

## STOCK QUOTES

Enter symbol(s):

[Lookup symbol](#)

## NEWS

[Top Financial News](#)  
[Top World News](#)  
[Stock Market Update](#)  
[After Hours Trading](#)  
[Earnings News](#)  
[Profit Warnings](#)  
[Technology](#)  
[Analyst Ratings](#)  
[Politics](#)  
[Economies](#)  
[Fed Watch](#)  
[Columns](#)  
[News Archive](#)

## STOCKS

[Earnings Center](#)  
[Tech Stocks](#)  
[Stocks on the Move](#)  
[Chart Builder](#)  
[World Indices](#)  
[Movers by Exchange](#)  
[Stocks in the Dow](#)  
[S&P 500 Snapshot](#)  
[Industry Movers](#)  
[Most Active Options](#)  
[IPO Center](#)  
[Regional Indices](#)

## RATES & BONDS

[Key Rates](#)  
[U.S. Treasuries](#)  
[Government Bonds](#)  
[Municipal Bonds](#)

## CURRENCIES

[Currency Rates](#)  
[Cross Currency Rates](#)  
[Currency Calculator](#)  
[EMU Update](#)

Hong Kong Exporters Race to Meet Deadline for Documenting U.S.-Bound Cargo

## John Wasik



Commentary. John F. Wasik, author of "The Bear-Proof Investor," is a columnist for Bloomberg News. The opinions expressed are his own.

01/17 00:01

### SUVs Are a Bad Value for Your Safety and Money: John Wasik

By John F. Wasik

Chicago, Jan. 17 (Bloomberg) -- When a government official attacks a specific consumer product with an array of facts, it's like a lone voice in the desert these days.

So when Dr. Jeffrey Runge, the administrator of the National Highway Traffic Safety Administration, elaborated on how unsafe SUVs are on Wednesday, it spoke volumes.

As an emergency room physician, Runge knows what he's talking about. "It's vital that industry address some baseline standard requirements for these (SUV safety) systems, including proper evaluation of rollover standards," he said in Detroit.

An often overlooked point about SUV ownership is that the vehicles are usually terrible values, especially when you consider that the safety you paid a premium for may not exist.

For years, various consumer advocates from Ralph Nader on down have been assailing SUVs for high rollover rates and design problems. The irony is that more than 16 million North Americans bought these vehicles because they thought they were safer than passenger cars.

For most people, the safety issue is one of the most compelling arguments in choosing a vehicle. If you can't buy a safer vehicle, then the added expense -- mid-level SUVs are at least \$10,000 more than mid-sized cars or minivans -- isn't justified.

#### Troubling Safety Records

When it comes to SUV safety, bigger is not always better. While full-sized, pickup-based SUVs may be safer in frontal collisions, they are more likely to roll over in a crash because they have a high center of gravity.

Citing recent research, Runge elaborates on SUV safety:

-- "Rollover propensity for SUVs and pickups is far greater than passenger cars. The rollover fatality rate for SUVs is about three times higher than it is for passenger cars."

-- "Rollover fatalities represent over 60 percent of SUV fatalities versus 22 percent for passenger cars."

-- "Forty six percent of SUV serious injuries take place in rollover crashes vs. 16 percent for the

COMMODITIES

[Most Active Futures](#)

[Commodity Movers](#)

[Energy](#)

total of passenger cars."

Responding to Runge's charges, Eron Shosteck of the Alliance of Automobile Manufacturers, an industry coalition, said, "SUVs are very safe vehicles. They perform exceptionally well in front and side impact tests."

The industry has been working to enhance safety of these vehicles, and, in all fairness, there are dozens of other factors that contribute to those grim statistics. Lack of seat-belt use and driving style certainly come into play and are beyond the control of automakers and Washington.

They're Not a Good Value

Surveys also repeatedly indicate that SUV owners buy them for cargo/passenger room. Sure, they're big, although they are a poor value if interior space is what you want.

Let's say you covet the 2003 Land Rover Discovery, which has a manufacturer's suggested retail price of \$34,995 for the bare-bones "S" model. According to the US Environmental Protection Agency, the vehicle achieves 16 miles per gallon on the highway.

The Rover's storage space is pretty tight. It has 63.3 cubic feet (or 1,792 liters) of "interior maximum cargo volume," according to <http://www.cars.com>, an independent vehicle information Web site.

Pricing the available area the way you would a home, that comes out to about \$553 per cubic foot or \$19.52 per liter.

The basic Honda Odyssey LX, a minivan that gets 25 miles per gallon on the highway, contains 146.1 cubic feet, or 4,137 liters of cargo space. The Odyssey's rear seats also fold flush into the floor, which is something most SUVs don't do.

Minivan a Better Value

The Honda's cargo space cost is \$173 per cubic foot or \$6.11 per liter. That's more than three times the value of the Rover based on a suggested retail price of \$25,293.

You also come out ahead in total financing costs with the Honda because it's about \$10,000 cheaper than the Rover and you'll save on fuel costs as well.

"In terms of cargo space, you'd be better off with a minivan," said Mary Butler, a former associate of mine at Consumers Digest magazine and senior editor of [cars.com](http://cars.com), the source for the information above.

Ok, so you still like the feel of a big [vehicle](#). Does it really pay to own one?

Ownership Costs

The tank goes to empty on an SUV ownership costs analysis:

-- Insurance costs are often higher on SUVs. Many auto insurers place premium surcharges on SUVs because they are often more expensive to fix than other vehicles and may be stolen more often.

-- Still don't think fuel mileage matters? At \$1.50 a gallon, a 12 mile-per-gallon SUV will cost you \$1,875 a year if you drive 15,000 miles annually, [cars.com](http://cars.com) estimates. A 24-mpg vehicle will cost you \$938 or about half as much.

-- What if a war in Iraq propels gasoline to \$2.50 a gallon? You'd be spending \$3,125 a year for the lower-mileage vehicle and \$1,563 for the more-efficient model. In that case, you'd need an awful hefty tax cut just to gas up your SUV.

There's no debate in my book that SUVs can be made safer, more environmentally friendly or a much better value.

The simple reason SUVs have sold is because they made drivers feel more secure. Yet you can do much better by spending less on wheels.

Say you take the extra \$12,000 you would have spent on a well- equipped SUV and invested it in a retirement account like a Roth IRA. You have \$100,000 in the account initially and invest \$3,000 a year, keep adding those car savings every year and earn a return of 6 percent over the next two decades.

At the end of the period, you would have \$257,470, according to the savings calculator at <http://www.choosetosave.org>.

A sound vehicle-buying strategy is to buy the safest, least- expensive fuel-efficient sedan, station wagon or minivan and invest the difference.

You'll gain much more in control and handling, efficiency and interior space. You'll also gain a measure of financial security.