

YOUR DRIVING COSTS

1986 EDITION



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The American Automobile Association wishes to acknowledge the assistance of Runzheimer International in preparing the automotive costs presented in this booklet.

DRIVING COSTS

How much does it cost to drive?

Here are the national-average, per-mile costs and the composite national average for three different cars:

	MILES PER YEAR		
	10,000	15,000	20,000
1986 Chevrolet Chevette 4-cyl. (98 CID) 4-door hatchback	23.1 cents	19.7 cents	17.3 cents
1986 Chevrolet Celebrity 6-cyl. (173 CID) 4-door sedan	29.6 cents	23.8 cents	21.2 cents
1986 Chevrolet Caprice 6-cyl. (262 CID) 4-door sedan	31.2 cents	26.0 cents	23.1 cents
Composite cost	28.0 cents	23.2 cents	20.5 cents

Detailed driving costs can be found on pages 4 and 5.

The AAA study used cars that were equipped with standard and optional accessories, automatic transmission, power steering, power disc brakes, AM/FM stereo, cruise control and rear-window defogger. Gasoline costs were based on a .971-per-gallon charge for regular unleaded fuel. The study based insurance figures on personal use of vehicles—the cars were driven less than 10 miles to or from work—with no youthful drivers.

Depreciation costs were based on the car's trade-in value at the end of four years or at 60,000 miles. For cars driven 10,000 miles per year, depreciation costs were based on six years or 60,000 miles.

YOUR EXPENSES

How can you figure your own expenses?

Car costs fall into two categories: operating and ownership (see pages 4 and 5).

Operating costs—Gas, oil, maintenance and tire expenditures are operating costs, which directly relate to the number of miles you drive.

Ownership costs—Taxes; depreciation; finance charges; and registration, insurance and license fees are ownership costs. These costs are incurred even if you keep your car parked in the garage.

The most accurate way to determine car-operating costs is to maintain personal records.

Gas and oil—Start with a full tank of gasoline. Record the mileage on the odometer. From then on, note how many gallons of gasoline you buy, how much you pay, and the odometer reading.

Tank filled	odometer	8850
Buy 9.3 gallons cost \$ 9.03	odometer	9062
Buy 9.5 gallons cost \$ 9.22	odometer	9280
Buy 7.6 gallons cost \$ 7.38	odometer	9456
TOTAL: 26.4 gallons cost \$25.63	miles	9456
		- 8850
		606

Miles per gallon: $606 \div 26.4 = 23$

Cost of gas per mile: $\$25.63 \div 606 = 4.2$ cents

Figure oil consumption the same way. Remember to add the cost of every oil change.

Maintenance and tires—Jot down what you spend for tuneups, repairs and tire purchases.

Insurance—Total the premiums of those policies—property damage and liability, comprehensive and collision—that directly relate to your car's operation.

License, registration fees, and property or use taxes—Record these as once-a-year costs. Don't include sales or excise taxes paid when the car was bought—they are part of the car's purchase price.

Depreciation—To calculate depreciation—the difference in what you pay for your car and what you sell it for—subtract the projected trade-in value of your car from its purchase price. Then, divide the difference by the number of years you plan to keep the car.

Finance charge—Note interest charges if you took out a loan to buy the car.

At the end of the year, total all of your costs. Divide the sum by the number of miles you drove during the year. The following computation sheet may be helpful:

	YEARLY TOTALS
OPERATING COSTS	
Gas and oil per mile	_____
Number of miles driven	_____
Cost per year (multiply miles driven by gas and oil per mile)	_____
Maintenance	_____
Tires	_____
TOTAL OPERATING COSTS	_____
OWNERSHIP COSTS	
Depreciation (divide by number of years of car ownership)	_____
Insurance	_____
Taxes	_____
License and Registration	_____
Finance Charge	_____
TOTAL OWNERSHIP COSTS	_____
OTHER COSTS (Car wash, repairs and accessories)	_____
TOTAL DRIVING COSTS PER YEAR	_____
COST PER MILE (Divide total costs by total miles driven)	_____

YOUR DRIVING COSTS

	1986 Chevrolet Chevette 4-cyl. (98 CID) 4-door hatchback	1986 Chevrolet Celebrity 6-cyl. (173 CID) 4-door sedan	1986 Chevrolet Caprice 6-cyl. (262 CID) 4-door sedan	Average Cost
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Details of Car Costs

	COST PER MILE	COST PER MILE	COST PER MILE	COST PER MILE
OPERATING COSTS				
Gasoline and Oil	3.39 cents	4.48 cents	5.02 cents	4.30 cents
Maintenance	1.18 cents	1.37 cents	1.47 cents	1.34 cents
Tires60 cents	.67 cents	.76 cents	.68 cents
	5.17 cents	6.52 cents	7.25 cents	6.32 cents
OWNERSHIP COSTS				
Comprehensive insurance (\$100 deductible)	\$ 62.00	\$ 86.00	\$ 87.00	\$ 79.00
Collision insurance (\$250 deductible)	163.00	191.00	191.00	182.00
Property damage and liability (\$100,000, \$300,000, and \$50,000)	232.00	232.00	232.00	232.00
License, registration, taxes	98.00	130.00	134.00	121.00
Depreciation	1,183.00	1,320.00	1,522.00	1,341.00
Finance charge (20 percent down; loan at 13.5% for 4 years)	442.00	637.00	644.00	574.00
	\$2,180.00	\$2,596.00	\$2,810.00	\$2,529.00
	(or \$5.97 per day)	(or \$7.11 per day)	(or \$7.70 per day)	(or \$6.93 per day)
ADD-ONS				
Air conditioning15 cents per mile and 34 cents per day	.20 cents per mile and 30 cents per day	.20 cents per mile and 32 cents per day	.20 cents per mile and 32 cents per day
Depreciation for excess mileage per 1,000 miles over 15,000 miles annually	\$51.00	\$68.00	\$71.00	\$63.00

Cost Per Mile

Based on the above figures, the motorist driving 15,000 miles a year would pay:

15,000 miles	@ 5.17¢ \$ 776.00	@ 6.52¢ \$ 978.00	@ 7.25¢ \$1,088.00	@ 6.32¢ \$ 948.00
**365 days	@ \$5.97 2,179.00	@ \$7.11 2,595.00	@ \$7.70 2,811.00	@ \$6.93 \$2,529.00
	\$2,955.00	\$3,573.00	\$3,899.00	\$3,477.00
Cost Per Mile	19.7 cents	23.8 cents	26.0 cents	23.2 cents

The same person driving 20,000 miles a year would pay:

20,000 miles	@ 5.17¢ \$1,034.00	@ 6.52¢ \$1,304.00	@ 7.25¢ \$1,450.00	@ 6.32¢ \$1,264.00
**365 days	@ \$5.97 2,179.00	@ \$7.11 2,595.00	@ \$7.70 2,811.00	@ \$6.93 2,529.00
Added depreciation per 1,000 over 15,000 miles	@ \$51 255.00	@ \$68 340.00	@ \$71 355.00	@ \$63 \$315.00
	\$3,468.00	\$4,239.00	\$4,616.00	\$4,108.00
Cost Per Mile	17.3 cents	21.2 cents	23.1 cents	20.5 cents

The same person driving 10,000 miles a year would pay:

10,000 miles	@ 5.17¢ \$ 517.00	@ 6.52¢ \$ 652.00	@ 7.25¢ \$ 725.00	@ 6.32¢ \$ 632.00
**365 days	@ \$4.90 1,789.00	@ \$6.32 2,307.00	@ \$6.56 2,394.00	@ \$5.93 \$2,164.00
	\$2,306.00	\$2,959.00	\$3,119.00	\$2,796.00
Cost Per Mile	23.1 cents	29.6 cents	31.2 cents	28.0 cents

*Ownership costs based on a four-year or 60,000-mile retention cycle.

**Ownership costs based on a six-year or 60,000-mile retention cycle.

VACATION PLANNING

Good budgeting can make the difference between a great vacation and one cut short for lack of funds.

AAA's suggested budget for a family of four—two adults and two children—is \$148 per day for lodging and meals, plus \$5.69 per 100 miles for gas and oil, with the car averaging 23 miles per gallon.

The average cost for lodging is \$69 per night, based on the average rate charged by approved accommodations listed in AAA TourBooks, which includes \$5 nightly per child. However, if children are within an age limit set by the management, usually up to 14 years of age, there may not be an extra charge.

Overall expenses will vary by area. In small towns and rural locations, costs may be 30 percent less than average. In large metropolitan areas and at resorts in season, expenses may run 80 percent higher.

To save on lodging costs, it's best to make advance reservations. If this is not possible, planning your day to arrive early will give you a wider selection of accommodations at a price you want to pay without sacrificing quality.

AAA suggests that the family plan on spending \$79 per day for meals (not including tips and cocktails).

Meal costs can be reduced by having the main meal at midday to take advantage of lower lunch prices at restaurants. An increasing number of restaurants offer children's menus and "early bird" dinner specials, both at reduced prices. Eating at fast-food restaurants and picnicking also offer savings.

In addition to lodging, food and driving costs, a family should budget for amusements, admission fees, road and bridge tolls, recreation and shopping. If you do not carry credit cards, a reserve fund for emergencies also should be included in your vacation budget.

BUSINESS TRAVEL

What about business travel?

Although some firms continue to provide cars to their full-time business travelers, a growing number are letting employees use personally owned cars for company business.

Companies use three primary methods to reimburse employees for the business use of their personal vehicles.

Flat Mileage Allowance—Many companies give a flat allowance per mile, plus allowances for such charges as tolls and parking. The system involves a minimum of bookkeeping and office control, but can result in overpayment or underpayment when compared to actual costs.

Fixed Periodic Reimbursement—Some companies give a flat dollar reimbursement per day, week or month to cover business use of a personal vehicle. This, too, may result in overpayment or underpayment when compared to actual costs.

Fixed Periodic and a Flat Mileage Rate—Many companies realize that some automobile costs relate to mileage driven (fuel, oil, tires and maintenance), and some relate to time (insurance, taxes, interest and depreciation). These companies provide a periodic fixed rate to cover time-related factors and a per-mile rate to cover business miles reported.

The per-mile rates listed in this pamphlet represent the national average of owning and operating a car for a year. Because employees who use their own cars for company business also use their cars for personal driving, reimbursement should not amount to 100 percent of the total cost.

AAA

The American Automobile Association is a federation of motor clubs serving more than 26.5 million members in the United States and Canada through a network of more than 1,000 club offices and branches.

Founded in 1902, AAA is a non-stock, fully tax-paying corporation. Its purpose is twofold: to provide members with a full range of auto- and travel-related services, and to further the interests of motorists and travelers through legislative and educational activities.

AAA has published "Your Driving Costs" since 1950. That year, driving a car 10,000 miles a year cost 9 cents a mile, and gasoline sold for 27 cents per gallon. Driving costs changed little during the '50s. By 1961, costs had increased to only 12 cents a mile. Fuel had risen to 31 cents a gallon. Today, driving costs, particularly fuel costs, may vary widely from year to year.

RUNZHEIMER INTERNATIONAL

Runzheimer International is a management consulting firm that specializes in travel and living costs.

Founded in 1933, the firm serves more than 2,000 businesses and government agencies worldwide. The Runzheimer Plan of Automobile Standard Costs forms the basis for the reimbursement of car expenses to 260,000 client employees.

Organizations that operate fleets of 10 or more cars should contact Runzheimer directly to learn about individual schedules. Firms with less than 10 cars may find the national averages in the cost charts helpful.

Runzheimer International is located at Runzheimer Park, Rochester, Wis. 53167. The telephone number is: (414) 534-3121 or (800) 558-1702.

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