

Keeping Kids Safe in Cars

With the number of cars on the road today safety of young drivers is a real issue. There are also too many distractions today that take attention off the road – ipods, cell phones, Blackberries (also known as crackberries because they're so addictive) PDA's – all of these things can lead to an accident. Auto insurance costs typically skyrocket the moment you add your teenager to the policy. Kids today need to know how to drive and know it well. My kids are 5 & 6 and I regularly let them "drive" the lawnmower and tractor from my lap, giving them the steering controls and "saving" them when they get close to something they shouldn't be close to. Practice does indeed make perfect and giving kids an opportunity to learn young on any piece of machinery or equipment will help them gain a comfort level and mastery of this important skill. Letting them know what you're doing as you're doing it is equally important. They need to be looking ahead, assuming the worst case scenario will happen every time – I talk to them about everything as we drive down the road, hoping some of it will stick with them and perhaps help them later in life. It is sad that more than 5000 teens die

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Investor Alignment

There is an important relationship between alignments in your investments and managers of investment funds. When you invest in a mutual fund or exchange traded fund, are your interests aligned with the managers of that fund? About 50% of all mutual fund managers own the funds they manage – a few firms are awful at management owning the funds they run - there is little or no requirement for the manager to put their money alongside yours – namely Fidelity, TIAA-CREF, Vanguard, American Century and T. Rowe Price. It's a sad state of affairs when someone is charged with stewardship of a few billion dollars and they don't put their money where their own mouth is. Some of the best fund managers on the planet and some of the better firms have their money right along side yours – some firms go to the extent of not allowing managers to have any money that isn't in the funds. ☺ I like that a lot, it shows alignment of interests and confidence in abilities. ☹ We use funds where manager's money is right along side ours – and our money is right where we suggest you put yours. It infuriates me when Wall Street continues to manufacture new products that the manufacturers do not use themselves. The most recent and disgusting example of this is ETF's – Exchange Traded Funds. These are funds that own a market basket of stocks and or bonds that do not change and can be traded intra-day like a stock and they're popularity is growing exponentially. Mutual funds (open end funds – the most popular funds) can only be traded at the end of the business day, so these vehicles have much more trading flexibility. Closed end mutual funds can be traded intra-day but I don't see many average investors using closed end funds.

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every year in auto accidents and I believe a lot can be done to relieve this. Are the kids ready to drive? If not don't let them get the permit. There is no right to drive at 16 – if given to the wrong kids it's a death sentence. Make responsibility come with the car keys – whether you use good grades, sports participation, help around the house, whatever your criteria. When they drive, give them at least 100 hours behind the wheel with you, your spouse or an adult you trust to give them the skills they need. When they start driving don't let them take passengers or drive at night for a year and don't ever let them smoke while driving. Make it a rule that the cell phone cannot be turned on while they're driving or it needs to be in the trunk so they can't possibly be interrupted with the important business of keeping the car from playing bumper cars with something else. Prohibit electronic gadgets such as ipods, Blackberries, PDA's etc. from going with them in the car or make sure they're off – just another distraction. If they're out with friends or on a date remind them that kids in the back seat cause accidents and accidents in the back seat cause kids. ☺ Don't allow the kids a license just for your convenience – make sure they're safe on the road. Have the kids take a driving course – not only the school-sponsored one that'll save on auto insurance and is mandatory, but a real driving course to learn how to control the car and emergency handling. Here are a few good resources sponsored by car manufacturers:

Audi – www.audidrivingexperience.com

BMW – www.bmwusa.com

Chrysler – www.roadreadyteens.org

Ford – www.drivingskillsforlife.com

GM – www.bondurant.com

Honda – www.midohio.com

Toyota – www.toyotadrivingexpectations.com

and general driving programs for teens:

www.driversedge.com www.drivingmba.com

www.streetsurvival.org

www.masterdrive.com

www.driver.com/topic/8/

www.drivesafer.org

www.teendrivers.org

www.carcontrolschool.com

www.survivethedrive.org

NYSE Closing Floor Space

The New York Stock Exchange has decided to close 20% of its trading floor – the very floor you see when you watch the evening news and they talk about the stock market. This is the area where traders actually agree on what price to sell securities. The move comes in an era when things are being done more and more electronically. The decision will lay off 500 employees and free up a whole lot of very expensive Wall Street square footage. It'll free up 10,000 square feet of what is now referred to as the "New Room." The NYSE will continue to operate human trading in the four other areas known as the Main room, the Garage, the Blue room and the Extended Blue room. Thirty-six thousand square feet will still be actively used for trading in Manhattan. The New York Stock Exchange (commonly referred to as NYSE and known as 'the Big Board') is much thought of today as the last piece of old school Wall Street where things were done in person and not electronically. To see them actually close floor space is speaking very clearly – the future of trading in our world will occur electronically. Imagine in 10 or 20 years when they show what happened on Wall Street in the evening news and they show a picture of a room full of computers – what we would think of as a call center on America's Most Wanted. ☺ How technology changes our world and moves our cheese. In 1792 when the exchange was founded trading took place under a tree outdoors. It's evolved to what it is today and appears to be heading for cyberspace completely. It feels like this is just the beginning of closing floor space and moving trading activities into the realm of computers. The NYSE has recently removed all electronic trading restrictions it previously had, in an attempt to better compete with the likes of competitors trading systems – namely NASDAQ (that weird name is an acronym for National Association of Securities Dealers Automated Quotation System). The Chicago Mercantile Exchange has used this system to ride a new wave of profits over the past few years. ☺ ☺ ☺

Noteworthy News! ! !

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Our Condolences to the Koutouvides family on the passing of Maria Koutouvides - Alex & Stelios' mother – a wonderful woman, mother and friend.

Congratulations to the Brutting family on the marriage of Adam & Melissa. The beginning of a wonderful life together. ☺

Congratulations to the Unwin family on the birth of Braden William. ☺

Congratulations to Beth Campbell on her new position at Watertown VNA & for graduating from her Registered Nurse program.

What Size Car?

Market capitalization measures how much a company is worth – if you wanted to write a check and buy the whole company. We figure it out by multiplying the share price by the number of shares outstanding. Some companies have large values but relatively few employees while others have the opposite problem – too many employees and very low values. In the realm of automobiles we're seeing a takeover – of the whole industry. General Motors has a current market value of 20 Billion dollars – a seemingly huge number. GM is thought to be the dominator of the car world. This is a huge misconception – Ford's market value is 16.5 Billion – just a hair smaller than GM. Some foreign firms are pretty big too – VW has a market value of 33 Billion and Honda a market value of 66 Billion dollars – double VW and quadruple Ford. Where it all gets pretty amazing is where the true dominator fits in – Toyota. They have a market value of 202 Billion dollars. In the past three years while many automakers profits have been halved, Toyota's have doubled and their plans are to own 15% of global automobile production. Toyota's business is worth more than the whole Western hemisphere's car manufacturers combined. If we add up the market values of BMW, DaimlerChrysler (the old Chrysler & Mercedes Benz) Fiat, Ford, GM, Peugeot, Renault & Volkswagen – they just about add up to as much as the value of Toyota. Justified? Quality? Reliability? ☺

There was a very interesting study done based on reports submitted to the SEC (Securities and Exchange Commission) that reveals a sad and aggravating statistic. There are two firms that manage about 85% of all ETF assets in America, a category growing very, very fast now responsible for 360 Billion dollars of assets. That's a lot of money – we're not talking about chump change here – it's huge money and even though the expense ratios on ETF's are very low, there is still a lot of profit in them as they're run by a computer once constructed – it doesn't take any manpower as there is no active management, just a representative sector or market basket of stocks. Here is where the real pain sets in, only 6% of ETF fund managers actually own the ETF's themselves! This is like the owner of the Mazda dealer driving a Chevy Corvette – a slap in the face. It's like the doctor prescribing you a Merck drug for high blood pressure and taking the Pfizer drug for high blood pressure herself because it's better at doing the job. If the product is so good, why doesn't management own it? Perhaps the product isn't so good? A case of someone speaking very quietly with their voice and very loudly with their feet – or in this case their wallet. Be wary of aligning your interests with those of investment managers. ETF's have their place in the world and I think they're a great tool for certain exposures to certain markets – but I believe that the alignment of interests shows a very enlightening statistics – perhaps they should only be employed to use in your portfolio as the managers use them themselves – about 6% of the time. Enjoy the ride! ☺

Dow Best & Worst – 6 years

If you had put \$1000.00 into some DOW stocks on 1/14/2000 – the previous market high – what would they be worth on 10/3/06?

Altria - \$4407	Caterpillar - \$2963
United Technologies - \$2248	Boeing - \$ 2080
Exxon Mobil - \$1817	JP Morgan - \$1752
Home Depot - \$627	Verizon - \$600
Microsoft - \$562	GM - \$545
Eastman Kodak - \$498	Pfizer - \$457
Intel - \$423	AT&T - \$255



The winner of last months' quiz was Mark Danaher – he & Laurie will enjoy dinner on us at Diorio's. ☺ America has 30% of the world's cars. ☺ This month's challenge is to tell me what the stock market, as measured by the S&P 500, typically returns in the third year of a presidential term over the past 56 years. The winner is going to dinner on us at any one of a few select fine dining establishments. 10:30:06

The Iceberg Effect

If you're floating atop the ocean on a cruise in one of today's massive ocean liners and happen to see an iceberg, what percentage of the total block of ice do you believe you're actually seeing? I'd say 8-15%, depending on what study you read. No matter what study you believe or read, it's the vast minority of the whole block of ice. This very same thing happens in the world of finances – people believe things to be true that are not whole truths, or they make decision on less than 100% of the required information necessary to make an informed decision. When you read something about finance, talk to a friend or get any input at all, don't take it alone as gospel as it's likely incomplete. It's always safer to confer with a professional to be sure you're not making a mistake. I suggest you run all major financial decisions by us prior to making that decision. Some of the best-intentioned people make decisions today that are irrevocable and cannot be repaired once done. We can help you steer clear of trouble and run along a path that will ultimately improve your outcomes and get you where you want to be, without any surprises. If anything is on your mind, call or email us anytime. ☺

Company Directory

I can't believe what I just wrote and that such a thing exists here, a company directory – isn't that something for big businesses like IBM, GM & US Steel??? For a long time this business was just me and now it's a real team, together stronger than anyone individual alone. When you send a fax or regular mail (now referred to as snail mail by the computer geeks – I wonder how the postal employees feel about being compared to a snail – I hope nobody goes postal over it. ☺ I'd rather be a snail than a geek) we all get it internally but if you'd like to call and avoid the phone menu or email anyone here is how to get in touch with us.

Mike – phone ext 202, mike@fiscalwisdom.com

Eric – phone ext 208, eric@fiscalwisdom.com

Nancy – phone ext 201, nancy@fiscalwisdom.com

Maureen – ph ext 206, maureen@fiscalwisdom.com

Betsy – phone ext 203, betsy@fiscalwisdom.com

Radio – phone ext 205 if you'd like to make suggestions for the show, guess on the weekly trivia or inquire about the show. Email me directly at mike@fiscalwisdom.com for any radio show inquiries. We're online live every week so it's okay to email me while the show is going, we'll reply to you live on the air if you'd like. My intent is to always keep this practice a very hometown, client focused, fun (yes money can be fun) and friendly place for you to come for advice and counsel – completely unlike most businesses today, especially big businesses – Verizon can you hear me now with this message? If you have any suggestions to help us improve on that front please let us know. If you ever experience anything that is frustrating or makes you feel like we're "getting big" or doing something that displeases you please let us know right away and we'll correct it immediate. It would never happen intentionally and if it ever happens by accident we'll fix it. ☺

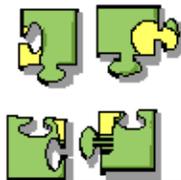
Inspirational Quotes

- Inflation is not all bad. After all, it has allowed every American to live in a more expensive neighborhood without moving, Alan Cranson
- October. This is one of the particularly dangerous months to speculate in stocks. The others are July, January, September, April, November, May, March, June, December, August & February. ☺
- When you are right, you cannot be too radical; when you are wrong, you cannot be too conservative, Martin Luther King Jr.
- Preceding every spectacular achievement is unspectacular preparation, Roger Staubach

Radio Trivia

- How many Americans were covered by a Long Term Care policy in 2004? 6,100,000.
- What percentage of Federal Employees has a “company credit card” – I call this an “Uncle Sam” card? 60% WOW!!!!!!!!!! – do those cards have credit limits?
- What percentage of parents over-estimate the amount of financial aid and scholarship money their children will receive? 92% - PLAN AHEAD!
- What was the price of an ounce of gold 1 year ago today? (10/10/06) Today’s price is \$572.10/oz. 1 year ago gold was trading at \$479.00/oz!

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



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.

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