

Buy – Sell Execution

It's ironic that in a recent issue of this newsletter we discussed mergers and acquisitions, and now we're living a real life example of an acquisition happening right at home. As planners, our job is to look into the future and try to foresee most of the big risks that may go wrong in the world of finance and attempt to mitigate them. You can never foresee or protect against everything that is a risk in life, but you can and should plan for the big issues that may go bad, it's simply good stewardship. There are a few ways of dealing with risk: In general you can just assume the risk and prepare for it; transfer the risk to someone else via an insurance premium; or legally attempt to create plans that will minimize or take care of the risk in other ways.

A lot of people ask me what happens to them if I get hit by a bus. That's a great question and a very fair one as well. People are giving us the honor of helping them with their life savings and charging us with improving their outcomes financially. As planners, we not only help you plan for your future but we plan out our own future as well. Unlike the proverbial shoemaker, who as the saying goes wears bad, ripped and otherwise worn out shoes, we must have our financial houses in order. If we didn't have our financial houses in order, we'd have no business giving you advice on how to best deal with yours.

As most everyone knows by now we recently executed a buy sell agreement that was put into place years ago. Bryan Place was a very dear friend of mine that recently passed away. We worked together for many years from our original days with MetLife in Wethersfield right out of UCONN to our developmental years at MW Financial Group. Remember those days? ©. After those runs we both left and started our own firms where we'd have complete control and could

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Emotion & Economics

This business of financial advice and financial planning is about 10% economics and 90% emotional. I'll go even further to say that the emotional component of the game is more than pure emotion, it's a combination of emotional, societal, and psychological influences. We as advisors need to help people see the world through a different lens and make decisions from a position of power and opportunity, not of fear, news and reaction.

To make a very simple analogy, think of having a yardstick in front of you. On the right hand side of the yardstick is the financial extreme where one operates from a point of maximum financial gain with absolutely no attention paid to the emotional, societal or psychological aspects of a decision. On the left hand of the yardstick is the polar opposite where one makes decisions based mostly on an emotional, societal or psychological standpoint and not of a financial nature at all. Neither is healthy and the emotional side of the decision making ladder is financial suicide. This is where we try to reason with people to go towards the middle.

On a basic level one of the most difficult parts of this profession is to get people to operate somewhere in the middle of the spectrum, leaning towards the economic side of the equation. We try to bring you as close to the financial side as we can without violating any of your comfort zone. Most people cannot operate from a purely financial standpoint as I do, as much as they may want to, due to the set of life experiences and lessons they've learned. Many people over time do learn to operate from a financial perspective, but it's very much a learned behavior that needs to be nourished and refined over time. This is where you reach the point of maximum financial gain. If you're goal is going to be to operate from this position, you must do so with an understanding of the emotional components that most people are dealing with as they operate from their space along the continuum, which is typically their comfort zone.

Most of us don't choose a place on the continuum; it's just given to us as a function of our life experiences. We learn from our environment, or we learn the wrong things from our environment, depending on where and how we grew up. Finances are nowhere

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do things our own way. Do you think we had and have a slight control problem? ☺ I'd agree wholeheartedly that we did and we still do, but we want to do what's right for you without any corporate pressure or incentive to do otherwise and we want to do it our way. It takes time to build up the courage to go out on your own without a corporate parent behind you. The reality is the support system is an enabling force that makes you believe you need a corporate parent, but the facade is a powerful one and has the power to hold you down for years or a lifetime if you don't just take the plunge. Knowing what we know now, we'd have done it earlier than we did but that's just how it all unfolded and I don't have any regrets. ☺

Bryan & I made a buy sell agreement in our early 30's that basically said if anything ever happened to either of us we'd buy out the surviving spouse, then take care of the family and the clients of the firm. We never thought in a million years we'd actually have to use this agreement and both believed that when you're prepared, things are less likely to happen to you. I still believe that and continue to refine my plans moving forward as a renewed buy sell is in my very near future. Bryan and I figured we'd work our butts off, build our businesses, do as much good for society as we could and pack away enough to be worry free. Then we'd eventually sell the businesses off to key employees or sell them to our children and eventually retire.

I'm not the type to sit around so retirement likely isn't in the cards for me, but backing off of the business and pursuing other loves and interests is something that will likely unfold as I get old. The kids in my senior youth group already think I'm old – they tell me only old people email and they pressure me to start texting them. That's painful! ☺ I'm holding out, but I think they'll eventually win. ☺

The buy sell is now complete and we purchased Place Financial Advisors in January. We will continue to use the name Place Financial Advisors in the New York office and the company is now a division of Chadwick Financial Advisors. We're working on updating the website over time. The business is located in a beautiful small town just southeast of Syracuse named Manlius. It's amazing how small the world really is; many people I've spoken to have connection in Manlius from CT or wherever they are and many from CT have connections to Syracuse and even Manlius. ☺ We are keeping the office location and staff the same and we've hired a new financial advisor for the Manlius operation. Mark Hills is our new financial advisor in our Manlius office. He'll be there full time, perhaps a lot more than full time for the first year or two as he and I get to know everyone and their situations. Mark lives right in town, about a mile from the office. He joined us officially on February 19th after first beginning the interview process with Bryan and then eventually being hired by me. He was actually to be hired the first week of January had Bryan not been called on by the lord. For those of you who know you need to have similar plans in place, and I'm thinking of you now, you know who you are – call your attorney to get the ball rolling. Also call if you don't have a will – you know you should.

Tax & Spend

As the recession sssssllloowwwly subsides and people begin getting back to their jobs we've all made adjustments to our lifestyles, many of us in very big ways. The only exception to this rule is government at virtually all levels. They have yet to wake up and smell the coffee and start addressing the broken economics of our municipal and general government systems. The only way to make the system work moving forward is to cut government spending at many different levels. We've all done it personally, why isn't government doing it today? Weak minded politicians and no term limits are the real answer. Any tough decisions make people think they will not get re-elected. I'm not sure that's so true anymore, the population is furious at the irresponsibility of government today and I suspect we're entering a new fiscally conservative era where people want to stop the bleeding financially. Our children and grandchildren will bear the debt if we can't wake up.

It is a known fact that wealth flees when taxes rise, so the very concept of continuing to hit the "rich" will not work, they'll keep moving away and the net change will be fewer people to tax. CT & NY need to wake up to this, hello!!!!

How government doesn't just do the right thing out of sheer embarrassment is beyond me. Take a look at some great examples of federal waste as pointed out by the Heritage Foundation:

- Washington spends \$25 billion annually on maintaining unused or vacant property
- Government auditors have found that 22% of all federal programs do not help the populations they serve
- Auditors examining wasteful duplication found 342 economic development programs, 130 programs for the disabled, 130 programs for at risk youth and 90 programs for early childhood development that were duplicated in other existing programs
- The SEC spent \$3.9 million rearranging it's offices
- The refusal of federal employees to fly coach cost taxpayers \$146 million annually – they should walk!!!
- Washington spent \$126 million in 2009 to enhance the Kennedy Family Legacy in Mass.
- Taxpayers are funding high ranking government officials with paintings in their office costing up to \$50k each
- Washington has spent \$3 billion resanding beaches, to see it all get washed back into the sea
- The Pentagon spent \$998,798 to ship two 19 cent washers from SC to Texas and spent \$293,451 sending an 89 cent washer from SC to FL
- The federal government owns more than 50,000 vacant homes that it must maintain, insure, and repair

We don't need any more painful examples – it's time to push for real fiscal responsibility at all levels of government.

- Congratulations to the Naut family on the birth of baby Nicole Patricia, she joins the family as rugrat number 1. ☺
- Congratulations to the LaChance/Cassullo families on the birth of Leonardo Loyola, he joins big brother Sebastian as rugrat & grandbaby number 2. ☺
- Congratulations to the Stewart family on the birth of baby Dawson Edward, he joins three big sisters Drew, Dillon and Daisy to be rugrat number 4 in a family of 6 with 2 dudes. ☺
- Our condolences to the Patrick family on the passing of Barbara's mother, the loss of a wonderful woman, mother, grandmother, sister and friend.
- Our condolences to Bourassa on the passing of Catherine's mother, Peggy Kelly, the loss of a wonderful woman, mother, grandmother sister and friend.
- Our condolences to the Franklin Family on the passing Shawn's grandfather and Barbara's father, Ken Provencher, the loss of a wonderful man, father, grandfather, brother and friend.
- Our condolences to the Nikora family on the passing of Leo "Pop" Nikora, the loss of a wonderful man, father, grandfather, great grandfather, brother, inventor and friend.
- Our condolences to the Erzen/Oliveira/Serrano families on the passing of Mario Erzen, the loss of a wonderful man, father, grandfather, brother and friend.

Special Thank You

I'd like to say a special heartfelt thank you to our IT firm, TC³ for all of their help and support over the years in creating a technology platform that has allowed us to serve you and grow and expand as we have. The last two months have been a blur with all the changes in our world with the purchase of Place Financial Advisors. The technology we've embraced over the past few years is the sole reason we're able to do what we're doing. Ron Trotto, the owner of TC³ is truly a genius and a kind and wonderful man as well. He talked me into upgrading our technology years ago at a time when we were plugging along as happy as a pig in stool with truly inadequate systems. During the process of TC³ building our custom Client Management Tool (CRM), servers, security devices, backup plans, disaster recovery etc. etc. there was a lot of pain involved. There was a time when I thought the old way was better – what a joke. Now this technology is a shining star in our world and gives us the ability to work from anywhere. Ron is in the midst upgrading some more right now. Anything we've needed in the past few months has been taken care of instantly. If you need an IT firm, consider these guys – you can learn more about them at www.tccubed.com. ☺

near as taboo of a subject as they once were. As a child anything financial was a big secret and nobody discussed money. Today there seems to be a much more open line of communication and people are beginning to understand that mastering money isn't a choice but a necessity. Many times the perspective of the individual in this decision making capacity is more a function of experience and education over intelligence. I see many very intelligent, borderline brilliant people make poor financial decisions just because they think they're smarter than everyone else and the decision is tainted with emotion. People are emotional creatures and when we make an emotional decision we then typically find dozens or hundreds of logical reasons to justify our emotional decision, so we can stick with it. Let us look at a situation from various perspectives to see which side of the continuum you are operating from. We'll use the train wreck of 2008 as our perch, something we're not likely going to see again in our lives but something so extreme it provides an easy way to see the various approaches. Depending on where you are financially determines how you'll make decisions. It's safe to say that as the absolute basics we all need to live below our means and save well for our futures and for a rainy day. Along with this we can throw in a plethora of other things we can and should do but that just muddys the waters so we'll keep it very basic for this example to unfold.

Now let's relive September 2008 – March 2009. The stock markets across the globe are melting down as we have never seen before. People are seeing Blue Chip companies collapse – Lehman Brothers, Bear Sterns, AIG, Fannie Mae, Freddie Mac, GM, and Chrysler. Word on the street is there will no longer be a banking system and the news media is having the mother of all field days playing with this. Everything is a meltdown, panic, bailout, collapse, bankruptcy, etc. On top of this, adding fuel to the fire is good old Bernie Madoff and a few other Scheisters getting exposed to be naked when the tide goes out and they're exposed as massive Ponzi schemes. What do you do? Many average people went running and this time many professionals went running too. People I used to respect a lot were selling when they should have been buying, because they were scared. This isn't an economic response, it's an emotional one. From an economic perspective this is beautiful thing, sales are going on like you've never seen at Macy's or Wal-Mart and people aren't buying they're selling. It's insane. This is the average response by a human being – we're not hard wired to be good investors.

What were corporate executives and certain bright people (Warren Buffet) doing during this time? They were quietly buying shares in the companies they run and know, at record levels, many times when the shares were selling at 60, 70, 80 or 90% off where they were just a year or two earlier. I'm proud to say I was buying alongside them. The same opportunity still exists today and will continue to exist as long as man is emotional. What side of the equation would you prefer to be on? ☺



Money Quiz

This month's challenge is to tell me how often the DOW "corrects" as defined as a 10% market value drop. A correction occurs once every how many days from 1928 to today. Last month's quiz was won by Scott Fellows, The last decade of the 2000's, 1/1/00 – 12/31/09 was bad, really bad for DOW investors, they were down 9.1% in aggregate, making it the worst decade for investing ever. Do you still want to use those index funds? The winner will enjoy lunch/dinner on us at Chili's. © 021510:01

Social Insecurity

People are wondering if they'll get social security or not and will it still be around by the time they retire. These are all good questions that are very fair considering the poor fiscal aptitude of our politicians. Shouldn't there be a fiscal aptitude test that one needs to pass prior to becoming an elected official? I think the future of this social security question really depends on how old you are and what your overall financial situation is at the time you apply for benefits. Right now, If you're fully insured (40 quarters of earnings) and you otherwise qualify for benefits, you get them regardless of how much you financially need them. If you're currently receiving social security retirement benefits or expect to in the next 10 or so years I wouldn't worry about if it's going to be there for you, I fully expect it to be there in roughly its current form. I think it'll be there for all of us, regardless of age or need, but it'll likely have a lot of need based scenarios built into it in the future.

There is already a system in place that reduces ones social security benefits through increased costs for Medicare insurance. Medicare comes in two forms, part A, which is hospital coverage and is free and part B, which you pay for and covers Dr. visits, etc. If you are lucky enough to have a retirement income in excess of \$170,000 for married couples filing jointly there is a huge increase in the costs of Medicare part B. Most "normal" people pay nothing to \$110.50/month for Medicare part B insurance. For those who are earning in excess the specified limits the same part B program will cost you \$243.50/month. I suspect this penalty system will continue to get more painful for the wealthy, possibly eliminating social security benefits for the truly elite. I don't think corporate executives and business moguls really need social security so this wouldn't be a terrible thing, as long as it doesn't hit the average man as the AMT (alternative minimum tax) does today. ☺

How & What to Eat

Well this seems pretty logical as we all know how to eat, albeit often too much. We don't know how to stop eating in America, the land of the brave and the chubby. ☺ I certainly must admit I didn't know what to eat that was really good for me until recently. We went to a nutritionist in January and what an eye opening experience that is. I've discovered that I've been on a constant "see food" diet – I see it and I eat it unfortunately with no end in sight and with no idea of its nutritional value or what it is or isn't doing to my body. I've been lucky that my active lifestyle has allowed my body to mitigate whatever bad habits I have. I used to eat just about anything. I like to eat food and not just for fuel for my body but for something to do and for comfort.

I have had my eyes opened that the things I've been taught about food from childhood are about as accurate as the things we're taught about finances. I've left a lot of the food choices in our household up to Cupcake as she is the boss and runs the house. As an RN, even she is amazed at how much the system is pulling the wool over our eyes. She's always known and I've just come to be conscious that it's not good to eat a diet full of things that are packaged in a carton and have been through processing plants and are filled with preservatives. The food pyramid is a fallacy and the grocery store is 90% not so healthy. Of course you can eat anything you want and the "anything in moderation" clause still applies but we need to rethink our food choices in a big way. This shouldn't surprise me as what the government teaches us about our money isn't the way to get ahead, it's the way to keep the economy plugging along and to get ahead you need to seek out good advice and counsel and be a maverick in the world. Why should food be any different than a tool to manipulate the population and further economic expansion? Well, come to find out it isn't.

What we eat and how we exercise, or don't, as well as environmental factors are likely the biggest factors in how healthy or unhealthy we are. There are many unknowns in the world today, especially as it relates to health and disease. We now know that smoking clearly causes lung cancer and chewing tobacco clearly causes mouth cancer. Sitting in a tanning bed or baking under the sun isn't too good for our skin. What about all of the other cancers and ailments that plague us? Could it be the food we're eating and the contaminants within those foods? We know trans fats are poison and soon to be outlawed, yet most of us consume them every day.

What about other environmental unknowns such as living near power lines or where we work? I spent a few years painting cars working through college and I'm sure those fumes didn't do my lungs any favors. What other things can we do to help improve our health outcomes? I think it boils down to eating as well as possible, which I now know to be mostly vegetables and not too much food. Exercising often is also key. I'm working hard to change my bad habits. Good luck in your world, it's hard to change what we do! ☺

Inspirational Quotes

- Happiness does not consist of pastimes and amusements, but in virtuous activities, Aristotle
- Nothing happens unless first a dream, Carl Sandberg
- Happiness resides not in possessions and not in gold; that feeling of happiness dwells in the soul, Democritus
- Anger is the only thing to put off until tomorrow, proverb
- You're happiest while you're making the greatest contribution, Robert F. Kennedy
- Formula for success: under promise and over deliver, Tom Peters



**We can piece the puzzle together
and make your money work for you. ☺**

Kids Korner

The Easter Egg hunt date is now set, mark your calendars for April 10th at 2:00pm at the Chadwick's house, 615 Plymouth Road in Harwinton. Rain date is April 17th, same time same channel. The madness escalates and continues this year; we'll have 13,000 Easter eggs and a new twist so bring the rugrats! Same format as last year, grouping the kids by ages and the eggs will be stuffed with "bunny money" and Cup and the girls turn the garage into the bunny store for the hunters to go shopping for prizes with their spoils. For the know it all teens and adults, we'll continue to have the riddle eggs, about 20 eggs will be incredibly hard to find, the only way to uncover them is to solve the riddles. Dress the kids so they can get dirty, because they will – we'll keep the water and mud obstacles alive. You can never have too many rugrats at the Easter egg hunt so please come. ☺ ☺ ☺

Connecticut Directory (860) 673 1942

Mike = mike@fiscalwisdom.com,
Nancy = nancy@fiscalwisdom.com,
Betsy = betsy@fiscalwisdom.com,
Andrea = andrea@fiscalwisdom.com,
Michele = michele@fiscalwisdom.com,
Maureen = maureen@fiscalwisdom.com,

New York Directory (315) 682 0348

Teresa = teresa@fiscalwisdom.com,
Mark = mark@fiscalwisdom.com,
Jackie = jackie@fiscalwisdom.com
Tom = tom@fiscalwisdom.com,
Josh = josh@fiscalwisdom.com,

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Mike Chadwick's Money Matters

15 New Britain Avenue
Unionville, CT 06085
(860) 673 1942

Torrington, CT
Manlius, NY

Chadwick Financial Advisors Place Financial Advisors

