

Dave Ramsey Responds to Dow Jones Dips

✖ So much for stabilizing the markets with a Federal Reserve promise to keep interest rates low. Europe's debt problems are sending a ripple effect through U.S. stock markets.

The Dow Jones Industrial average declined 519 points, or 4.6 percent, on Wednesday. The dip marks the third time in the last five trading days that the Dow has lost more than 500 points. Meanwhile, the Nasdaq dropped 101 points, or 4.1 percent, and the S&P 500 is down 51 points, or 4.4 percent.

But now is no time to panic. So says Dave Ramsey, a nationally syndicated radio show host discussing personal finance topics. Ramsey has launched what he calls "The Great Recovery," a grassroots movement spread by people who are tired of looking to Washington for answers.

"I know that the recent media coverage about the economy and the fall in the stock market scares investors, but the smartest thing you can do right now is hold on to your investments. Do not cash them out. That's what I'm doing," Ramsey said in an email sent to Charisma News.

Ramsey has a lot of money invested in the American economy through growth stock mutual

funds. But despite the fears on Wall Street this week, he is not touching those funds. Rather, he says he's riding the market roller coaster to the very end.

"People who make money in the stock market are the ones who think long term and don't jump in and out based on the market fluctuations. *Market timing* is trying to predict when to add or withdraw your money in the market. Historically, it doesn't work," Ramsey says. "After all, the only way to get hurt on a roller coaster is to jump off! However, staying invested ensures that my investments won't miss those best-performing days."

Ramsey takes a long-term view. As he sees it, people who hold on to their current mutual funds will look like geniuses 10 years from now. Even if you're almost old enough to retire, he advises people not to cash out now.

"I understand you're scared, but think this through. If you're 65 years old at retirement, you're not going to take all of your money out at one time," Ramsey says. "You will gradually take money out of your accounts and over the course of your retirement, your money will still have time to grow."

"So, even if you want to retire, you're better off leaving your 401(k) or IRA alone. Keep thinking long term. That's what I'm doing. I'm not cashing out. I believe the

market and my mutual funds will be okay. And 10 years from now, it will have been a great decision.”