

Money Matters

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Social Security Inequality?

Educating, advising and inspiring you to a better life

Most of us work all of our lives to try and secure a comfortable retirement. About 26% of us will not live long enough to collect social security. Almost everyone who works today pays into social security. There are some exceptions such as public school teachers, railroad employees and social security employees who have elected out years ago. The cost of social security is 6.2% of your pay up to \$87,000.00. If you are self employed, the cost is 12.4% since you pay both the salary reduction as well as the employer match. The Medicare portion of social security is 1.45% of all of your income, without any limits. The self employed pay 2.9% for both payments. Total cost of social security in payroll taxes is 15.3% for all income up to \$87,000.00.

If you make \$87,000.00 this year your social security taxes will be \$13,311. You'll pay it all if you are self employed and half if you are an employee.

At retirement, the average American will receive between \$800.00 and \$1,000.00 per month. This

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The Patriot Act!

After the terrorist attacks of September 11, 2001 the government passed "The Patriot Act." This act was signed into law on October 26th, 2001. This is a set of laws designed to give the government more powers over acts against the United States. The two basic elements give U.S law enforcement and international intelligence new abilities to "defend" our country. Some things will be changing in our financial lives as time unfolds due to these new laws.

In order to make financial transactions a new set of security measures will be in place beginning October 1st, 2003. In order for people to open accounts and move assets at banks, brokerage houses, insurance companies and other financial services firms, identification will be necessary. This is to track the movement of money primarily to prevent terrorists from gaining financial momentum in efforts against our country. It is likely the IRS will have access to this data so be sure to do the right thing or it may be easier for Uncle Sam to track down the cheaters.



Mortgage Portability !

How would you like to have a mortgage that is portable, one linked to you and not your property. You can get a mortgage today that is at the historically low interest rates we have and take it with you to your next home. E*Trade Financial has recently introduced its "Mortgage on the Move." This option will allow you to move once and keep your original mortgage. When you move you will be responsible for third party costs such as appraisal, title insurance, recording fee's and taxes. These costs will vary based on the amount

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Social Insecurity (from page 1)

system is designed to be a “supplemental retirement” and not a pension plan.

The system is not equal because our glorious politicians have a different “social security” system. Our Senators and Congressmen do not pay into social security. They don't pay into any system, their cost for a retirement plan is, unbelievably, zero, zip, zilch, nothing.....When they retire, they receive exactly what they were making when they were working. Just recently a raise was granted to the Senators and Congressmen. They receive an average retirement benefit of \$15,000 per month. If they happen to predecease their spouse, the spouse receives the same benefit until they die. They are vested in that benefit if they serve just one term in office. They do not need 10 years or 40 quarters of coverage to qualify as we all do for social security.

Why is this? It is because they vote for their own compensation packages. What an absolute joke and insult to the American people. Keep this in mind we pay for this! Our tax dollars hard at work. Voice your opinion to have the system changed so that a board of uninterested parties decides the compensation package for our elected officials.



Investing Nuggets of Wisdom

Defining risk as the probability of loss in the short run is a losing strategy. Common asset allocation mantra wants the public to believe that avoiding short term losses at any expense is indeed the wise mans best way to invest money. It is very important to avoid massive losses, generally greater than 20% because the return necessary to get back to breakeven becomes exponentially greater the more you lose. When investing in anything that is not guaranteed, there will be the possibility and perhaps the likelihood of short term loss. Any investment has risk, even the safest of investments have risk – inflation risk.



Corporate Greed at NYSE

I had a chance to visit the New York Stock Exchange during the end of September. There are no more public tours. You need to know someone to have the luxury of a tour. When you get in, they want all personal information and they perform various checks to be sure you are not a terrorist. The place has more security than an airport. It is a virtual fortress with no traffic flowing around any of the streets immediately near the exchange. The past few weeks have unleashed a plethora of information about the recently resigned CEO of the NYSE. Dick Grasso had an amazing story until just recently. He started working at the NYSE almost 40 years ago and worked his way up to the top job. This is a man who never had a college education. He certainly did a great job at playing politics and climbing to the top of the corporate ladder at the largest equity trading facility in the world. He was recently credited with getting the financial markets open just four days after the terrorist attacks. He was recently discredited with mind boggling compensation packages that he influenced. The job of the NYSE, especially its top official, is to set the example for corporate America on how to do business ethically and for the benefit of the investing public. He had an annual salary of 2.4 million and his additional compensation packages of almost 200 million dollars put him over the edge and he was asked to resign. Is there anything you cannot buy with an annual salary of 2.4 million? At what point does executive compensation get out of control? I believe he could plan well for his future on 2.4 million annually. We all do it on much, much less. There is another recent piece of news that two other top executives at the NYSE have substantial retirement packages coming their way – to the tune of about 30 million dollars.

NOTEWORTHY NEWS ! ! !



Congratulations to Carlene Simpson on winning last months quiz. The answer is 3,474,442.85 days. She and Kevin Johnson enjoyed a meal at Carmen Anthony's in Newington.

If anything special occurs in your life, good or bad, be sure to notify the office and you'll be included in the noteworthy news section of the newsletter. Should the news require advice, you'll certainly get it.



CALENDAR OF EVENTS

FINANCIAL CONCERNS FOR RETIREMENT SEMINAR

PLACE: ANGELICO'S, NEW BRITAIN, CT

TIME 11:30 A.M. 6:30 P.M.

DATE: NOVEMBER 13TH, MORNING & EVENING
NOVEMBER 20TH, EVENING

Educating people on financial issues. This seminar series is for people who are close to, planning for, or already retired. It is also for those who have recently lost a job through layoff or job transfer. How to increase returns without increasing risk. How to increase your monthly income. Beat the investment returns on CD's. *(Last time someone told me they were renewing their CD, they had to pay the bank 1.5% annually for that privilege ☺)* What to do with your pension plan? Stop the bleeding on your investment portfolio. Stop paying taxes on your social security income. How to deal with the issues of long-term health care. Prepare your estate to go to the ones you love and or charity, not the federal government.

Stock Market Stress Relief

Place: Wethersfield High School 10/30 11/6 & 11/36

Learn how to make money in the markets and avoid the pitfalls of chasing performance and technical analysis. Learn how asset allocation will provide safety and security in your portfolio. Avoid the losing strategies and protect what you've worked a lifetime to accumulate.

If you or anyone you care for would like to attend a seminar, workshop or class, please call the office ASAP as space is limited. Each class requires a fee to the town that is hosting it. Call the office for more details on how to enroll for any of the classes.

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Moving Mortgages (from page 1)

borrowed, geographic region and property size. Is this attractive for the consumer? It certainly has some appeal but what are the costs? The price of this mortgage is 3/8 to 1% higher than a traditional mortgage through E*Trade Financial. If you do move and buy another home there are a few other snags. While you are between homes, the loan has no collateral and the mortgage payments may not be deductible. If you buy a new home for more than your first, you'll either have to come up with the difference or get a second mortgage. A second mortgage typically has a higher rate than a first and E*Trade is offering second mortgages at the rate of its first at that time. If your new home is less costly than your first then the loan will be re-amortized based on the term remaining on the original loan.

This program is offered for 30 year fixed rate loans on amounts from \$60,000.00 to \$1,000,000.00. The minimum down payment required is 20% and you may not have a late payment in the past 12 months. If buying or refinancing is on your mind, call the office and we'll discuss what is in your best interests.



Keeping Your Credit Report Accurate

There are three main credit rating agencies today:

- Equifax 800-685-1111 www.equifax.com
- Experian 888-397-3742 www.experian.com
- TransUnion 800-888-4213 www.transunion.com

Be sure to check your credit annually for accurate reporting. Today identity theft can be detected by checking your credit. If something is inaccurate or false, you need to contact the credit bureaus to have it corrected. Don't check your credit too frequently as it will hurt your overall score. If you have old accounts you are no longer using, close them and be sure they are reported as closed by consumer. This is something you can do to protect yourself and insure the ability to get credit as time unfolds.



MONEY QUIZ

LAST MONTHS ANSWER ABOUT THE TIME NECESSARY TO COUNT
YOUR FORTUNE IS 3,474,442.85 DAYS.

The New York Stock Exchange has some stocks that trade with one letter ticker symbols, some with two and others with three. For those stocks that trade with one letter ticker symbols, are all 26 letters of the alphabet used as stock symbols? If so what are the 26 companies and if not what companies are missing and why?

The first person to call the office with the correct answer will win a free dinner for you and a guest at the place of your choice.



Statistical Finance

- 90% of American companies paid dividends in the 1950's.
- 20% of American companies paid dividends in 1999.
- Dividends represented 44% of stock market returns from 1934 – 2003.
- The estimated rise in health care premiums for 2004 is 18%
- 92% of 401(k) participants read every statement they receive. (I think they should save the trees and send less paperwork, period)
- 2.4 million taxpayers faced Alternative Minimum Tax (AMT) liability in 2002.

Insurance At High Altitude

Financial institutions rule the world. Today the lines have been blurred since now many different financial service companies are in each others businesses. Banks, Brokerage Outfits and Insurance companies are all in one another's businesses. Each company tends to do one thing well and the "add on" businesses are there simply to exploit existing clients and increase profits. Unfortunately, some businesses do nothing well. Always try to align yourself with a company who is an expert in their business. Never allow one company to do everything for you. That would be like having all of your assets in Enron!

Insurance is necessary in our society to protect people from harm. Many people hate it, some love it and others are apathetic. Regardless of your feelings, insurance is a very important part of our financial lives. With any type of insurance, you need to acquire it when you don't need it. When you need insurance it is impossible to buy. Think about traveling in an airplane. You are traveling at 600 miles per hour five miles in the sky. If the plane goes down and you don't have a parachute, you'll never need a parachute again. The same is true for insurance and that is why it is high altitude insurance.



Small Business Succession Failing!

Small business is indeed the engine of the American economy. Most small business owners fail to plan for the succession of their business. The problem is that for most small businesses, the business is the founding owner or partners. When people retire, die or become disabled the business often fails because of lack of planning. Many small businesses have no real value after owner departure unless there is a formal succession plan in place. This plan needs to address the new ownership of the business as well as the buyout of the original owner. Only 3% of all small businesses get to the third generation of ownership. If you or anyone you care for would like their business to pass to the next generation, call the office.

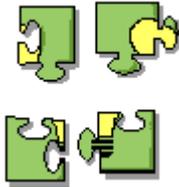
Long Term Care Coordinators ?

Many questions arise concerning the Care Coordination aspect of Long Term Care Insurance. Questions such as: "Is this Managed Care?", "Are the Care Coordinators employees of the Insurance Company?" This brief summary will provide you with the information on what the Care Coordinator does and the benefit to the client. Long Term Care Insurance Care Coordination is a benefit to the insured. The Coordinator has special Long Term Care experience and knowledge to guide older and disabled chronically ill people and their families to needed care. The Care Coordinators are licensed health care professionals such as a registered nurse or medical social worker. They are skilled in conducting a face to face comprehensive assessment and sensitively working with the Insured and family members to develop a needs-based plan of care, arrange those services, monitor and revise the plan over time and periodically complete a face-to-face reassessment. The Coordinator who meets with the Insured also completes necessary certification paperwork that is required by tax-qualified policies. Care Coordinators are independent of both Insurance carriers and direct care providers, so they can be objective and unbiased. Care Coordinators do not determine or pay benefits. The claims analyst interprets the policy and determines benefits based on the Care Coordinator's clinical recommendations.

By: Shirley A. Moore, CLTC, LUTCF

Inspirational Quotes

- Remember, we all stumble, every one of us. That's why it's a comfort to go hand in hand. Emily Kimbrough
- You grow up the day you have your first real laugh, at yourself. Ethel Barrymore
- Knowing is not enough; We must apply. Willing is not enough; We must do. Goethe
- A goal without a plan is just a wish. Unknown
- A hard thing about business is minding your own. Unknown



If you would like anyone you care about to begin receiving this newsletter, tell us who they are and they will be included on our mailing list. They'll also get a note with their first issue telling them you suggested they receive the newsletter. They certainly will benefit from this information and I'm sure they'll appreciate you thinking about them and having their best interests at heart.

Name _____

Address _____

City _____ State _____ Zip Code _____

Name _____

Address _____

City _____ State _____ Zip Code _____

Call us with the information or
Fax this into the office at 860 678 1835
Email us the info to mchadwick@mwfinancial.com

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- Painless Savings Strategies
- Life Insurance
- Estate Planning
- Distribution of Assets
- Retirement Income – Guaranteed or non
- Disability Income Insurance
- Widow/Widower Assistance
- Nursing Home Asset Protection Strategies
- Long Term Care Insurance & Issues
- Key employee retention
- Group Benefits – health, life, disability
- 401(k) & Retirement Plan Rollovers

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