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ECI Agency, Inc.



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To help people of all income levels achieve financial freedom by teaching them to create and implement individualized plans to get out of debt and to build and protect wealth.

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Dave Ramsey

C • E • R • T • I • F • I • E • D
COUNSELOR

In this issue I continue my discussion with Patti Edwards of ECI Agency, Inc., Dave Ramsey's ELP for auto and home insurance in the Oklahoma City area.

Michael: Patti, let's talk about auto insurance for a moment. Why are rates so high in Oklahoma?

Patti: Oklahoma has some of the highest auto insurance rates in the country. Why? Because we have so many illegal aliens and others who usually don't have insurance. One in nine drivers in Oklahoma does not have auto insurance on any given day, and there is really no repercussion for it. We are more expensive than California, we are more expensive than Maryland! And additionally we have a lot of insurance fraud in Oklahoma.

Michael: If I'm broke, and struggling to pay my bills, why should I make

getting insurance a priority?

Patti: Well, if you were to cause an accident and you have a job or you own your house, the injured persons could go after you, and take it all the way to court. You could get part of your income taken away to pay that other person. Would you then lose your house because you couldn't afford to make your house payment? Some people that have nothing, nothing happens to them. They don't own a car, they don't have a job, they live with parents or friends, nothing is likely to happen to them. That, by the way, is one reason so many people don't have insurance. What's going to happen, if you don't have any of those things?

Michael: So, it's really about protecting those things that you already have.

Patti: Yes, and hopefully your conscience as

well.

Michael: What are the state-required minimums on auto coverage?

Patti: 25/50/25.

Michael: What do you recommend that people carry?

Patti: I recommend 100/300/100. And Dave Ramsey will too, by the way.

Michael: And what do those numbers represent?

Patti: The first two numbers represent medical coverage, \$25,000 is the most an insurer will pay for one person, for example, and \$50,000 is the most they'll pay for the entire accident, and then the last number, 25, that means \$25,000 is the most they'll pay for property damage. There are lot of cars out there worth more than \$25,000!

Michael: In a serious accident, you can easily be

(Continued on page 2)



Dave Says...

The Rule is No New Debt

Dear Dave,

My wife wants to go back to school to complete her degree. Right now, we're on Baby Step 2 of your plan, and we're about 12 months away from being debt-free, except for our house. Should we

work the budget to cash flow her going back to school now, or wait until we're out of debt and have our emergency fund in place?

- Scott

Dear Scott,

If you can find room in your budget to pay for it, and all it does is slow down the getting-out-of-debt process a little bit, then I think it's a great idea. The main thing is that I don't want you taking on any more debt to make it happen. You guys can see

light at the end of the tunnel right now, so I don't want you taking a big leap backward by piling on a bunch of student loans!

Education with a purpose is a fabulous thing. I'm all about school and learning, but the idea of going to college just to collect degrees is a little silly. Knowledge—not degrees—is the currency of the new millennium. The more you know, the more tools you have in your belt. That's why I still read like a maniac. It helps me stay up to speed with things I need to

(Continued on page 2)



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ECI

(Continued from page 1)

over \$50,000 just in medical expenses.

Patti: Yes, especially if there's more than one car involved.

Michael: Are there any common misconceptions about auto insurance that you often encounter?

Patti: One is the rental reimbursement part of your coverage. Often people will think if their car breaks down then they'll get their rental car paid for with that type of coverage. Another, also involving rental cars, if you go to rent a vehicle they'll ask you if you have rental coverage on your

policy—often your comprehensive coverage will carry over to your rental car.

Also, people don't understand what Uninsured Motorist coverage is. Uninsured Motorist only covers medical bills, it won't pay to fix your car. People also don't realize how important that coverage is. Everyone I've insured who has had to use it, was very thankful that they had it.

Michael: Let's talk about that for a moment. If I already have medical insurance, why should I have uninsured motorist coverage also?

Patti: Uninsured motorist just isn't for people on the policy, it's for anyone riding in your vehicle. If you have your friend riding in

the car, and they don't have health insurance, but they were hurt in your car, that Uninsured Motorist coverage will pay their medical bills. And Uninsured Motorist coverage will pay before health insurance policies do.

Michael: What coverage limit do you suggest?

Patti: I would go as high as you can, but you cannot go higher than your liability limits.

Michael: And with one in nine motorists on the road being uninsured, those are higher odds than we'd like if we do get involved in an accident.

Patti: Exactly.

Michael

Dave Says. . .

(Continued from page 1)

know to do my job better!

- Dave

Count the Company Match?

Dear Dave,

You recommend investing 15 percent of your income into Roth IRAs and other pre-tax retirement plans. Should you count your employer's company match as part of that percentage?

- Ben

Dear Ben,

You can, but I'd prefer that you didn't. Employers and employment situations can change at the drop of a hat. I'd rather see *you* put in 15 percent. That way, you don't have to rely on someone else to complete your retirement savings plan.

It's not your employer's responsibility—or any one else's—to make sure you have money to live on in your old

age. Stick 15 percent in there yourself, Ben. Then, if your employer does match workplace contributions, it'll be that much sweeter!

- Dave

Self-Employment for the Summer?

Dear Dave,

I'm a college student in Utah, and I compete with lots of other students for summer jobs. Do you have any suggestions for debt-killing work?

- Anonymous

Dear Anonymous,

My best suggestion for debt-killing work in that kind of situation has always been self-employment. You'll make a lot more money cutting grass, walking dogs, or detailing cars. You can control your time, too. Plus, you'll make a lot more per hour than you will at any mall job. By the time they take taxes and everything out of that, you'll almost wish you hadn't bothered!

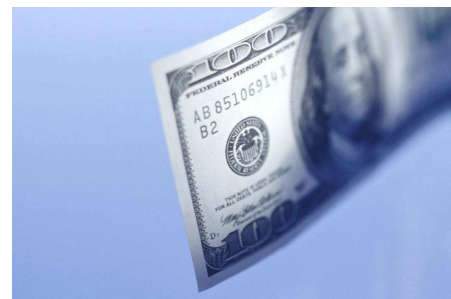
A few years ago, I knew a couple of college guys who pooled their money and bought a pressure washer and

some other equipment to start a business. They came to the house, washed and re-sealed our driveway, and I paid them a few hundred dollars apiece for the job. It took all day, but they walked away with their pockets full of money. You'd have to flip a lot of burgers to match that!

You can make some serious summer cash if you'll look at yourself as a small-business owner and not someone's employee. I'm not going to lie to you. If you take this route, you're probably going to be involved in some pretty hard work. But the truth is, you'll never make really good money without doing some pretty hard work!

- Dave

For more financial help, please visit daveramsey.com.



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