact vehicle you want, plus dealer-grade trade valuation, so your maximum stays a maximum and not a target.

Buyer Brief \$99

(405) 761-3390 • autoadvocacy.net
THE DEALERSHIP HAS EXPERTS. NOW YOU DO, TOO.

SOURCES

AAA, Your Driving Costs 2026 Fact Sheet: newsroom.aaa.com/wp-content/uploads/2026/09/AAA_YDC-Fact-Sheet_2026.pdf
Consumer Financial Protection Bureau, How do I compare auto loan offers?: consumerfinance.gov/ask-cfpb/how-do-i-compare-auto-loan-offers-en-753
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Consumer Financial Protection Bureau, What is dealer-arranged financing?: consumerfinance.gov/ask-cfpb/what-is-dealer-arranged-financing-en-759
Chase, How much should I spend on a car?: chase.com/personal/auto/education/buying/how-much-should-i-spend-on-a-car
Experian, How Much Income Do You Need to Buy a Car?: experian.com/blogs/ask-experian/how-much-income-do-you-need-to-buy-car
Payment factors in Section 4 calculated by The Auto Advocate using the standard amortization formula shown.

This worksheet is an educational planning tool, not legal, tax, or financial advice. Verify all figures with your lender, insurer, and the dealership before you sign.