



Ask Dave

FOX Business' analyst, best-selling author and national talk radio host, Dave Ramsey answers your financial questions

Who Needs Religion?

Dear Dave, I'm a big fan of your work, but I have to ask one question. Why do you advocate belief in religion for dealing with financial hardship, even for those who don't believe in religion? - *Daniel*

Dear Daniel, First, I don't believe that religion is the answer. I do, however, advocate God. I believe with all my heart that there is a God. I also believe that He's in control, and that He's crazy about us and wants good things for us. That's my value system. It's how I approach every equation, whether it's financial or not.

I'm not mad at people who don't feel this way. When someone who's in debt or behind on their mortgage asks advice, I don't tell them the answer is to go read their Bible. I give them financial advice. If they speak in Christian terminology, I answer in Christian terminology because I'm a believer. I know how to speak the language and can connect with them. But you'll never hear me beat someone up just because they're not a person of faith. At the same time, I'll never back away from the idea that God is real just because someone else isn't a believer!

Personal finance is 80 percent behavior and 20 percent head knowledge. I've said that for years. If people can grasp that one statement, I can teach them lots of great stuff. Yet it would be naïve to try and have a discussion about behavior modification without including relationships, emotions, psychology and spirituality. That's not just my opinion. It's a logical, well-rounded view of the facts.

But when it comes right down to it, I advocate a belief in God and study of the Bible as the answer to almost every question, because they will take you places you need to go! - *Dave*

Plugging the leaks in your budget

Dear Dave, We started doing a budget a couple of months ago, and already it's springing leaks. It's just a little bit out of balance in a few different places, but combined, it makes a big dent in our finances. How can we plug the leaks? - *Joy*

Dear Joy, First, don't worry about it. This kind of thing happens a lot in household budgeting, especially when folks are new to the process. Here are some ideas to help stretch your dollars and plug those leaks.

Use the cash-only method when shopping for groceries. Take cash only for the amount you've budgeted for groceries. Use coupons only for items you normally buy. Lots of people use coupons just to be using coupons, thinking they're saving when they aren't. This adds more to the grocery bill. The item itself may be less expensive, but you'll buy things you don't really need. Stock up on items you use often when there's a big sale, too. These are little things, but trust me, they add up!

You buy groceries for a reason, right? So stop eating out! Only go to restaurants for special occasions, and don't be afraid to use coupons in restaurants. Have you seen the price of a soda or iced tea these days? Drink water instead.

Always check the sale and clearance racks first when buying clothes. There are good clothes at consignment stores and thrift shops, too. While you're there, sell your old, worn out clothes and anything you don't wear anymore. Most of all, avoid the trendy, expensive clothes. Buy durable classics that don't go out of style.

When it comes to entertainment, nothing beats family time. It may sound old-fashioned, but there's nothing wrong with a night of playing board games. It's fun! If you like movies, use discount coupons and go to matinees whenever possible. The prices are always lower before dark. If you're planning a trip with several other people, call ahead and ask for a group discount. - *Dave*

Do I Have To Pay THAT?

Dear Dave, I have \$300 in very old credit card debt. However, now the bill is \$1,500 because of fees and charges. Am I liable for that? - *Monica*

Dear Monica, Every month you're late or over the limit, there is a charge. Legally, they can hold you to that. If they haven't received payment in a while, you can probably settle this for \$500. Don't give them any money until you get it in writing what they will settle the debt for. Don't give them electronic access to your checking account. Once you have it in writing, staple a copy of your cashier's check to that letter and keep it for the rest of your life, because it will come up again. - *Dave*

Whole Life...Heck No!

Dear Dave, I'm shopping for life insurance. My agent is trying to push a whole life insurance policy on me. He says Dave has a whole life policy. Is that true? - *David*

Dear David: Not only does your agent sell one of the worst financial products on the market, but he's a liar. I don't have a whole life policy with anyone. What your agent just bought was some really bad PR. He lied about me.

One of the ways I learned about how bad whole life is was that I had one that I got ripped off on. I bought it when I was 23 and got rid of it the same year I bought it. I'm 48 and it was with Northwestern Mutual. That's 25 years ago. If that doesn't make your man a complete liar, I don't know what does.

A friend of mine showed me how bad that policy was, and it infuriated me. That was almost 26 years ago and I've been mad ever since. - *Dave*

Term Life is Better

Dear Dave, I want to make sure that my life insurance is correct. I have universal life insurance and my representative said that term life insurance is horrible. - *Bob*

Dear Bob: If a 30-year-old person wanted to buy \$125,000 of universal life for 20 years, it would cost about \$145 a month. If that same person bought \$400,000 of 20-year term life insurance, you'd be charged \$10 a month. That's a \$135 per month savings. The term life insurance doesn't have a savings program attached to it, but you can do your own savings with it.

Within the first 3 years, there is no savings built up in the universal life, because it all goes to fees and commissions. The studies on universal life insurance policies show that the average net yield ranges from 2 to 5 percent. That stinks! A 30-year-old guy who buys it and looks up 20 years later will have \$27,000 in cash value, and it will be \$66,000 by the time he's 70.

If you do term life insurance and invest the \$135 difference in a good growth-stock mutual fund averaging 12 percent, it will be worth \$133,000 at age 50! Even more, at age 70 it will be worth \$1.5 million. Even if I'm 10 times wrong, you still end up with twice as much money. Universal life insurance is one of the worst financial products available on the planet! - *Dave*



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