drive carefully

Are you getting the best value on your auto insurance? Rates can vary by as much as $1,000 a year—for identical policies—according to a study by Progressive Insurance. Get the most bang for your insurance buck with these tips from Loretta Worters of the Insurance Information Institute.

Pick the right agency.

Check independent ratings groups like Standard & Poor's (standardandpoors.com) or Moody's Investor Services (moodys.com) to make sure that your insurance provider scores at least an "A" rating (the highest possible rating is "AAA," while the lowest possible is "D"). A high rating means that your agency has financial strength and a good claims-paying record. Also, consider buying your policy from your homeowner's insurance provider—some companies offer multi-policy discounts.

Compare rates.

Several insurance companies offer instant online quotes. Check out geico.com, progressive.com, allstate.com, and statefarm.com.

Ask for a higher deductible.

If you raise your collision deductible from $200 to $500, you'll save between 15 percent and 30 percent on your premium. And if you raise it to $1,000, you're looking at a 40 percent discount.

Consider dropping collision on older cars.

If annual costs add up to more than 10 percent of your car's Blue Book value (go to kbb.com to find your car's worth), you're unlikely to recoup the money you paid in premiums if your car gets damaged beyond repair.

Buy a car with a five-star crash-test rating.

A high crash-test performance, which measures the likelihood of a serious injury in the case of an accident, will bring down rates. Other features that reduce the risk of injury, such as daytime running lights or airbags, can also lower your premiums. —*Anna Davies*

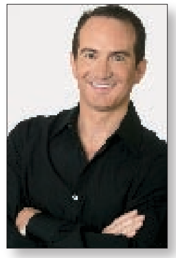
Free $$$ Advice

Q&A WITH **DAVID BACH**

"I received an inheritance of about $8,000. Should I invest it or pay down our credit card debt, which is currently hovering around $10,000?"

—ELIZABETH MCGINNIS, 50, BRICK, NJ

Applying your inheritance toward your credit card debt might be a Band-Aid fix for a bigger problem: how you accumulated that much debt in the first place. After all, what's to stop you from running your cards up again?



REDBOOK Love Network expert David Bach is the author of seven best-selling books, including *Smart Women Finish Rich.* Visit his website at finishrich.com.

First, negotiate your credit card interest rate down. Find out what the competition is offering at bankrate.com or lowermybills.com, or look at the credit card offers you get in the mail. Call your credit card company and ask them to lower your rate. If they won't, transfer the balance to a card with a lower rate. Then, put half of your inheritance toward the debt repayment—you'll be amazed at how unburdened you'll feel when you cut your debt by so much. Finally, you must stop charging—and going forward pay more than the minimum payment due each month.

As for the other $4,000, put it in a high-yield savings account (check out emigrantdirect.com and ingdirect.com). As great as it feels to chip away at your debt, securing your financial future by saving at the same time will feel even better and will have a powerful effect on your journey toward financial freedom.

Have a money question for David? Email him at moneysmarts@redbookmag.com.

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Got old gift cards collecting dust in a drawer? Swap them for credit at a store you love—or trade them in for some cold hard cash—at one of these websites:

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- swapagift.com
- giftcardbuyback.com

FROM LEFT: GETTY IMAGES, COURTESY OF SUBJECT.