

YOUR DRIVING COSTS

1989 EDITION



American Automobile Association
8111 Gatehouse Road
Falls Church, VA 22047

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
1989 Ford Escort LX 4-cyl. (114 CID) 4-door hatchback	30.6 cents	25.7 cents	23.1 cents
1989 Chevrolet Celebrity 6-cyl. (173 CID) 4-door sedan	38.2 cents	31.5 cents	27.9 cents
1989 Chevrolet Caprice 8-cyl. (305 CID) 4-door sedan	42.0 cents	34.9 cents	31.1 cents
Composite cost	36.9 cents	30.6 cents	27.4 cents

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

AAA's study used cars equipped with standard and optional accessories, including automatic transmission, power steering, power disc brakes, AM/FM stereo, cruise control, tilt steering wheel and rear-window defogger. The Celebrity and Caprice models also were equipped with air conditioning and tinted glass.

Gasoline costs were based on a \$1.059-per-gallon charge for regular unleaded fuel.

Insurance figures were based on personal use of vehicles—cars 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 was 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 related to the number of miles you drive.

Ownership costs—Taxes, depreciation, finance charges, 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 costs, keep personal records.

Gas and oil—Begin with a full tank of gasoline. Record the mileage on the odometer. 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 \$ 9.85	odometer 9062
Buy 9.5 gallons	cost \$ 10.06	odometer 9280
Buy 7.6 gallons	cost \$ 8.05	odometer 9456
TOTAL: 26.4 gallons cost \$ 27.96		miles 9456
		— 8850
		606

Miles per gallon: $606 \div 26.4 = 23$
 Cost of gas per mile: $\$27.96 \div 606 = 4.6$ 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 property damage and liability, comprehensive and collision policies 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. Divide the difference by the number of years you plan to keep the car.

Finance charge—Note interest charges if you borrowed money to buy the car.

At the end of the year, total all 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)	_____

YOUR DRIVING COSTS

	1989 Ford Escort LX 4-cyl. (114 CID) 4-door hatchback	1989 Chevrolet Celebrity 6-cyl. (173 CID) 4-door sedan	1989 Chevrolet Caprice 8-cyl. (305 CID) 4-door sedan	Average Cost
--	--	---	---	--------------

Details of Car Costs

OPERATING COSTS	COST PER MILE	COST PER MILE	COST PER MILE	COST PER MILE
Gasoline and Oil	4.3 cents	5.2 cents	6.4 cents	5.3 cents
Maintenance	1.7 cents	1.9 cents	2.1 cents	1.9 cents
Tires	<u>8 cents</u>	<u>8 cents</u>	<u>9 cents</u>	<u>8 cents</u>
	6.8 cents	7.9 cents	9.4 cents	8.0 cents

OWNERSHIP COSTS	COST PER YEAR	COST PER YEAR	COST PER YEAR	COST PER YEAR
Comprehensive insurance (\$100 deductible) ..	\$ 87	\$ 109	\$ 109	\$ 102
Collision insurance (\$250 deductible)	213	245	245	234
Property damage and liability (\$100,000, \$300,000, \$50,000)	309	309	309	309
License, registration, taxes	116	151	167	144
Depreciation	1,661	2,094	2,299	2,018
Finance charge (20% down; loan @ 11.0%/4 yrs.)	<u>445</u>	<u>626</u>	<u>692</u>	<u>588</u>
	\$2,831	\$3,534	\$3,821	\$3,395
	(or \$7.76 per day)	(or \$9.68 per day)	(or \$10.47 per day)	(or \$9.30 per day)

ADD-ONS

Air conditioning10 cents per mile and 32 cents per day	Already included in cost calculations above	Already included in cost calculations above	.05 cents per mile and 11 cents per day
------------------------	---	--	--	---

Depreciation for excess mileage per 1,000 miles over 15,000 miles annually	\$87	\$95	\$102	\$95
--	------	------	-------	------

Cost Per Mile

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

15,000 miles	@ 6.8¢	\$1,020	@ 7.9¢	\$1,185	@ 9.4¢	\$1,410	@ 8.0¢	\$1,200
**365 days	@ \$7.76	<u>2,832</u>	@ \$9.68	<u>3,533</u>	@ \$10.47	<u>3,822</u>	@ \$9.30	<u>3,395</u>
		<u>\$3,852</u>		\$4,718		\$5,232		\$4,595

Cost Per Mile..... 25.7 cents 31.5 cents 34.9 cents 30.6 cents

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

20,000 miles	@ 6.8¢	\$1,360	@ 7.9¢	\$1,580	@ 9.4¢	\$1,880	@ 8.0¢	\$1,600
**365 days	@ \$7.76	2,832	@ \$9.68	3,533	@ \$10.47	3,822	@ \$9.30	3,395
Added depreciation per 1,000 over 15,000 miles	@ \$87	<u>435</u>	@ \$95	<u>475</u>	@ \$102	<u>510</u>	@ \$95	<u>475</u>
		\$4,627		\$5,588		\$6,212		\$5,470

Cost Per Mile..... 23.1 cents 27.9 cents 31.1 cents 27.4 cents

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

10,000 miles	@ 6.8¢	\$ 680	@ 7.9¢	\$ 790	@ 9.4¢	\$ 940	@ 8.0¢	\$ 800
**365 days	@ \$6.53	<u>2,383</u>	@ \$8.30	<u>3,030</u>	@ \$8.94	<u>3,263</u>	@ \$7.92	<u>2,891</u>
		\$3,063		\$3,820		\$4,203		\$3,691

Cost Per Mile..... 30.6 cents 38.2 cents 42.0 cents 36.9 cents

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

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

VACATION PLANNING

Realistic 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 \$168 per day for lodging and meals, plus \$8 per 100 miles for gas, oil, tires and maintenance with the car averaging 23 miles per gallon.

The average cost for lodging is \$78 a night, based on the rates charged by approved accommodations listed in AAA TourBooks. This rate 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 spending depends on a family's preferences and means, but costs vary by area. Higher rates can be expected in large metropolitan areas and at resorts in season.

To save on lodging, it's best to make reservations. If that is not possible, plan to arrive early to have 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 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, include a reserve fund for emergencies in your vacation budget.

BUSINESS TRAVEL

What about business travel?

Although some firms continue to provide cars to full-time business travelers, a growing number let 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 it 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 more than 30 million members in the United States and Canada through more than 1,000 offices.

Founded in 1902, AAA is a non-stock, fully tax-paying corporation. Its purpose is two-fold: to give members a full range of auto- and travel-related services, and to promote 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. 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 260,000 client employees.

Organizations that operate fleets of 10 or more cars can 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.