

“Dave \$ays...”



by **DAVE RAMSEY /**
Contributing Writer

Dear Dave,
I own my own medical practice and am ready to file bankruptcy. I am in a lot of debt and the practice doesn't seem to be supporting itself. I took out a large loan and I just can't seem to pay it back without the interest catching up on me. The revenue of the business is not down, but I still cannot make ends meet. Should I file for bankruptcy?
John from Texas

Dear John,
I know you went to school to be a doctor, but you are now in a business. You need to learn how to run a business and run it profitably. Before you file for bankruptcy, call the company that loaned you money and see if you can renegotiate. Call the folks that you borrowed from or that you are renting from, let them

Advice on personal finances from popular radio personality, live event speaker and best selling author, Dave Ramsey.

know what your situation is and see what they can do. I also suggest hiring a business manager to run the business side of your practice. That would require paying them a salary, but more importantly it would assure that you are running your business properly. I don't think you're bankrupt. I think you just started a business without really forming a realistic business plan. Don't file bankruptcy, John. You're doing what you love and you're doing what you're called to do. Now you just have to find out how to make enough money to keep doing what you love.
-Dave

Dear Dave,
I just started listening to you on the radio and I love it! I heard you say something about an envelope system for budgeting. What does that mean and how does it work?
Curious in Kentucky

Dear Curious,
I first learned about the envelope system from Christian financial counselor Larry Burkett, and he admittedly stole it from his grandma! The envelope system is basically Grandma's system for budgeting.

The idea is that you split your paycheck into categories and budget what you will spend that month in each category. Then you make separate envelopes for each of those categories and place each amount, in cash, into each envelope. Obviously you won't have categories for everything. I don't expect you to carry around \$100 cash in an envelope labeled "electricity bill." Some categories where you should use the envelope system are food, entertainment, clothing, gasoline, etc. When you go shopping, you use the cash in the corresponding envelope. When there is no cash left, you stop spending. It's simple as that, and it works! This system really does prevent overspending. My wife, Sharon, and I have been running on the envelope system for over 15 years. I guess Grandma was right!
-Dave

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Dave Ramsey is a syndicated radio talk show host, best selling author and America's trusted source for financial straight talk. He can be heard on the radio on stations across the nation. You can also find him at www.daveramsey.com. If you have a question for Dave, e-mail him at askdave@daveramsey.com.

