

## New Practice Location

We've moved one of our offices, changed our Broker/Dealer affiliation and have more to offer. I'll discuss this in detail on the pages to follow but please be sure to update all of your contact information for us. The Torrington office remains the same but the Farmington office is now in Unionville – just a few miles down the road from where it was. Here are the details of the new office in Unionville:

15 New Britain Avenue  
Unionville, CT 06085

(860) 673 1942 or toll free (800) 843 4513

Fax (860) 673 5177

New email addresses:

Mike = [mike@fiscalwisdom.com](mailto:mike@fiscalwisdom.com)

Sarah = [sarah@fiscalwisdom.com](mailto:sarah@fiscalwisdom.com)

Betsy = [besty@fiscalwisdom.com](mailto:besty@fiscalwisdom.com)

Robin = [robin@fiscalwisdom.com](mailto:robin@fiscalwisdom.com)

We are located just off route 177, in the second building on New Britain Avenue across from Edward Motor Service. We are just about 100 yards away from the "Green Monster" - not the

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## 8 Raises 😊

One of our weekly trivia questions on the radio show was "When was the last time the Federal Reserve (Alan Greenspan & Company) raised short term rates eight times in one year?" The answer was March 1988 through February 1989. Let's reflect for a moment what was happening sixteen years ago in the late eighties..... The real estate market was in a "bubble." We've just experienced the same type of increases in short term interest rates as we did then - and real estate is as expensive as it was then, perhaps more so. Right now real estate seems like a safe, steady thing to buy because it's done nothing but appreciate substantially for the past 10+ years. Remember, when things seem really safe they are actually the riskiest and vice versa. We have such short memories - just five or six years ago when everything technology was going crazy - if you weren't invested in technology stocks you were losing out. Then of course, dot bomb - the collapse of the internet bubble. Half of the population in America lost more than 50% of their invested net worth. Selective amnesia, as I call it - many investors only remember the stock market collapse in 1987 as the last major drop before 2000. That was short lived as it recovered in just a few months and stormed ahead for over a decade. The last real drop in markets to that degree was

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big wall at Fenway park but the big bridge in the center of Unionville.

Why all these changes you may ask? The primary reasons for the change were ownership, control and client orientation. Now we have total control of everything and can make fundamental decisions as to how things are done, what and whom we deal with and we've eliminated internal conflicts of interest.

We don't have any special deals with any monster corporations and nobody is helping me pay the bills - I assume all of the risk as well as all of the rewards and responsibility. We've chosen to affiliate with Cambridge Investment Research, Inc. as our Broker/Dealer. Cambridge is a wonderful organization located in Fairfield, IA. I know, I know, what is in Iowa - lots of corn, one cell phone tower servicing the whole state and absolutely no hills. Just flatlands as far as you can see. It really is beautiful, very different from the New England landscape. I've been researching Broker/Dealers for almost 4 years now and things just recently fell into place to make it all happen. (It takes me almost as long to research a car purchase 😊.) Cambridge isn't owned by another investment or insurance company - it is owned by Eric Schwartz and a few other advisors from across the country.

Our former Broker/Dealer, Park Avenue Securities was a wholly owned subsidiary of Guardian. We will not miss the futile attempts of a giant corporation trying to give incentive to "wholesale their own cooking."

I'd like to give a special thanks for everyone who pitched in and helped move the practice. A special thank you to:

Cupcake, Hannah & Sammy (my precious rugrats) Edward Chadwick (aka Pop), Sarah Morton, Darren Hogan, Fran King, Marty Morris (Guru of all things computer) Thanks to Rich Croteau and John & Michele Ciesco for decorating and outfitting the offices. This task, if left to me, would have resulted in our offices looking like a third grade classroom.

Another special thanks to Sarah - all of the paperwork you've been seeing - those stacks of paper with all the "sign here" stickers and highlighted areas calling for your initials - she is the master of making it all make sense. She has a special challenge to deal with - in the financial industry she is fighting the department of rainforest destruction - a tough opponent. She's winning the battle and we're happy to say we're almost 65% complete with the transition. If you still have that envelope of paperwork sitting in your home, please get it back to us. Soon you'll be getting reminder calls if we don't hear from you.

## **Radio Trivia**

Tidbits of trivia that we cover each week on the radio show - interesting facts, figures and statistics in our world.

- Median paycheck for a worker in the United states in 2004 - \$638.00
- Tax freedom day for those of us who live, work and pay tax in Connecticut - April 28<sup>th</sup>. Wow, ouch - highest in the nation.
- Over the last 30 years, what has been the average interest rate for 30 year mortgages? 9.5%
- How many times have stock returns outperformed bond returns in the past 25 years? 18!
- If you had invested \$10,000 with Warren Buffet, (the Oracle of Omaha) in 1965, what would it be worth in April 2005? Sixty-Five Million - yes \$65,000,000.00 We're not talking chump change here. Average compound rate of return of just under 25%.
- What % of junk bonds (those rated BB or lower) have defaulted since 1981? 28% If you're interested in junk bonds I suggest reading the book "Den of Thieves"



\*Past performance is not a guarantee of future results

## Noteworthy News !!!

Congratulations to Keith & Kim Harkness on the birth of their daughter, Ava on April 23<sup>rd</sup>. ☺

Congratulations to Dan & Kim Albanese on the birth of their son, Dylan Connor on April 2<sup>nd</sup>. Joe & Carollynn now have another grandbaby to spoil ☺

Congratulations to Jason & Jung Manson on the birth of their son, Zachary Andrew on February 17<sup>th</sup>. ☺

Congratulations to Tony & Cecilia Cence on the birth of another grandchild. I've heard you can never have too many of them. ☺

Congratulations to the Grace/McGunnigle Families on the birth of Emma. ☺

Our condolences to Judy Coyle on the loss of her brother Ralph Porter from Indiana.

Our condolences to the Pepin family on the passing of a wonderful father and husband, Fernand Pepin.

Our condolences to the Faunce family on the passing of a wonderful father and husband Fred "Buzz" Faunce Sr.

Our condolences to the Clark family on the passing of the Butler.

## Where We've Been?

In the past few months we've been on an educational bonanza. The following organizations have requested us for financial education: UCONN Medical Center, New Britain General Hospital, Hartford Hospital, Veterans Memorial Medical Center and West Hartford Schools. If you or your group needs a financial speaker and educator, feel free to contact us and we'll try to work it into the schedule.

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in the early 70's. I wasn't even a twinkle in my mother's eye but for those who lived through it, they realize the markets can take decades to recover. If the markets linger for decades how much sense do indexes make? None? Is real estate safe today? Many of our institutional portfolios have profited nicely by real estate in the past ten years - they hold none right now - none. If the institutions that manage billions don't think real estate is a good value today what do you think? I'm sticking with them - good luck.



## More radio trivia

- What percentage of taxpayers prepare their own tax returns? 39%
- What state has the highest income tax rate? Montana! 11% Ouch



## Calling All Schools

We have a wonderful program that is specifically designed for school systems, hospitals, municipalities and non-profit organizations. Any of those entities who offer 403(b) retirement plans can now get institutional asset management. Most institutions offer their employees a menu of options that are mostly annuities with a few mutual funds thrown in. In every situation, the menu is limited to a specified array of investment choices that are based on corporate profits and back room deals, not portfolio performance. This asset management program offers participants the best of class money managers - without bias and without limit - no corporate strings attached. If there is a qualifying money manager out there, they can be a part of the program. If you or anyone you love is affiliated with any schools, hospitals, towns or non-profits they are welcome to call the office for more information on how to gain their organization access to this program. ☺



## Money Quiz

Last month we didn't have any correct calculations - sharpen those pencils, tune those calculators and get ready to figure. The actual cost of renting for five years starting at age 21 to life expectancy is \$14,988,333.32. You would never imagine how five years worth of lost money could change your world. This month's challenge is to tell us how many modifications there have been to the tax code since 1986? The first correct answer will win a free dinner or a free massage. Good Luck !!!



## Indifferent Indexes

Indexes, arguably the most popular investment that folks talk and read about today - are sometimes very different and often not what they're cracked up to be. They're not all created equal and I'd like to use a few commodity indexes to illustrate this situation. Two popular commodity indexes are the Dow Jones Commodity Index (DJ-AIG) and the Goldman Sachs Commodity Index (GSCI.) Although the names sound the same these animals are very different. The Dow version believes that to have a broad based index, one commodity can never occupy more than 1/3 of the index. Goldman believes that each commodity should be represented according to the global production and liquidity of the commodity. Goldman now holds 73% of the index to the energy sector. These differences are just one example of how things that seem the same are actually very different. If you have questions about options or need help navigating the water, feel free to call the office anytime. ☺ \* Indices are unmanaged and can't be invested into directly.

- The best way to get husbands to do something is to suggest that perhaps they're too old to do it, Shirley MacLaine
- Action is the antidote to despair, Joan Baez
- Life is 90% what you make it, and 10% how you take it, Irving Berlin
- Love doesn't make the world go round, it just makes the ride worthwhile, Franklin P. Adams
- Pro is to con as progress is to Congress, Mark Twain ☺

## Auto Acquisition

Automobiles - my personal weakness when it comes to good fiscal stewardship. This month we've had half a dozen phone calls about how to buy a car. Here is the basic prescription on how to buy a car. I take forever to buy cars - we're planning on a new car in 2010 and I've begun the research process already. Cupcake says I'll drive her crazy doing it but she knows we'll get a great car that she'll love at a fantastic value. When you buy a car new, it depreciates exponentially for a while and then levels off - that is exactly when you want to buy the car - as the depreciation curve levels off. I've found that for different cars that leveling point is very different. For American made cars the leveling process happens somewhere around the 2<sup>nd</sup> or 3<sup>rd</sup> year. For Japanese and German cars the leveling happens somewhere around year 5. If the car model you're targeting is having a new model makeover in the near future - wait until that model comes out - the old style models always drop substantially in price when the latest, greatest comes out. Buy the car - write the check, don't lease and pay yourself back what you would have paid the dealer. For more in depth car talk - contact us and we'll help you figure out what to buy and how to buy it.

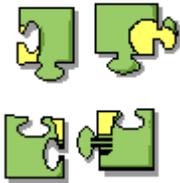
## Chasing Performance

A very interesting study was done regarding investing over the past twenty years. The market, as measured by large cap stocks had an average return over the past 20 years of 11.43% - a return most would be happy to have. During the same time frame, an investor who chased the prior years best performing investments would have experienced annual returns of 7.62%. That difference doesn't seem like much but let us look at how many dollars would be accumulated based on the same number of dollars invested over the same number of years - the only difference being the interest rates. The person who stuck with large cap stocks and invested \$10,000 each year for 20 years would have accumulated \$751,688.50. The same investor who chased last years best investments and also invested \$10,000 each year on the same day would have accumulated \$472,242.68. Amazing results - the chaser would have just over half of the basic stock investor. The bottom line is don't buy what you see in any list of last years best investments. If investing were easy, everyone would be rich - they're not so don't listen to them.

\* Past performance is not a guarantee of future results

## Inspirational Quotes

- Pleasure in the job puts perfection in the work, Aristotle
- Obstacles are those frightful things you see when you take your eyes off the goals, Henry Ford
- Opportunities multiply as they are seized, Sun Tzu
- Not everything that is faced can be changed but nothing can be changed until it is faced, James Baldwin
- Diligence is the mother of good luck, Benjamin Franklin
- Do not go where the path may lead, go instead where there is no path and leave a trail, Ralph Waldo Emerson



If anyone you care about would benefit from receiving this 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 \_\_\_\_\_

Address \_\_\_\_\_

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

Name \_\_\_\_\_

Address \_\_\_\_\_

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

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# Michael E. Chadwick, CLU, ChFC, CFP®

Co – Host of “You’re Money Advocates”

A Live Financial Radio Call In Talk Show

Tuesday Evenings 6:00 – 7:00 pm - AM 1320 WATR (203) 757 1320

**Sarah Morton**

**Executive Assistant**

[sarah@fiscalwisdom.com](mailto:sarah@fiscalwisdom.com)

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

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- Widow/Widower Assistance
- Nursing Home Asset Protection Strategies
- Long Term Care Insurance & Issues
- Key employee retention strategies
- 401(k) & Retirement Plan Rollovers
- Philanthropic gifting & charitable planning
- Trust, inheritance and foundation planning

## Mike Chadwick’s Money Matters

199 Main Street  
Torrington, CT  
06790

15 New Britain Avenue  
Unionville, CT  
06085



Financial Advisors