

Money Matters

Time to Winterize

There have been a few frosty mornings in the past few weeks and it is important to prepare for winter. You should be thinking about having your car(s) winterized if they have not been already. For all of the lawn equipment around the house be sure to drain the gasoline or put stabilizer in it for the winter storage. Get the plow or snow-blower out of storage and tuned up for use. Hopefully it'll get a lot less use than last year. It is time to insulate and seal your home, office and other properties. If your furnace has not had its annual tune up, now is the time to be sure you are running efficiently. Hopefully you have some type of prepaid oil contract where you have a maximum price you will have to pay and have the opportunity for savings should oil prices go down (yeah, right.)



Retirement Planning Misconception

People in America are doing a wonderful job of accumulating assets. Retirement planning is not about assets, but about a monthly after tax income that you can spend and enjoy. I have seen far too many people

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INSIDE THIS ISSUE

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You're Money Advocates...Same Show, New Time, New Station

Our weekly call in radio program will be changing times, changing stations and increasing our reach. The show will begin airing Tuesday Nights, 6 – 7pm on WATR 1320 AM in Waterbury beginning November 11. There is almost a state-wide signal so you all should be able to tune in, educate yourselves, and participate with live questions. There will be weekly prizes and a plethora of information of a financial nature for you and those you care for so be sure to tune in. Enclosed in this issue of the newsletter is a new bookmark for you. If you would like additional bookmarks for anyone you know or care for, call the office and you will have a supply sent to you. If you own or work in a business where there is a waiting room or display space and you would like a supply for the office or shop, let us know and we'll get them to you.



It's Not a Good Time

Everyone is searching for a "good time" to get their financial house in order. The reality is there never is a good time. People in America have what I call checkbook syndrome. No matter how much you earn, there is never enough in the checkbook to begin preparing for your future. I've seen some of you who earn just \$1000 each month and others who earn over \$100,000 each month. The people with bigger incomes simply have different lifestyles, not more money. What is important to recognize is that today's

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Retirement (from page 1)

in my years have incredible account balances, but all to unimpressive after tax income from those account balances. Tax efficiency is what you need to consider when dealing with this issue. I see most people lock up most of their wealth in retirement plans and home equity, neither of which you control. The Government controls the retirement plans and the bank controls the equity in your home. You will be better off diversifying your investments as well as your tax liability on those investments. If you have tax diversification you will have options as to which assets you use depending on the economics of the time as well as current tax laws.



My Trip to New York City

Many of you know I spent five days in New York City in late September and early October. New York is such a different, impressive and beautiful place. It seems as though every building is made of Granite or Marble and extends into the heavens. The architecture is simply stunning. I was there primarily for business purposes but also had the chance to tour the New York Stock Exchange (more on that later.) Most of my time was spent doing the due diligence necessary to protect our investment portfolios. This exercise is more important now than ever before. I also was there to teach. I was asked to come and speak one day to a group of financial advisors from across the country on how I do some of the things I do for each of you on a daily basis. I saw many different investment firms and heard their "pitch." It has never been more clear that not all investments are created equal. Many firms that paraded through were pretty slick, told a great story and looked impressive-but didn't have the bench. They simply didn't have the depth, the manpower, the people necessary to successfully implement the strategy they were selling. Many firms themselves didn't have any real experience. I was amazed at how many of the people only had a few years of investment experience. There were only a few firms that stood the mustard test. It is impossible for a group of ten people in an

office in Manhattan, Boston or Wahoo Nebraska to equal what a global, research centered firm with offices across the world with hundreds of investment professionals can do. Research is the name of the game with investments and how the firm acquires its research really separates the men from the boys. Most firms buy their research. They buy *some* information and make investment decisions based on that purchased information. Other firms only use propriety research. They have people in place to research different industries, sectors, companies, countries and cultures. The advanced firms check the equity research against the debt research and look for inconsistencies. The bottom line is the firms who do the research are worlds ahead of the firms who buy it. There are things that can be learned from doing the hands on work of visiting companies, speaking with executives, employees, customers, vendors, suppliers, etc. that cannot be purchased. You gain a feeling for the integrity, or the complete lack thereof, of the people running the operations. If you buy the research-and only part of the research, you are losing valuable parts of the data necessary to make a knowledgeable decision. You are losing the gut instinct that the people who did the research have. You are also losing the ability to share with other members of the firm what they know on an ongoing basis, unless you want to pay for it again. Many of the things I've been saying for the past nine years remain true and the story is unlikely to change, regardless of the economic or political environment of the time.

The New York Stock Exchange was a very exciting visit. I learned a lot and will share that knowledge with you in subsequent newsletters. The exchange has been closed to visitors since 9/11/01. I had a recommendation to visit and had an invitation extended to me for a group of you to join me in another visit in the future. I will be organizing a trip to city so please contact the office if you are interested in joining me. The streets around the exchange have been closed to motor vehicles as a new security measure. In order to visit the exchange, they require extensive personal information and do a background check to ensure you are not a terrorist or wanted by anyone. The security at the exchange makes an airport look like a trip to the park.

NOTEWORTHY NEWS ! ! !



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Time to sharpen your pencil. There were many incorrect answers for last months quiz. This month should be a bit easier to figure out.

Congratulations to Russ & Jill Sage on the birth of their daughter, Samantha on September 10th.

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



CALENDAR OF EVENTS

SENIOR FINANCIAL SEMINAR

PLACE: NUCHIE'S OF FORESTVILLE

TIME 6:30

DATE: AUGUST 5, AUGUST 7 & AUGUST 12

Educating seniors on financial issues. This seminar series is for people who are close to or already retired. It is also for those who have recently lost a job through layoff or transferred jobs. 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

If you or anyone you know would like to attend any of the seminars, contact the office to get your invitation and tickets now. Please respond quickly as seating is limited.

Good Time (from page 1)

dollars are your most valuable dollars. Lifestyle decisions will determine how financially comfortable you are later in life. A home is a lifestyle decision, not your biggest investment. There has been a myth that a home is a person's greatest investment. A home is not at all an investment, but a liability, a money pit, a place to sleep. Today everyone is chasing status, which I define as buying things you cannot afford to impress people you don't care about. In this endless search for material happiness, I see complete excess. In the valley the homes that are being built are mostly over 5000 square feet and on a .25 acre lot. I see car payments that are \$2000 each month. People have closets that are larger than the bedroom I grew up in. Its important to make the determination between needs and wants. We clearly live in a want society, not a needs society. Our "need" for material goods is costing the people of this country our inner peace. We have more and more material goods, longer life expectancies, and more medical problems. We have exterior wealth but inner unhappiness. Its time to look in the mirror and ask yourself why! Would you behave the same if you were not "keeping up with the Jones'?" The kids don't care what you have, they just want love. Family and friends will appreciate your love more than your material goods every day.



Auto Warranty Fine Print

Most of the cars on the road today carry some type of warranty when they are purchased new. Many cars today have a better warranty when they are purchased as "Certified Used" cars. There are a few pitfalls to be wary of when considering buying a warranty for your car. Does the warranty require you to bring the car to a dealer for repairs? Does the warranty allow the repair facility to make the repair decisions? Does the timeline of the warranty run while the original warranty is running?



MONEY QUIZ

- 1) You just won some type of lottery (lottery is a voluntary income tax and I do not suggest you “play” it – even for 260 Million) and you have the choice of two prizes. Option one is \$1,000,000.00 in cash. Option two is a magic penny that doubles every day for thirty days. Which prize would you choose and what is value of the penny on the 30th day?
- 2) What is section 101 of the internal revenue code deal with?

Email, fax, call or mail your answers to the office. Correct answers will enter a raffle for a free dinner for two.

Investment Return or Investor Behavior?

Study after study has shown that investor behavior is what dictates financial success, not investment performance. Just about everyone on earth spends all of their time trying to select specific securities and “time” the market. In a recent survey of mutual fund investors, the people who invested in bond funds did better than those who invested in stock funds. The reason for this is because of investor behavior. Stock fund returns crushed bond fund returns over the past twenty years but here is the dilemma. The average stock fund investor held his investment just 28 months. The average bond fund investor held his investment 34 months. Holding period means everything when it comes to investing. You did much better with your investments if you bought them at their lowest points during market cycles, but most people do just the opposite, buy the investments at their peaks.

Refunds Too Large

If you are getting more than \$1,000.00 back in tax refunds each year combining federal and state you are missing a great opportunity to increase your wealth. When the government uses your money all year long you lose the interest the money could have earned all year long, this is an example of an “opportunity cost.” Change your estimated payments or your W-4 withholding to put more in your checkbook each month and save that newfound money.

Income Increases

If you get a raise or the income of your business grows, save part of the growth. It will allow you painlessly save and simultaneously enjoy a better standard of living today. This is a habit you want to build early. Many have become very wealthy and happy by not changing their standard of living as their income grows.

Changes in Expenses

When you have been paying for something that eventually ends but is not a debt. Examples of this include daycare, school tuition and medical care. When these expenses disappear it is a great time to begin keeping those dollars for yourself and

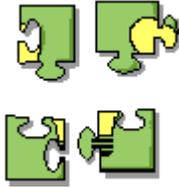
Debt Consolidation

When you consolidate debts by refinancing your home and including other payments such as auto, student loans, credit cards, etc. The amount of your payment reduction should go to savings and investing. If we have not spoken in the past few months, call the office immediately to discuss the feasibility of debt consolidation and refinancing in today’s low interest rate environment.

Information or Wisdom

Inspirational Quotes

- A page of history is worth a volume of logic,
Oliver Wendell Holmes Jr.



Today's technology has done many wonderful things for each of us and as a society in general. I cannot imagine not having email or the internet. I often wonder how we did business without the internet, especially high speed internet. This technology has done our society a great disservice as well. It has provided so much financial information that the average consumer is over informed. So much information is out and about that people cannot tell the difference between information and wisdom. Information is gained by reading, listening, watching, smelling or tasting. Wisdom is gained by living and actually experiencing things. Many of you are very intelligent people, experts in your craft, practice or industry. You have wisdom that cannot be had without living your experience. The same holds true in the world of finance. Many people think they know what they need to know to make the correct financial decisions. If you had a medical problem and needed surgery, would you perform this surgery yourself or would you hire the best surgeon in the land that was available and you could afford? I suggest you doing the same with your finances.

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. 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 _____

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Be sure to think of us whenever you or someone you care for needs the following:

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- Financial Advice
- Investments & Investment Advice
- Business Protection & Succession
- Retirement Plans
- College Funding
- Tax Savings Strategies
- College Financial Aid Strategies
- Required Minimum Distributions
- Debt & Cash Flow Management
- 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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