

Average Car Payment

It's a small world; the saying goes. However, if you are one of the many Canadians who are finding it difficult to own or drive personal cars, then the world is not as small as you'd like to think.

Though the country's Infrastructural growth guarantees that the public transport system covers up for long-distance journeys, how about the desire to respond to those emergency calls from the hospital, schools, and your workplace?

If you find yourself contending with this desire, then owning a personal car is not just a want, but a necessity.

Unfortunately, the endless day-day expenses of an average Canadian means that saving up to buy the car of choice is no easy task, because doing so would inevitably cause an abrupt shift of focus on other things of enormous importance.

Nonetheless, lenders of Auto loans abound in Canada; offering car loans to the Canadian workforce that can afford a monthly car payment. Average car payment follows a monthly pattern with the repayment varying from province to province and dealership to dealership.

What Is The Average Car Payment Frequency In Canada?

Average car payments in Canada are determined by the terms governing the acquisition of an Auto loan. Payment is often done every month, and it includes additional fees and loan interest.

Is My Credit Score Of Any Importance In Qualifying For A Car Loan?

As it is normal practice with financial institutions in Canada, the credit history of borrowers is of Paramount importance. Some lenders want to be sure that they are not playing into the hands of a risky borrower as such, a credit score of not less than 650 is assumed as a safe margin for granting Auto loans.

However, some lenders pay little or no attention to your credit score and can grant car loans to you even with a credit score range of 0-300. Moreover, you will still be considered a risky borrower; leaving you with only the option of getting short-term car loans or relatively higher monthly car payments.

What Kind Of Car Can I Get With A Car Payment Plan?

All kinds of cars are available to borrowers of car loans. Used cars often attract more interest compared to new cars because car dealerships see added value in the cost of repairing a used car. The exorbitant interest rate is often accompanied by a short-term payment window, meaning that monthly car payments for used cars would be relatively higher.

On the flip side, Car payments for new cars are more flexible and can take up to five to six years for complete repayment. As such, the average car payment for new cars is relatively lower than that of used

cars. However, the long payment window means that you would end up paying higher interest in the long run.

What Are The Charges That Determine The Average Car Payment?

Down Payment

This is a certain amount of the value of the car you pay to the dealership before taking the car. Expert advice that a 10 to 20% down payment of a car loan makes up for easy and stress less monthly car payment.

Interest Rates

Interest rates, if factored into the monthly car payment, can determine the amount payable per month. The interest rate is also a factor in the duration of the loan. A long-term loan attracts low-interest rates per month and a short-term loan attracts high-interest rates per month.

Added Fees

This is entirely at the discretion of the lender. Administrative charges like document processing, loan origination, prepayment, and late payment charges could have a telling effect on the monthly car payment plan.

Loan Size

Unlike the effect of the "down payment", a large loan attracts a long payment window with lower interest rates that could amount to thousands of dollars over time. Nevertheless, small loans often have short-term repayment windows with high-interest rates.

How Do I Determine The Monthly Cost Of Car Loans?

Most "car loan" lenders have a customer-friendly interface on their websites. Often more than not, these websites are equipped with average loan payment calculators. You should calculate your loan burden with the terms contained in your loan contract before signing up for the funds. You are expected to input your loan amount, interest rates, and the duration of the loan term. These variables will determine your average car payment per month.

How Can I Get The Right Company For A Good Car Loan?

A good Car budget shouldn't take more than 15% of your disposable income. Average car payment in Canada largely depends on interest rates. These rates fluctuate between 4 to 6% across the country. For new cars, the average monthly interest is 4-5% depending on the terms of negotiations while for used cars, the rate is pegged at 5.5 to 6%. Moreover, to get a good car loan, it is pertinent to compare the rates of some of the best lending companies in Canada.

Splash Auto Finance

With a credit score of 300, you can get a loan of 10,000 - 50,000 dollars spread over 1 - 8 years. However, you are required to be employed for at least 3 months and earn \$2,200 per month. The interest rate stands at 9-29% depending on the loan amount.

Loans Canada

A credit score of 300 and a monthly paycheck of \$1800 are enough to transact with Loan Canada. The interest rate begins from 0-30%, and the loan term can be spread over 6-8years.

Canada Auto Finance

A loan amount of \$500-45000 is accessible at Canada auto finance with a credit score of 300. Interest rates vary from 4.9 to 29.95%, and repayment is spread over 6-8years. However, you are required to have a monthly paycheck of \$1500.

Conclusion

Purchasing your car with car loans isn't as stressful as saving up to buy in a lump sum. Luckily, with a good "car payment", the burden on your paycheck is significantly reduced to accommodate other expenses. Interest rate is a major determinant of the average car payment in Canada. For used cars, with a 3 years payment window, average car payments range from \$600 to \$800 across all provinces in Canada. Conversely, new cars attract a longer payment window -usually five years - and the average car payment ranges from \$300 to \$500.