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What Is the Total Cost of Owning a Car?

The average monthly cost of owning a car has surpassed \$1,000. Use our calculator to see how much you're spending.

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Calculating the total cost of owning your car — or one you might buy soon — is the best way to make sure your auto budget is in line. But with many different factors contributing to the cost of car ownership, it can be difficult to know exactly how much your car is costing you.

Here's what you need to know about the cost of owning a car, including the average monthly payment, common ownership costs and how to go about saving money while still driving a car you love.

Average monthly cost

The average monthly payment on a new car was \$735 in the 1st quarter of 2024, according to credit reporting agency Experian. Leasing a new car was cheaper at \$595 a month, and owning a used car was the cheapest option, with an average monthly payment of \$523. Regardless of your choice, you're still likely to be paying over \$500 a month whether you finance or lease a vehicle.

But that's far from the true cost to own a car.

When you take into account loan interest, depreciation, fuel, insurance, maintenance and fees, the cost of owning a car makes a big leap. For new vehicles driven 15,000 miles a year, average car ownership costs were \$12,182 a year, or \$1,015 a month, in 2023, according to AAA.

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Estimated payoff amount

\$

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Calculating costs for a car you don't have yet? See average payments here

Common costs of owning a car

Regardless of the car you drive, you're likely to have to pay for these items on a regular basis.

Fuel

With prices changing almost daily, fuel is one of the most variable costs of driving a car. According to AAA, the average driver paid around 15.93 cents a mile for regular unleaded gas in early 2023. Over a 15,000-mile year, that's \$2,390 annually just in gas. AAA based [electric vehicle charging costs](#) on a rate of 15.8 cents per kilowatt hour.

The good news is that average fuel costs often vary by the type and size of vehicle. Sedans tend to get better gas mileage than bigger vehicles like trucks and SUVs, for example, and [being mindful about how you purchase gas](#) can save money at the pump.

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Maintenance and repairs

The average cost of repairs, maintenance and tires is \$123 a month for a new car, according to AAA. Common maintenance costs include [oil changes](#) and tire rotations, which are usually done at 5,000-mile intervals or, in this scenario, three times each year.

While you'll likely need to pay for your normal maintenance brought on by wear and tear, you won't have to pay for certain repair costs if your car is still under the factory warranty or an extended warranty. Manufacturer warranties are typically for three years or 36,000 miles, whichever you hit first.

If your car isn't under warranty, set aside some money for repairs, whether they're needed each month or not. This keeps you from being hit with an unexpected bill when irregular maintenance is needed.

» **MORE:** [Know your car's maintenance schedule to keep service costs down](#)

Registration, fees and taxes

According to AAA, the average car owner will pay \$762 in 2023 for licensing, registration and taxes to legally drive their vehicle.

How these fees are calculated, how often they are paid and how much they cost vary by state. Where you live and the type of fees you have to pay will determine how much you have to pay annually for this category.

Insurance

Almost every state requires some [auto insurance](#) coverage. The average annual premium for full-coverage insurance runs car owners \$1,765, according to AAA.

But the [cost of insurance](#) is influenced by several factors, including the selected coverage, the type of car you drive, your age, your driving record and your location. Depending on your circumstances and coverage options, you might pay more or less than the average premium.

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Depreciation

Although [depreciation](#) isn't a payment that has you shelling out cash, cars usually do lose value over time. This means you are losing money over time, and it affects your total cost of ownership.

It's important to note that the current car market is a unique one where cars aren't depreciating as quickly as in the past, but this is likely to change in the near future. In a normal market, cars lose around 15% to 20% of their value in their first year. Over each of the next four years, depreciation will be around 15% per year.

To get an idea of how much your car has depreciated, compare current offers on the same make and model to what you paid for it originally. You can find [your car's resale value](#) through a service such as Kelley Blue Book. Or get a cash offer from a local dealer or an online auto retailer such as Carvana or CarGurus.

While there are ways to [manage car depreciation](#), you generally have less control over this expense once you own your vehicle.

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How to calculate your total cost of car ownership

You can use our calculator and enter your exact expenses to see how much your car is costing you each month. The calculator is pre-populated with estimates based on 15,000 miles of driving per year.

[Monthly car payments](#) and insurance premiums are self-explanatory, but here's more information on estimating other costs of car ownership.

Gas. If you know how much you usually spend on fuel, enter that amount in the calculator. Otherwise, divide the number of miles you drive each month by your car's fuel economy rating, available on [FuelEconomy.gov](#). Multiply that number by the price of a gallon of gas in your area.

Maintenance and repairs. You can go with the monthly average that's pre-populated based on AAA's data. But if your car has needed a lot of work lately and is costing you more than \$1,500 a year in work, go ahead and calculate the exact figure for what you've paid in the past 12 months and enter it here.

Registration, fees, taxes and miscellaneous. This part is easy: Just put in your annual motor vehicle registration renewal amount, divided by 12. Add any other recurring expenses such as parking costs.

Total monthly car cost calculator

Car payment

Average new-car monthly payment; used-car average is \$522. Source: Experian Information Solutions, 1st quarter 2024.

Insurance

Average monthly premium. Enter your amount.

Gas

Monthly average for 15,000 miles/year. Enter your amount.

Maintenance and repairs

Monthly average over 5 years. Enter your amount.

Registration, fees, taxes and miscellaneous

Estimate based on \$675 national average for annual fees.

Total monthly car expenses

\$1,256

Are you spending too much on your car?

Enter your monthly take-home pay

**Note: The total car cost calculator is pre-populated with estimates based on data from Experian and AAA. See our methodology below.*

Car ownership index: Costs change monthly

The cost of owning a car fluctuates from month to month as prices among cost categories change. NerdWallet's auto ownership index measures these changes using inflation figures from the Bureau of Labor Statistics.

Car ownership costs grew at a double-digit annual rate every month from April 2021 to November 2022, according to this NerdWallet Vehicle Ownership Costs Index. While that growth has slowed overall, the most recent data indicates ownership inflation was 11% in May. And since April 2019, the costs — including gas, repairs and maintenance, parking, insurance and licensing costs — have risen 38%.

Car Ownership Costs Index

Source: NerdWallet calculations of pricing and expenditure data from the consumer price index and Consumer Expenditure Survey of the U.S. Bureau of Labor Statistics. Values represent a 12-month change.

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Saving on your biggest car costs

By reviewing the total cost of ownership, you can see the portion of income that goes toward your car each month. It's best to spend less than 15% to 20% of your take-home pay on vehicle costs, if possible.

If you find you're over [your car budget](#) or if you want to reduce spending, look at your big-ticket items first and work your way through costs you can control.

- **Car payment.** Learn about [how to refinance your car loan](#) and see if you can qualify for a better rate, especially if your credit has improved since buying your car. You may be able to lower your monthly car payment.
- **Insurance premiums.** Talk with your current insurance provider about potential discounts. If they won't help you get a better rate, get quotes from other insurers to locate a better deal on your coverage.
- **Gas.** Pay attention to gas prices by using a [gas price app](#) to locate the cheapest prices, and use [a credit card that offers the biggest discount](#).

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About the authors



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Shannon Bradley covers auto loans and other auto topics for NerdWallet. Before joining NerdWallet in 2020, she spent 30-plus years as a writer, content manager and marketer in the financial services industry. [Read more](#)



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METHODOLOGY

The averages and estimates used to pre-populate this calculator come from several sources.

- Estimates for new and used car payments are from Experian's Q1 2024 [State of the Automotive Finance Market](#) report.
- AAA's most recent [Your Driving Costs](#) study provides annual average costs for a variety of car-related expenses. AAA information is based on a new vehicle owned for five years and driven 15,000 miles a year. We've converted these figures to monthly amounts. The total monthly car cost calculator uses AAA data for the following monthly averages:
 - Gas
 - Insurance
 - License, registration and fees
 - Maintenance, repair and tires

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Estimated payoff amount

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