



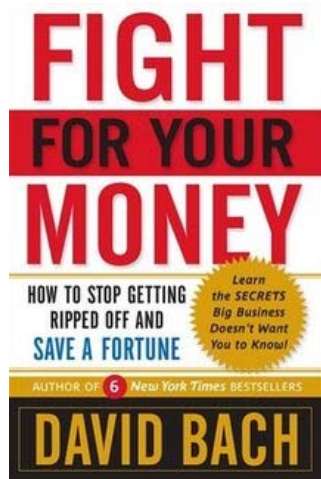
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# 5 questions for best-selling author David Bach



By TREVOR DELANEY, AP Personal Finance Editor – Fri Mar 13, 6:01 pm ET

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ripped off by big business; how much they are making; and what you can do about it right now so that you can put money back in your pocket.

Q: You write about the "Fight for Your Money" rules. They're not ranked, but tell me about some of the more important ones.

A: They're really basic rules that our grandparents taught us. Like "If it sounds to good to be true, then it probably is too good to be true." Another is reading the fine print. One of the single things that rips us off the most — and this happens on everything, our mortgage, our car loans, that home warranty — is we don't read the fine print before we sign our name. This is where we get in trouble. So we give readers all these rules that really are a back-to-basics philosophy — and here's your battle plan for this current difficult economy.

Q: Is a key problem that people lose sight of these basics when times are good?

A: We completely lose sight of it. The other day Warren Buffett was quoted as saying it's time for us to have an honest to goodness 10 percent down payment. And when I went to buy my first home, my grandmother said, "You should have a 25 percent down payment." I think we are really going though a back-to-basics time, which will ultimately be good for the country. When you look at what's happening positively right now, we're saving more money than we have in 10 years as a nation, and we are spending less. Unfortunately, that leads to a longer recession. But ultimately for the American family it will be healthier.

Q: Let's talk about banking. One of your pieces of advice is to stick with the big guys. When they're looking particularly shaky, how do you counsel people there?

NEW YORK – Bernie Madoff, aka inmate No. 61727-054, personifies why it's essential to be careful with your money.

Recognizing that consumers are stung every day on a much smaller scale, David Bach offers his latest book "Fight for Your Money: How to Stop Getting Ripped Off and Save a Fortune."

A best-selling author of several personal finance titles, Bach has put together a consumer reference guide that's divided and tabbed into sections for various aspects of our financial lives. Covering everything from automobiles to taxes, each topic discussion provides tips on what to watch out for and specific steps on how to save money.

"Whether you realize it or not," Bach writes, "we are all engaged in a never-ending battle with giant corporations and economic institutions whose only goal is to separate us from our hard-earned dollars."

Bach, 42, was a former senior vice president of Morgan Stanley and, until 2001, was a partner in The Bach Group, which managed funds for individual investors. In a recent interview with The Associated Press, Bach spoke about his new book and outlook for the stock market. Here are some excerpts from the conversation.

Q: "Fight for Your Money." Why this book at this time?

A: I think we are in an unprecedented period. I really wrote this to be an A-to-Z guide that looks at every aspect of your financial life. We went through every single industry, banking, credit cards, divorce, debit cards, insurance, extended warranties. We wanted to look at every aspect of your financial life and look at how you are being

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A: You're speaking to someone who grew up in the financial services industry. So first of all I am biased. I spent 9 years at Morgan Stanley, my family's been in the financial planning business for four decades and I have always believed that big is better. I want my money in a company that is large, that is publicly traded, that I can trust. And it's interesting because I just personally invested money in the financial services industry — I bought into [Bank of America](#), Citibank, Wells Fargo. Now I was early, today I feel like it was a little bit early.

But I feel like the government has come in and basically backstopped these banks. We need a financial services industry. We have all these baby boomers that are going to have to continue to work on a retirement plan. So I don't see us nationalizing the banking industry for the rest of our lives. I'm 42 years old, so when I'm personally investing in some of these companies today I am looking at this as a long-term investment.

Q: How would you counsel recent retirees, who want to pull out of the stock market altogether?

A: My heart goes out to people in their 60s, or people who are approaching retirement and had too much money in the stock market. They've seen their net worth drop in half, if they were all in stocks. So what do you do when the market's (near 7,000) when you didn't get out when the market was at 14,000? If I was sitting here with my grandmother right now, and she had to live off of that nest egg and it was all in stocks. Well, she shouldn't be in stocks.

I personally think the market could go lower than were it is today. The reason I believe that is that most people have not sold everything yet. If you go to parties, ask your friends if they've sold out of their 401(k) plans, and the answer is "no," they're waiting for it to go back up. So it worries me. But the market will come back. It may not come back in 2 years, but I promise you if we're getting together 10 years from now, I am absolutely confident that it will be back up over 10,000, or possibly higher. So from the bottom of this market we will see a nice upswing at some point. Markets do rally and when they rally, they rally huge.

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