

## Jobs, Jobs, Jobs

The big debate lately is who is the better job creator, the incumbent or the challenger. This is mostly political nonsense. The government doesn't create jobs, period. Government sets up the rules for a society to run and operate and then entrepreneurs and risk takers create jobs. There are certainly government workers to execute the charge of government but those jobs are paid for by the government, which doesn't produce anything so it in itself is a cost to society, not a net gain. Government functions by taxing producers, producers of income, products, sales, etc.

Government can help or hinder the process, depending on how it behaves and the rules and laws it sets up to run a society. Government on every level can have big impacts from the National scene to State and local bodies. Today we have a National government with zero understanding of economics. Many states share this ignorance, most obvious in the "progressive" places where people are fleeing for more sane pastures down south and in the middle of our country. When government is hostile to business, as they are today on the national level, businesses are fearful of more rules, more costs, more taxes, more red tape and do not spend money, expand, hire people or take on risk. Instead they hunker down and wait out the storm to see what will happen on a long term basis. They hire temporary workers instead of permanent ones. In the past 3 years, we've had temporary workers grow by 1000% for every permanent hire. Businesses are hiring 10 temps for every 1 new permanent hire. This is a sign of how they feel, not confident in the long term. We have 7,000,000 fewer jobs today than in 2009.

When a person or a business does something wrong, the law rightfully comes down hard on them. Whether it was Madoff, Stanford, the oil companies, tobacco firms, banks, computer giants, etc. nobody should be above the law. There are exceptions to this rule – politicians and lawyers are mostly above the law in our society. Our government hasn't had a budget in 3 years, zero recourse to congress? Many our nation's highest level leaders today either "forgot" to pay their taxes or made a "mistake" in doing so. No recourse, if that were you or I we'd be crucified by the IRS.

Continued on page 2, Jobs Jobs Jobs

### INSIDE THIS ISSUE

2. Author Routes Revised; Jobs, Jobs, Jobs
3. Noteworthy News; Question & Answer; Deleveraging (cont.)
4. \$ Quiz; Painful Pill Prices; Exchange Vacations
5. Inspirational Quotes; Capable Kids

## Real Progress

We've seen nothing but bad political developments for a long time now as spendthrift governments push global economies deeper into the hole and closer to the edge. *Things are beginning to change.* We've seen what I think is the beginning of a tilt towards sanity in the political complex in a few areas. Things remain hot and polarized politically but at the end of the day, economics, common sense and sanity will prevail. June of 2012 may be a very historic moment in the fiscal direction of our world.

Over the past few decades we've seen a total disconnect between what the public would like to pay for and what it can actually afford to pay for. Most of us have big hearts and we're benevolent and would like to help anyone, especially someone who is down and out on their luck. This is great for a short term but cannot go on and become generational standards of living for a larger and larger portion of the population. This is one side of the issue and will be addressed soon, hopefully.

Decades ago working for the government was a safe way to go. Government workers never made a lot, they typically made much less than anyone in the private sector in a like or comparable job. These same workers didn't have to push as hard and compete in or for their jobs as they would have in the private sector, so the tradeoff was worth it for many, especially those who didn't want the competitive edge. These people enjoyed wonderful benefits and steady work, low stress levels and easy annual reviews with few having to ever worry about losing their jobs.

Fast forward to 2012 and the situation is inverted. Most public workers now make about 40% more pay than their public sector counterparts and the benefits they enjoy are history in the corporate world, unaffordable by anyone except taxpayers. They continue to have a safety net unheard of in the private world, so much so that even when an administrator wants to get rid of a bad apple worker, it's a multi-year painfully laborious process that is completely unrealistic and pathetic. NYC has buildings full of teachers on "paid leave" that sit in government buildings surfing the internet all day, they cannot be fired but also cannot be in the schools so they burn time and taxpayer dollars with this occupation. This has unfolded because of rigidity and contracts that take state and federal workers out of the world of reality and into an insulated world of government land. In the past 4 years as the recession of a generation has hit most of us and we've all cut back and reworked our spending plans, the government is spending more money now than it ever did. Government benefits are still mostly unchanged at unsustainably benevolent levels, most workers have received raises (depending on agency, geography and local affiliation) and there is no end in sight for the projected costs of health care and pensions for life for all of these workers. What should have happened is that it never should have become so lopsided.

Continued on page 3, Real Progress

The Bar Association is so powerful they can do no wrong and we've come to a place where laws have been twisted and we have zero personal responsibility in our society and people always think "what if." Our political system has come down to a representative of special interests. Those with the most powerful lobbies are the winners in our society, the average schlep and weak lobbies lose. The biggest winners seem to be lawyers, unions, financial firms, Wall Street, drug companies, environmental groups, educational institutions, etc.

When anyone does something wrong, even special interest groups, politicians, lawyers, etc. they should get the same wrath anyone else does. We need to get out of the special interests and protected groups and get back to do what is right for entire country.

I'd like to see some group grill Congress on their job performance over the past few years, the definition of a joke. Check out this clip, Rep Hank Johnson asking a Navy Admiral if one of our islands may capsized due to some soldiers being there, (you can't make this stuff up.)

[http://news.cnet.com/8301-13578\\_3-20001611-38.html](http://news.cnet.com/8301-13578_3-20001611-38.html)

The same is true for many states, while bleeding red ink; they're occupying their days with nonsensical new laws that are nice, but just not a priority. Sadly, the past few administrations have done awful jobs of being stewards of our treasury.

Back to jobs, the government tries to help by making a "program" to create jobs. It doesn't really create them, but they are trying to help. In typical government fashion they're riddled with inefficiencies. We now have 49 federal job training programs. Rather than go and revamp and make efficient the current programs, we just add more to the mess. This is why the government is broke – this is how they think and do business.

In places where they are actually tackling the true problems, which are work rules, flexibility, costs, regulation, tax rates, and predictability in the laws and rules, things are doing quite well. If we could just do this across the board we'd be truly growing and pulling our way out of the recession. We need to allow laws and common sense to dictate our direction, not special interests or pipe dreams.

There are tons of entrepreneurial new American firms that are going to be on a tear once we get past all of this uncertainty. They are the firms that change the game; names that nobody knows today will soon become global dominators. This is how it always works, out of every recession since the beginning of America, we need a common sense set of rules and regulations to allow this to unfold. We cannot grow if everyone is in "hunker down" mode; we need to let loose the animal spirits of our small businesses that turn into large businesses.

## Author Routes Revised

The road to writing a book is changing a great deal in our high tech era. The old school of book writing was you needed to write your book, send it off to as many publishers as possible, hope at least one, perhaps more, would bite and take your book and run with it. This is how virtually all books have been published before e-books came onto the scene. Your book needed to be really good going in, because the publisher is taking on real risks paying the author, paying to edit and publish the book, and then marketing it to the public. I'm sure many great books never made it to the public because a publisher was unwilling to take the necessary risks in the business model. For the publisher, the risks are big, if the book fails to sell the required number of copies for a breakeven; they take a big loss on that chance. Just like any other business, it's all about the batting average. Many will fail, but a few runaway successes will far outweigh the failures in the mix.

That traditional methodology still exists and is the dominant form of publication thus far but the times are changing. Self-publishing is becoming a force to be reckoned with in the digital age. Now anyone with a computer and an internet connection has the potential to be the next big author. You can write your own book, sell it on virtually any e-book platform and just share the royalties with the distributor. A few big name books and authors have been rejected by the mainstream publishing houses but later went viral as a self-published phenom.

This new business model is changing bookselling just like mp3's changed the music industry forever. Sadly, we see many brick and mortar stores closing and books and their associated distribution going online more and more. I was a convert to e-books in the past few months. I'm typically carrying around 5-6 books at all times and it is easier having them all stored on a device or in the cloud backed up to a device. Now I'd prefer to read my books on a phone or tablet or pc for sure and I find myself buying a lot of the books I already own on e-book version just for the convenience of it. The convenience the digital book stored in the cloud plus the fact that they sync wherever you are, consolidate your notes and highlights into the cloud, and even show you what everyone else highlights when reading the books must make it superior to a traditional book.

The other huge gain for the consumer is price. Most of the time a digital book is much cheaper than it's print cousin, but watch out for some bad deals where the reverse is true. You can also gain access to many free and 99 cent books from specials and upcoming authors who are looking to gain an audience before raising prices. The traditional print book sells for \$27.00 and the average price of an e-book is under \$10.00. This economic equation is not going to change so look for the trend in e-book sales to continue to grow and ultimately dominate the space. The 50 Shades of Gray series every woman in the world is now into started as an e-book after 100 publishers turned her down. They're also making movies and accessories following that series. I wonder if it'll eventually have a cult status like Star Wars or Star Trek does today.

## Noteworthy News!!!

- Congratulations to Frank & Faye Cittadino on the release of their new book, Clinton & the Town of Kirkland! ☺
- Congratulations to the Hotchkiss & Lopez families and Mark & Kristina Hotchkiss on their recent marriage! The beginning of a wonderful new life together! ☺
- Congratulations to Tracey Zotta on her new job with Dr's Stone Goldenberg & Dharan! ☺
- Congratulations to Mark Zizzamia on his new job with the Hartford! ☺
- Congratulations to Dr. John Rivera on joining the Southing family Medical Center! ☺
- Congratulations to Carolyn Esherick on her new job at the UCONN Medical Center! ☺
- Congratulations to John & Leslie Gordon on the building of their new home in sunny Arizona! ☺
- Congratulations to Nick & Becky Jolly on their new home in Wisconsin! ☺
- Congratulations to Nick Jolly Ph.D. on his new position at Marquette University! ☺
- Congratulations to the Zizzamia family on the birth of baby Derek! He joins big brother Anthony to round out a very busy household! ☺

## Question & Answer

Ask any financial question you have and we'll address it here.

*Q: Why are there different measures for the price of a barrel of oil?*

*Answer:*

The world is a big place and oil comes from various regions and is a much deeper and regionalized commodity than the three grades of gasoline you see at the pump. There are over 160 different internationally traded crude oils. This is the main reason why you see different prices and benchmarks for the price of a barrel of oil. Most people only think of two popular price standards for oil, Brent crude and WTI.

Brent crude is considered light sweet crude (how oil can be sweet is beyond me) and comes from 15 different oil fields in the North Sea. The flow from these aging fields has dwindled recently and there is somewhat of a lack of liquidity in this market. Traders and manipulate prices of this commodity in this market by buying all available cargo's. This is why Platts is looking at changing the Brent formula. Platts, part of McGraw Hill, is the firm responsible for pricing oil and its Brent benchmark is considered very dated by many in the industry. Brent is responsible for about 2/3'rds of the physical crude pricing.

WTI is west Texas Intermediate, comes from the good old USA and typically the prices between these two dominant pricing gauges have been minimal. Recently tension and supply disruptions in Middle East, as well as massive domestic oil production have caused a historically wide spread. WTI recently traded at \$88.00/Barrel wen Brent was at \$112.00/Barrel.

## Real Progress

*(Cont'd. from page 1)*

That is water under the bridge so the next logical intersections would have been when the big recession hit, all contracts should have been renegotiated with the new economic reality at hand. Things were obviously unsustainable then and addressing the problem at that point would have been prudent. Since that didn't happen, politicians across the country swept the problem under the rug and the government kept doing business as usual. Since government tax revenues are down in every category nationwide the stresses on budgets continue. The stupid band aid approach is to raise taxes and kick the can down the road. They've done this for too many years now and the pressure is so acute on every level that the public workers are now stressed out to the max since there is no flexibility in how the government operates.

Most big budgetary items are off the table in any negotiations as "contractual," so instead of talking about the real problems, health care and pensions and tenure and protection of a few deadbeat workers, towns and localities are gutting services to the bone. They're closing music programs, sports and programs for gifted kids. If they're not closing programs, they're making them pay to play and doing anything else possible to avoid dealing with reality. This is making life miserable for everyone involved and people on all sides are getting sick of the game.

Now that the bills are coming due, there is little room to kick the can now and changes with how things work in the real world are here. Nobody ever considered the rise in the actual costs of health care and the income that would be the base for pension payment calculations when these deals were first inked. If they could have been fathomed, the deals never would have been inked. Since the world evolves and changes over time, so does the need for flexibility and reasonability in long term contracts.

It's been a slow grind getting here but we've arrived. Now it's mostly miserable in public service as every agency is hurting financially and there is tremendous pressure in the system. Losing your job is now reality in government service, but the wrong people are getting fired. We're losing teachers of the year due to budget cuts because of a seniority system.

I know a plethora of these workers and they're mostly all great people. We deal with teachers, administrators, firefighters, EMT's, doctors, and workers from every imaginable state and federal agency including homeland security and even the IRS and state revenue agencies. Many of these people I've known my whole life, we grew up together playing sports and they decided to work on the public side as teachers, cops, firefighters, administrators etc. As time evolved over the past few decades the workers unions gained a ton of political clout with a larger and larger membership base making mandatory payments of dues. Unions then contributed to political campaigns with the workers dues, not their permission or direction, and gained tremendous influence in Washington and state capitals. Does this pattern sound familiar? The same exact game played out in Detroit with the car companies and in Europe with the entire government system.

Do not blame the state and federal workers for where we have landed; blame the unions and the politicians. The workers are trying to get all they can from their jobs, which is human nature; we'd all do it if in the same shoes.

The real change is coming in these issues being addressed head on. They've been hit head on in Wisconsin, Rhode Island, and believe it or not, fiscally insane California in San Diego & San Jose, changing the pension and healthcare game overnight. This rippling across the continent and then the globe is a game changer for all of us and will create a safe, more sustainable system without the boom and bust cycles.



## Money Quiz

This month's challenge is to tell what percentage of Federal spending is Social Security, Medicare & Medicaid in 2011. It was 16% of total spending in 1967. Last month's winner was Gus Stegros; Greece collects 7.3% of its GDP in tax revenue. America collects 15.8% of our GDP in tax revenue. Winner goes to Ruby Tuesday on us! 07/09/12: 10

## Painful Pill Prices

The cost of medications is insane today on every level. You can tell the pharmaceutical industry has a powerful lobby, the prices of medications dictate that since the government has never put their sights on this industry and its pricing practices. There is no question that the costs to develop, research and produce the products are high, but come on? I hear stories for pills that go for \$50.00 each and forget Chemotherapy, \$25-\$30 grand a month for that is commonplace. These numbers are insane and everyone I know in the industry is constantly on the lookout for when the eyes of congress will get on them. It's not a matter of if, just when. They've been powerful in the lobbying world enough to get a special carve out on the new health care law, if it sticks. The original variation of the law required the government to get a special discount for volume. This does make sense, in any other business in the world there are volume discounts, the government is the only exception to this rule where there is no logic, just deep taxpayer pockets.

For the rest of us who have pay for these medications and are at the mercy of the prices, a new discount can be had. There is a prescription discount available through the United Way that is available to anyone directly on the following website:

[www.familywize.com](http://www.familywize.com)

You print the card and present it to your pharmacist and you will get a discount equal to whatever the pharmacy has agreed to provide the large insurance companies and employers. They get a lot of new business through this process by consumers flocking to their stores and are willing to give the same discounts as if you were part of a large employer plan or a large insurance company plan. They also will sell other non-prescription items while the consumers are in the stores so it is a win win across the board. Any pharmacy can participate in this program. This can be a home run if you're paying retail prices for prescriptions. The biggest winner's there will be the people with high deductible and health savings accounts.

The plan will not lower your deductible, but it may save your insurer some money if used and that will save you money over the long term.

## Exchange Vacation

Most people like to travel; I'm the odd exception to that equation. Cup would like me to be a travel lover and maybe that'll change as I get older but for now we only do a trip every few years or she goes with the girls! ☺ For the rest of the population who loves to see the world but either cannot afford to or view it as too exorbitant there are other options.

You can use a home exchange to go and see all different parts of the world on the cheap. The concept is you go and live in someone else's house for a week or a month and they live in yours. To many the concept sounds insane and a complete invasion of privacy, but for others it makes a ton of sense and they cannot sign up fast enough. Historically it's been difficult to find someone who wants to go to where we live in exchange for a trip to a seemingly awesome place. Technology again to the rescue, there are a plethora of sites where hundreds of thousands of people are looking to do just that, exchange their place for yours for a few days to a few months.

It makes sense that the very things we take for granted as boring and mundane are awesomely cool if you're from far away and want to see the states. NYC, Washington and LA are the most coveted places to come to in the US. Second tier places that are not too far from attractions are workable as well.

No money is exchanged for the homes, it's just the cost of transportation and events wherever you are that are the costly parts of this equation.

There are a lot of negotiations that go along with a home exchange. The most important of these is the transportation side of the equation. Do you want someone from a foreign country schlepping around in your car on your insurance? Are they even licensed to drive in the states? It can get complicated but there is help and resources for working out all of the technicalities. I would call your insurance agent to get specifics on your particular coverage's and company before initiating this type of plan.

When you do an exchange you need to ferret out cleanliness factors politely. Few people are slobbers but we all have different levels of what we deem clean. If you exchange with someone less clean, you'll spend part of your first day cleaning and when you return home, you'll clean that too as they don't have the same standards of cleanliness that you do. You also need to plan for cancellations and medical issues. The medical side of this equation can get complicated when you leave the states where we have become spoiled with the world's best medical care. It's just not the same quality or accessibility in socialized systems. Let's hope ours doesn't end up that way!

If the swap family needs to cancel at the last minute for an emergency, the cost of your transportation can be a big factor as well so insuring this makes sense in these types of transactions.

## Inspirational Quotes

- Have a heart that never hardens, a temper that never tires and a touch that never hurts, Charles Dickens
- The most successful people in life are those who have the best information, Benjamin Disraeli
- The true measure of a man is how he treats someone who can do him absolutely no good, Samuel Johnson
- Do not spoil what you have by desiring what you have not; but remember that what you now have was once among the things you only hoped for, Epicurus
- Hope is like the sun, which, as we journey toward it, casts the shadow of our burden behind us, Samuel Smiles
- The man of wisdom is never of two minds; the man of benevolence never worries, the man of courage is never afraid, Confucius
- Truth is like the sun. You can shut it out for a time, but it ain't goin' away, Elvis Presley
- Always desire to learn something useful, Sophocles



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



## Capable Kids

Kids are so much more capable than we give them credit for and we're keeping them "protected" and in a cocoon. This may be the wrong path and allowing them to explore may yield better results. The possibilities are endless here if the kids have a long enough leash to explore and we do not "save" them or bail them out if they fail. They'll be better off living through small failures and pushing forward to find solutions that work. As long as they're not repeating failures those lessons are invaluable in life.

I see young hungry kids on all levels and those allowed and pushed in exploring the possibilities reach amazing heights. Locally we've got a couple all-star middle school students that have hit it hard. One is making albums and selling nationally while another is at the Apple convention making apps for the mobile phone and tablets. On a bigger national stage teenagers are killing it with all types of ventures from jewelry and clothing lines to sports equipment and technology consulting. Ask any adult if (s)he knows how to jailbreak a cell phone or build a website and you'll almost certainly get a no response. Now ask the same questions to any teenager you know and I'm willing to bet the kids are far more capable at technology innovation than the adults are. Old school activities still works too for kids, we all need babysitters and lawn mowing services! ☺

### Connecticut Directory (860) 673.1942

Mike [mike@fiscalwisdom.com](mailto:mike@fiscalwisdom.com)  
Nancy [nancy@fiscalwisdom.com](mailto:nancy@fiscalwisdom.com)  
Betsy [betsy@fiscalwisdom.com](mailto:betsy@fiscalwisdom.com)  
Andrea [andrea@fiscalwisdom.com](mailto:andrea@fiscalwisdom.com)  
Michele [michele@fiscalwisdom.com](mailto:michele@fiscalwisdom.com)  
Maureen [maureen@fiscalwisdom.com](mailto:maureen@fiscalwisdom.com)

### New York Directory (315) 682.0348

Mark [mark@fiscalwisdom.com](mailto:mark@fiscalwisdom.com)  
Josh [josh@fiscalwisdom.com](mailto:josh@fiscalwisdom.com)  
Jackie [jackie@fiscalwisdom.com](mailto:jackie@fiscalwisdom.com)  
Tom [tom@fiscalwisdom.com](mailto:tom@fiscalwisdom.com)

If anyone you love or care about would benefit from receiving our newsletter, tell us who they are and they will be included on our mailing list. They'll certainly appreciate you thinking about them and having their best interests at heart.

Name \_\_\_\_\_ Email \_\_\_\_\_

Address \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ Zip Code \_\_\_\_\_

Name \_\_\_\_\_ Email \_\_\_\_\_

Address \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ Zip Code \_\_\_\_\_

Registered Representative, securities offered through Cambridge Investment Research, Inc. a Broker/Dealer, member FINRA/SIPC. Investment Advisor Representative, Cambridge Investment Research Advisors, Inc., a Registered Investment Advisor. Chadwick Financial Advisors and Place Financial Advisors and Cambridge are not affiliated. Opinions expressed may not necessarily be those of Cambridge Investment Research, Inc.  
Disclosure: Indices mentioned are unmanaged and cannot be invested into directly. Past performance is not a guarantee of future results. This information is for educational purposes and should not be construed as individualized investment advice.

Visit us online at [www.fiscalwisdom.com](http://www.fiscalwisdom.com)



Connecticut Offices (860) 673-1942  
CT Toll Free (800) 843-4513  
New York Office (315) 682-0348  
NY Toll Free (888) 693-8390



**PLACE**  
Financial Advisors

Please think of us whenever you or someone you care for needs the following:

- Stock option analysis, diversification
- Pensions - qualified and non-qualified
- Family Protection Strategies
- Retirement Income Plans
- Investments & Investment Advice
- Business Protection & Succession
- Retirement Plans
- College Funding
- Tax Savings Strategies
- College Financial Aid Strategies
- Required Minimum Distributions
- Debt & Cash Flow Management
- Employment contract negotiations
- Settlement option analysis
- Financial Advice - hourly or annual retainer
- Fee based investment management
- In depth portfolio & risk analysis
- Estate & Income Tax Planning
- Distribution of Assets – IRA, 401(k), etc.
- Retirement Income–Guaranteed or variable
- Income Replacement Techniques
- Widow/Widower Assistance
- Nursing Home Asset Protection Strategies
- Long-term Care Issues & Strategies
- Key employee retention strategies
- 401(k) & Retirement Plan Rollovers
- Philanthropic gifting & charitable planning
- Trust, inheritance and foundation planning

## 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

