

Example 3: Total Amount Paid to Lease

Peggy is going to lease a new Kia Sorento. The lease payment is \$249 per month, and a down payment of \$2999 is required. Calculate the total amount that Peggy will pay to lease this vehicle.

plus taxes for 3 years,

$$\begin{aligned} \text{TOTAL Amount Paid} &= \text{Payments after taxes} + \text{Down payment} \\ &= (249 \times 1.12) \times 12 \times 3 + 2999 \\ &= 10039.68 + 2999 \\ &= \boxed{\$13038.68} \end{aligned}$$

Example 4: Residual Value

The Kia Sorento leased by Peggy in Example 3 had an original price of \$28 480. The residual value of this vehicle at the end of the lease is 60% of the original price.

- a) Determine the residual value of this car.

$$\begin{aligned} \text{Residual value} &= \text{Original Price} \times \% \text{ of residual value} \\ &= 28480 \times 0.60 \\ &= \boxed{\$17088} \end{aligned}$$

- b) Peggy opts to purchase the vehicle at the end of the lease. Calculate the price she will pay, after taxes. NOTE: Both PST and GST are charged on residual value.

$$\begin{aligned} \text{Price she will pay} &= \text{Residual value} + \text{PST} + \text{GST} \\ &= 17088 \times 1.12 \\ &= \boxed{\$19138.56} \end{aligned}$$

Example 5: Total Cost to Lease and Purchase

Calculate the total cost to Peggy (from examples 3 and 4) if she leases the Kia Sorento, and then purchases the vehicle at the end of the lease.

$$\begin{aligned} \text{Total amount to} \\ \text{lease and purchase} &= \text{Total lease amount} + \text{Residual value} \\ &= \$13038.68 + \$19138.56 \\ &= \boxed{\$32266.88} \end{aligned}$$