

Avoiding the Flu

Right away everyone is thinking of influenza, the evil little virus critter that gets inside us and makes us miserable for a few days, a week or however long it takes you to fight it off. Unfortunately, that little bug kills a few people. Avoid it at all costs by staying healthy, exercising and taking good care of yourself – the vaccine might not hurt either, ask your doctor. There is another flu we need to be equally worried about called affluenza. The dictionary defines affluenza as extreme materialism which is the impetus for accumulating wealth and for overconsumption of goods and services. Feelings of guilt and isolation are the consequence of the dysfunctional pursuit of wealth and goods. Wow, that is a real issue – why don't we hear more about this? America is the capital of affluenza and is a big reason why many foreign countries hate us – they're having a hard time living, getting food and water and we're here spending \$7.00 on a cup of coffee (referred to as 'liquid gold' by critics) and \$1,000,000 on a fancy car. This affluenza concept has been around for a long time and is also known as the Diderot effect, named after an 18th century

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Wall Street or World Street

With the greed, lying, cheating and stealing on Wall Street in the past 7 years we've seen a new wave of laws, unprecedented in the world – to stop greedy, stupid people from robbing others blindly. This has certainly helped curb abuses, but has also raised the costs of doing business - exponentially. Another portion of the issue is litigation in our country – something that needs to be stopped, limited, capped or something. Class action lawsuits have their place, as do traditional suits, but when it gets stupid like hot coffee, companies think twice about entering the arena of increased costs. Class action settlements in our country were \$3.5 billion dollars in 2005 – up from \$150 million in 1995. Class action settlements are almost non-existent in other countries. Who benefits from these settlements? Lawyers mostly – and most politicians are lawyers so they let the condition persist – if a company needs to pay \$1 billion for bilking investors – each person gets \$35.00 – an amount that wasn't even worth the aggravation and the paperwork while the lawyer gets \$333 million. Houston, we have a problem here. – Washington D.C. we have a problem here. ☹ ☹ ☹

All of the reporting, documenting, insuring and auditing that is now necessary has changed the way capital is raised in our world. When businesses need capital, they have a few ways to raise it – borrow from banks, borrow by issuing bonds or sell parts of the business by selling equity – stocks. When companies look to raise capital they want to raise lots of it for their efforts and also want to keep their costs down. Historically, Wall Street in New York City dominated global financial markets. Now there is a trend going away from Wall Street to global

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French writer Denis Diderot, who spent 25 years editing the encyclopedia. Here is the basic tenant – trading up as your income or socio-economic status rises. Most of us, when in college had milk crates for chairs and the spool from a massive roll of wire as our table. Do you have that now in your kitchen? I'm betting you don't. Once a "luxury" item is acquired people tend to go through all of their possessions and replace the older, less fancy but functional things with new luxury or status pieces. Some call this disease luxury fever. Do you have it? Cupcake and the rugrats buy my ties at Marshalls, TJ Max, Wal-Mart or wherever they're on sale and the best values can be found. Similar ties are sold at Nordstrom and Macy's for \$50.00 - \$100.00 each. We could get 5 to 15 ties for that price – it seems like lunacy to me to buy the "fancy" one with that difference. This is a small example of the affluent flu – affluenza. Minor home improvements can spur an evil downward spiral. Why spend to update, replace, repair, renovate, rejuvenate or renew when nothing was wrong with it in the first place? The old saying "if it's not broke don't fix it" should be heeded here. Are you feeling the need to have new cars, fancy gadgets, swanky clothes or expensive jewelry? If so you may have the bug. I've had the automobile bug since birth, but refuse to fall prey to buying a depreciating toy until we're way ahead financially – and surprisingly we're getting close – 12 years of hard work is paying off – after waiting so long it's not hard to wait anymore.

Affluenza is financially and emotionally crippling if your desire for material things outstrips your ability to pay for them with your own money (i.e. cash, not credit). If you can live the life you want after your savings is in place – you're saving for your future retirement, college for the kids, you're giving generously to your church/synagogue (are you proud of what you've given away to help the greater good?) and there is a sound financial plan in place – go and enjoy the rest. That enjoyment doesn't all have to be blown on yourself, you can do a lot for the greater good too. There are plenty of needy people out there who would greatly appreciate anything you could do to help them. I'm a big advocate of the simple life (not those two dopes on TV, but just living very simply) – not too many material things – enjoy each

other, not the stuff. Stuff can always be replaced, not so with your family. Here are a few ?'s to think through from a great website on these issues, <http://www.pbs.org/kcts/affluenza/index.html>

- I often feel overwhelmed by the amount of stuff I have, and the amount of time it takes to maintain and store it.
- I'm renting a storage facility to store things I rarely use.
- My children seem more materialistic than I was at their age.
- It seems I never have enough quality time with family and loved ones.
- I very often feel rushed, with too much to do and not enough time to do it all.
- I don't feel that I live my life in total alignment with my values and beliefs.
- I sometimes buy something because it's cool or fashionable, not because I love or need it.
- I know I have many more "extras" in my life than my parents and grandparents did, but I don't feel as satisfied about my standard of living as I think they were.

This is a case of the dog chasing its tail – it cannot be caught and just makes you dizzy. People get hung up on what they thought was important to them but isn't, now they're on a downward spiral that does absolutely no good and causes great harm. There is little difference between this and alcoholism – other than driving with affluenza is not illegal. People don't become alcoholics or drug addicts because they like the act, they're trying to dull the pain or escape from another aspect of life that is painful or something innocent grew to an evil habit. Affluenza is essentially the same issue – something that seems innocent and can be fun, but can also become disastrous long term. We see this affliction in a lot of high income, professional households and it's actually easy to deal with once you're ready. If you'd like to talk about this and how it affects you or a loved one, call the office anytime. ☺

Noteworthy News!!!

Congratulations to Paula Gomes on the purchase of her new home. ☺

Noteworthy News!!!

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Our condolences to the Oliveira family on the passing of James father, Jayro Oliveira, a great man.

Our condolences to the Spagnoletti family on the passing of Tina's father, Anthony Diomede, a wonderful man.

Congratulations to Dana & Rebecca Andrews on the purchase of their new home. ☺

Congratulations to Hynes & Danielle Birmingham on the birth of their son, Hynes II, a precious bundle of joy. ☺

Staying Young at Heart

Attitude is everything. Hopefully these tips will help you live a happy, healthy life.

1) Throw out nonessential numbers – this includes age, height, the outside temperature and anything else you cannot control – who cares about what you can't control! (this does not include your money ☺)

#2) Keep cheerful friends – some people can just suck the life out of you – avoid them at all costs.

#3) Learn every day – I ask the girls each night at dinner what they learned – if they say nothing I ask what they did in school, stare at the walls all day?

#4) Enjoy simple things – be thankful for what you have, not what you don't have – it could always be worse.

#5) Laugh – laugh – laugh – often, loud, long & hard. Laugh until you're gasping for breath and you've given yourself an ab workout. ☺ ☺ ☺

#6) Surround yourself with what you love – family, pets, friends, keepsakes, hobbies.

#7) Move on – tears are part of life – the only one to live your whole life with you is you – enjoy each day!

#8) Cherish your health – if good preserve it, if unstable improve it, if its beyond you get help.

#9) Tell the people you love that you love them, at every opportunity. Can you ever hear it too much? NO!

waters – World Street.

The U.S. still has the world's largest capital markets – we currently account for 46% of all trading done world wide. In comparison – 11% of trading volume was in Japan, 9% in the United Kingdom and a mere 1% in Hong Kong. The trend is going against us moving forward, this year we've accounted for 28% of all new equity raised in the world's largest 10 financial markets. In 1995 we accounted for 41% of all new equity raised in the world. This trend may change if investors get burned in less developed, less regulated, less mature markets where there have yet to be any issues with corporate corruption. Companies who raise capital by trading in America alone, or in America and another country typically trade at a premium vs. those who list only overseas. The average premium is 31% for listing in America. That premium is down from 51% in 2001. This premium is beginning to erode in countries that have good corporate governance. It's not all bad news, companies still want access to U.S. Capital Markets. With trading technology it is possible to get U.S. capital even if securities are traded overseas, making for a very competitive and efficient global trading system – ultimately more profitable for us investors.

This doesn't mean Wall Street cannot compete – the U.S. is still the world's largest haven of foreign capital – foreign investors held \$2.3 trillion in U.S. stocks in 2005 - up 77% since 2002. That's greater than the total stock market capitalization of all other markets individually except the U.K. & Japan.

When the emerging markets strength wanes, investors get burned in unregulated and maverick countries and if politicians fix the issues here in America we should stop the bleeding. It's a global world today – whether trades happen here or in Belgium, we can all participate in the gains. We don't want to see what happened to the auto industry happen to Wall Street – let's hope the right things are done to keep us globally ahead of the rest of the world in the financial markets. Although we can profit from markets anywhere, I'd much rather we not only profit from them, but employ thousands of Americans doing it here. No country can duplicate U.S. Capital Markets: we have freedom, stability, liquidity, investor protection and the financial faith of the world. ☺



Last month's quiz went unanswered correctly. You need to step it up a notch here to be the big winner! The 3rd year of a presidential term in office typically returns 23.2%, from 1950 to today as measured by the S&P 500. ☺ This month's challenge is to tell me what percentage of stock market returns, as measured by the DOW, since 1897 when it was created 109 years ago, have come when Congress was not in session? The winner is going to dinner on us at any one of a few select fine dining establishments. RCDOC120506

Global Retirement?

Clearly, many Americans are concerned about their retirement – so are people throughout the world. In a recent survey 7 out of 10 Americans worry about retirement while 9 out of 10 Japanese worry. In Europe they're in the same spot we're in as far as what percentage of people worry about retirement – the thing to think about with Japan is they have the worlds longest life expectancy – 82 years vs. 77 years for us. The Japanese save much more money than we do, but earn far less with it – they currently have \$6 trillion dollars in cash – far too much earning nothing – losing money in fact after you factor in taxes and inflation. Here, we are getting great returns on capital investments around the globe. The worker to retiree situation is worse in Japan than it is here. Studies show that in 20 to 30 years there will be 1 retiree for every worker – a 1:1 ratio – something that will ruin social insurance in Japan. Our media constantly harps on how bad our system is, but compared to other countries we're not doing too bad – we're still light years behind privatized systems like Brazil, but way ahead of many systems that are structured similarly to ours. ☺

The Treadmill

Real estate continues to defy gravity despite obvious signs that things are slowing down, perhaps melting. In the past 15 years nothing has done so well without a hiccup, but things never last forever so be very careful in this asset. While we've seen a decline in residential real estate globally, investment properties continue to soar – I worry about this. It's exactly 10 years ago this week when former Federal Reserve chairman Alan Greenspan uttered his now famous phrase "irrational exuberance." The mortgage market is beginning to swell with risky loans falling behind – the precursor to a foreclosure frenzy. American's who have stretched themselves financially to buy more home than they need or can afford will soon be swimming with legal paperwork. The surge in delinquent mortgages is squeezing lenders and worrying investors worldwide. The U.S. mortgage market is now a \$10 trillion dollar marketplace. The bulk of the pain is coming from higher risk loans, but signs are appearing that this may shift to other sectors of the housing market. Monster financial powerhouse UBS says that it alone has 80,000 borrowers who are behind on mortgage payments – a staggering number. 2006 will set a record for the number of delinquencies – will 2007 set a record for foreclosures? The American dream is to own a home and that's great – just realize that the single family home you live in isn't a big money maker in the long haul. In the past 10 years it's been a real winner, but what about the house you bought in 1986 and sold in 1990 for a big loss? It all evens out over the long run when you factor in the repairs, maintenance, upkeep, remodeling, taxes and insurance necessary on a home - it's a break even deal. Houses are lifestyle decisions, not your most valuable asset as the myth tells us. Housing is indeed a treadmill so don't get hung up on running that endless belt – machines never get tired but humans ultimately do. Ever wonder why banks sell foreclosures for less than street value? They already know this. ☺ ☺ ☺

Inspirational Quotes

- A pint of sweat saves a gallon of blood, George S. Patton
- A life without cause is a life without effect, Barbarella
- A pessimist sees the difficulty in every opportunity, an optimist sees the opportunity in every difficulty, Winston Churchill
- When a man says it's a silly, childish game, it's probably something his wife can beat him at, Eppreson's law
- This is the miracle that happens every time to those who really love; the more they give, the more they possess, Rainer Maria Rilke



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

Radio Trivia

- What percentage of Americans save at least 15% of their income for retirement? 8%
- What facility has the largest stockpile of gold in all of the world? The Federal Reserve Bank of New York – 4 floors underground. ☺ Get your drills ready. ☺
- When was the retirement plan the 401(k) born? 11/10/1981 – the IRS rule created the plan in 1978 – but it took a while to get traction and hit the street.
- What percentage of retirees continue to work in some capacity during their golden years? 77%

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