



American Automobile Association
8111 Gatehouse Road
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YOUR OUR DRIVING COSTS

1988 EDITION

The American Automobile Association acknowledges Runzheimer International for its help 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
1988 Ford Escort GL 4-cyl. (114 CID) 4-door hatchback	27.5 cents	23.6 cents	21.4 cents
1988 Chevrolet Celebrity 6-cyl. (173 CID) 4-door sedan	33.4 cents	28.0 cents	25.1 cents
1988 Chevrolet Caprice 6-cyl. (262 CID) 4-door sedan	35.6 cents	30.2 cents	26.9 cents
Composite cost	32.2 cents	27.3 cents	24.5 cents

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

AAA's 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 \$1.081-per-gallon charge for regular unleaded fuel. Insurance figures in the study were based on personal use of vehicles; cars were driven less than 10 miles to or from work, with no young drivers.

Normal 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.

To accurately determine car-operating costs, keep personal records.

Gas and oil—Begin with a full tank of gasoline. Record the mileage on the odometer. Then, each time you buy gasoline, note the number of gallons, how much you pay, and the odometer reading.

Tank filled		odometer	8850
Buy 9.3 gallons	cost \$ 10.05	odometer	9062
Buy 9.5 gallons	cost \$ 10.27	odometer	9280
Buy 7.6 gallons	cost \$ 8.22	odometer	9456
TOTAL: 26.4 gallons cost \$28.54		miles	9456
			- 8850
			606

Miles per gallon: $606 \div 26.4 = 23$
 Cost of gas per mile: $\$28.54 \div 606 = 4.7$ 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 tires.

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—they are part of the car's purchase price.

Depreciation—To calculate depreciation—the difference between 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 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)	_____

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 \$170 per day for lodging and meals, plus \$7.40 per 100 miles for gas, oil, tires and maintenance with the car averaging 23 miles per gallon.

The average cost for lodging is \$80 a night, based on the average rate charged by approved accommodations listed in AAA Tour-Books, which includes \$5 nightly per child. However, if children are within an age limit set by the management—usually up to 14—there may not be an extra charge.

Vacation expenditures depend on a family's preferences and means, but costs will vary by area. Higher rates can be expected in large metropolitan areas and at resorts in season.

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

AAA suggests that a family plan to spend \$90 a 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.

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 miles 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 costs.

AAA

The American Automobile Association is a federation of motor clubs serving nearly 30 million members in the United States and Canada through a network of more than 1,000 offices.

Founded in 1902, AAA is a non-stock, fully tax-paying corporation. Its purpose is two-fold: 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, 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 300,000 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. Telephone number: (414) 534-3121.

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