

Obama Speaks to Kids

It's great that our president takes time out of his mind bending schedule to address the nation's youth. It's been done several times before, and there are plenty of kids who can use a role model and put a high value on education. Many children today value more their social situations, friends, gangs, status, fashion, possessions and looks over their education and how they'll make a positive impact on society. These kids that have their heads and hearts in the wrong places need a great inspiration in their lives, regardless of where it comes from. We all have a responsibility to do this for those around us, not just the president of our great nation. How have you helped or impacted a young person to better him/herself and all of society lately? Everyone today is looking for someone else to fix their problems, the true solution will come from all of us, not one of us and certainly not from our Government. How can you help? What have you done? I'm sure you know of a troubled youth in your neighborhood, church, work, etc. Reach out to that kid and be a positive influence. Most kids just need someone to love them, spent time with them, talk to them and guide them. All kids have a lot of potential to help themselves and society, as long as that energy and potential isn't directed at evil or useless pursuits, the kids have no limit to the good they can do in our world. Without direction and guidance, they can end up in gangs, prison or dead so do what you can to help those less fortunate.

President Obama is a great example of someone who came from nothing to become something. He had a broken family, he was broke, he lived all over the world and he fought a tough fight to

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Inflation or Not!

Inflation has been the word of the day lately. Nothing can happen without talks about inflation and how bad it's going to be in just a few weeks or months or years. As with most things, this is getting much more attention than it deserves. People talk about the 70's when inflation was running in the teens and bank CD's paid 15-20% and how imminently this will return in the near future. Don't hold your breath, I don't think we'll be seeing that again anytime soon, if ever, but inflation may be creeping up on us slowly in years to come.

Inflation is the cost of things increasing over time. Inflation is caused by an increase in the money supply. Think about it, if there were \$1,000 available for trade, things would cost X. If suddenly there were \$2,000 available for trade within the same group of people and everything else were the same, things would cost 2X. This is a very rudimentary way to explain it and reality there are a lot more moving parts, but it is the essence of the concept.

In the past year the government is printing (borrowing) money like mad, so the natural reaction would be to assume we're going to have runaway inflation. If this were the only moving part I would agree, but the economy is much more complicated than that and we have other issues. While the government may be printing money, corporations and households are getting rid of debt, which is eliminating credit and taking money out of the system. This may have a net effect of zeroing out what the government is doing. We don't know yet as the numbers are not in but it seems as though it's doing even more than that and has having a deflationary effect, making prices go down because there is less money and credit available today than there was eighteen months ago.

Prices of many things are lower today than they were a year or two ago – houses, cars, jewelry, virtually any big ticket item is lower today than it was just a short while ago. Some things aren't a reflection of true economics because markets are manipulated beyond what true buyers and sellers can influence on demand. Things such as commodities are no longer supply

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get where he is. He's had some breaks in his life, haven't we all? I'm certainly not proud of some of the stupid things I did when I was a teenager. Had I done them today I'd be on the front page of the newspaper and written off as a loser and a problem child. We all make mistakes and we all have something to add to society if given the proper guidance. President Obama was great at the process of running for office, we'll see how well he actually performs in office as time unfolds. I don't agree with many of his viewpoints, especially this socialist system he's leaning towards, but he's still our president and deserves time to succeed or fail. We'll see how well he sticks to his promises and does the right thing, getting rid of lobby voice, helping the average man and greater good, etc,etc. So far he's not doing so well, but we wait and see he's got four years to prove his meddle.

The weeks and days that preceded the speech to children were full of worry and skepticism about what would this speech be about. Would it be a real inspiration just to stay in school and motivate our children to self actualization or would it be a political commercial to try and sell our children on some foolish idea that we may not agree with. Why wasn't the speech available to adults first to screen and then decide if they wanted their rugrats exposed to it or not? It is such a hot ball politically that it wasn't universally viewed as a good thing, in fact it was just another item to banter over. I was happy our school district, region 10, decided to tape it and decide later. Some schools viewed it, others restricted it, others recorded it to allow the administrators, teachers and parents to view it first then decide if they wanted to expose their children to it. When all was said and done, the speech was pure good, if you haven't read it please do, the text can be viewed at the White House site on the following page:

<http://www.whitehouse.gov/MediaResources/PreparedSchoolRemarks/>

This is all a very pathetic state of affairs about our society, speaking volumes of what we think of our elected officials, even our President. WAKE UP POLITICIANS, nobody trusts you! Nobody is too strong of a word, the bulk of the population doesn't trust the elected officials. If they did, the speech would have been greeted with open arms, applause and universal happiness. The reality was that is virtually the opposite of what happened, people were universally skeptical about the content of the message, but loved the idea of the message itself. You'd think this message would be clear by now to elected officials, we're tired of the same old game of promises and promises of a better day and then nothing happens. The sad reality is that the political game continues on and the best presenter, the best speaker, the best marketer wins the election.

It's time that the people are represented by lawmakers that represent the average man, not the most powerful, wealthy or connected lobby. The pendulum will continue to swing!

Cheap, Green Energy

This is no joke! It seems like one, especially after the past few years where energy costs have gone through the roof, doubling and tripling and killing the budgets of homeowners, businesses, towns, churches, etc. There is a way around this, if you own a home with a lot of sunlight. The CT Clean Energy Fund has a solar lease program to install solar panels on your property with no out of pocket costs to you. That's right, no out of pocket costs to you. If your property qualifies based on its sun exposure, and if you qualify based on your income, the system will lower your electric costs and protect you from the potential increase in energy inflation for 2 decades to come. Here is how the program works:

You go online to the <http://www.ctsolarlease.com/apply/application.php> site or you call them at 888 232 3477. This gets the ball rolling. If everything works, they'll provide you with a low cost lease that is a fixed payment for 15 years. After that period it's extendable for 5 more years. Once that is all done you'll have an option to buy the equipment for the then residual value. We don't know what that value will be, but it should be quite low to zero. There will be a flat assessment across the state and depending on how many Whirs you're system is providing, a multiple of the base assessment.

Once installed, the program will immediately reduce your electric bill. The system needs to be sized correctly and you need enough space to install it, but your electric costs could be wiped out and the utility pays you each year. The way the metering works you don't settle up each month but each year. In Connecticut you'll produce most of your power in the summer when the days are long, but you'll settle your account once a year. If you've provided more juice than you use, you get paid. If you used more than you provide, you pay the utility. It's not a bad deal because the installation costs of these systems is huge.

A solar install can easily cost \$20,000 – \$100,000 depending on the size, etc. but this program makes for a great one because you don't come up with a nickel up front. You only pay the fixed lease costs and win from month one in reduced monthly costs. In the end you win huge once you own the system because all of the energy you're getting is free. The systems can last 40 – 60 years and require very little maintenance so look into this. You know I'm all about saving a few bucks and this allows you to do that and preserve your capital for another day. You can save \$50,000 easily in a lifetime of electricity use with such a program, perhaps much more depending on what utility rates do in the future.

This is the only lease I've ever seen that was in the consumer's best interests. Typically in leasing you're getting robbed in buying something you cannot afford, but the tax credits, government subsidies and overall structure make this a good lease for consumers. That should be included in the dictionary – a good lease for consumers. ☺

Noteworthy News! ! !

- Congratulations to Dan Albanese on the start of his new and second business, Torrington Wellness! ☺
- Congratulations to Matt & Amanda Johnson on their marriage – the start of a beautiful life together! ☺
- Congratulations to Don & Joline LeBlanc on the birth of their second grandbaby Bayley Rose. She joins Makayla Marie! ☺
- Congratulations to Geoff & Jennifer Klein on the birth of baby Whitney, their first rugrat! ☺ (I LOVE the name)
- Our condolences to the Daggett family on the passing of Patti's father, a wonderful man, husband, father and grandfather.

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Houses for \$7,000

We're all looking for a great deal on a home. You see ads on television showing you can buy a foreclosed home for \$199/month or some other ridiculously low number and immediately discard it as nonsense. This \$7,000 home is absolute reality today.

The deals I'm seeing are both in the ability to buy houses cheap, and this cheap requires you to go to the inner city, or on paper. Mortgage backed securities now have pools of money trading at pennies on the dollar and the translation comes down to this, each home is worth only \$7,000. We all know any home is worth more than \$7,000, even if it's in Hartford, Vegas or Trenton. I have a buddy from the south who always jokes about us northerners claiming to be better than southerners and he says, what do you have over us? Detroit? Big deal, Detroit is nothing more than two Trenton's! The opportunity today is mind boggling, even in some forms of paper real estate. These deals come in the form of mortgage backed securities that have been packaged and sold to investors. Buyers are able to buy things for 5 & 10 cents on the dollar. I can assure you, these homes are worth more than 7k each. Even if you sold them cheap for 20k each, you've tripled your money and the buyer can make money from there. The first smart buyer we've seen on these "toxic assets" is Residential Credit Solutions in Fort Worth, TX which recently paid \$64.2 million for \$650 million worth of home mortgages from the FDIC in the collapse of Franklin Bank. That translates into 9.87 cents/dollar for each mortgage the bank had. My seven year old Samantha can tell you that this is a no brainer. There is no way the bank overwrote 90% of the mortgages so expect Residential Credit to make a killing on this in the coming years. The FDIC should keep this stuff and taxpayers could profit. They're government and don't understand profit. ☺ ☺

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and demand based, but more based on where institutions believe they can make a profit. Gasoline and fuel are clearly lower today, but not all commodities are, many precious metals are at all time highs for a lot of reasons. The primary reason most people look at the precious metals today is the inflation argument – they typically do well in an inflationary environment if they're purchased at attractive levels. Today's levels are anything but attractive as many are at their multi-decade highs. This argument was also born when the dollar was backed by gold, which it hasn't been for decades so the validity of the argument is questionable today at best. It does still have some validity but nowhere what it once did.

I would call this old school finance and in this day and age old school may no longer have much merit. Over the weekend we brought the rugrats to the fair with some friends and in the car on the ride over I was told my music was old school. This is comical because I'm still 18 in my head, but the youths think I'm a relic. I know this will only get worse so I will change to keep up with the kids and be as hip as possible to keep the lines of communication open.

The Government's view on debt is that it's taking on big debt now to avoid a complete economic collapse as corporate and individuals in America work to repair their own balance sheets. This is true, and most of America had very strong balance sheets coming into 2008. The theory continues in that once people are willing to again use debt and leverage the economy will be healthy enough to then help the government reduce its own balance sheet and take the newly printed money off the streets. It works great in theory but we'll have to see how things actually unfold and massage the numbers and the fiscal policies as the events occur.

The primary thing with investing is to buy low and you cannot buy commodities low today so don't spend too much of your time thinking about this. Even copper is telling it's tale today. We have Copper selling at \$2.6715 a lb on Oct 5th. The June 2010 futures contract is a \$2.70/lb. The August 2011 contract is at \$2.6785, showing the market believes commodities have seen their highest days in the next few years. It's something we're keenly aware of and always keeping our eyes on, but nothing that needs to be addressed just yet.

Here We Go Again

There will be no Nativity Scene in Washington this year! The Supreme Court has ruled that there cannot be a Nativity Scene in the United States capitol this Christmas season. This isn't for any religious reason. They simply not have been able to find three wise men in the nation's capitol. A search for a virgin continues. There was no problem, however, finding enough asses to fill the stable. ☺ That's funny, I don't care who you are!



Money Quiz

This month's challenge is to tell me what percentage of workers who have access to a retirement plan at work declined to participate. Last month's quiz was won by Peter Buckley, 3,630 bankers were sent to jail between 1990 – 1995 in the wake of the Savings & Loan fiasco. The winner will enjoy lunch/dinner on us at Chili's. 092109:09©

Gag Orders

For the rugrats all it takes is a dish of healthy adult food to make the gag reflex work. For adults it typically takes a lot more to elicit the same physical response but we're all different so to each their own. Here is something likely to make all of us gag. As the dim bulbs in DC, Connecticut and some other states mull over a plan to change (not improve, just change, likely hurting in the end) health care (while not addressing the major causes of its ills – jackpot justice and painfully out of shape Americans - what a joke, let's change things and not fix the core issues) they are now telling whom what they can say to educate the public and barring others from fair communications.

Humana is a health insurer who provides Medicare Supplement plans for seniors and they've been given the gag order by our government to prevent them from educating seniors on how plans will reduce benefits if they pass currently considered legislation. This gag order has come under the "misleading and confusing" tag as if anything a lawmaker writes isn't both misleading and confusing. Those of us charged with translating lawmaker speak to plain old English are all faced with this conundrum – how to make it understandable to the average citizen. AARP has a special exception to the gag order, just because they are politically lined up with the powerful lawmakers and agree to the terms, so they can say whatever they want to further the cause and get this health care change passed into law. **AARP isn't in your corner!**

Make no mistake, if health care changes the way they're talking about it now, the government will be rationing care and you'll be a poorer, unhealthier person because of it. If they're going to make changes, it should be well thought out and for the greater good, not rushed into reality for the good of a select few and for political gains. We have such dumb @\$ses making the rules.

Today's technology is so good there is no point on cheating, stealing or doing anything else illegal. You will get caught, it's just a matter of time. There is a great scene in the movie "Liar Liar" where Jim Carrey is acting as a criminal attorney and can't lie for 24 hours and he is incapable of performing his job because he needs to twist things to win the case – during this period he yells at a client who calls in who was recently arrested for something and he screams into the phone to "don't break the law @#\$@##*" because he cannot tell a lie for the day. Normally he'd have been politically correct and told the dope what he could do to get him off the hook but this time the guy received the bottom line, don't break the law dummy.

In the real world, the IRS has recently extended its deadline to declare foreign bank accounts that have never been declared or taxed since foreign banks don't send the IRS 1099's. It's ludicrous to think that money you earn isn't taxable and never believe income tax is unfair or unconstitutional because you'll end up in jail. Be thankful you've made the money and do whatever you can legally to reduce the tax through the tools we have, then just pay your fair share. The old deadline to declare foreign accounts has been extended as the IRS is seeing many people come out of the closet and admit they had offshore accounts. The recent political fiasco between the IRS and foreign banks has ultimately ended in the banks agreeing to hand over names of account holders that reside in the US.

Estimates vary, but the best guess now is that over 52,000 accounts exist in foreign, undeclared banks with assets totaling some 10 billion dollars. This is a pile of cash Uncle Sam and the states are drooling about being able to tax. So far in 2009 3000 taxpayers have come clean, compared with just 88 in 2008.

The IRS has come up with a package for those who come clean and they'll owe back taxes and interest, plus a penalty of 40-60% of the account balance, plus legal and accounting fees. That sounds bad to me but in general IRS speaks that's a very generous offer. Often the penalties cause amounts to go up by a multiple of the original tax, so this is indeed quite benevolent. They're also implying, but not formally saying, there will be no criminal penalties. The IRS handles about 1000 criminal cases each year and the resolution center they set up in Philadelphia is already overwhelmed with correspondence.

In the big health insurance debate currently all over the place, the mandate of having insurance or paying a fine is really an income tax, not a fine. The IRS has said they'll pursue anyone who doesn't pay this fine, if enacted into law, as a tax evader. Be very wary of what you're told, if this act becomes law and you don't pay the fine, you're essentially an income tax cheat. Why don't they just tell you the bottom line? Why must things be sugar coated or slanted? ©

Inspirational Quotes

- I've never seen a monument erected to a pessimist, Paul Harvey
- Memory is more indelible than ink, Anita Loos
- Nothing but heaven itself is better than a friend who is really a friend, Plautus
- Love is the outreach of self toward completion, Ralph W. Sockman
- Today's mighty oak tree is just yesterday's nut, that held its ground, David Icke
- Conservation is a state of harmony between man and land, Aldo Leopold



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

Kids Korner

Educating our rugrats is a system in which we have all different flavors of choice – public, private, home school, regional, magnet, charter, etc. Charter schools are basically nonexistent around here but they're gaining steam in many parts of this country and they will likely reshape K-12 education in America. Teachers and administrators beware, the way you are used to doing business, especially in Yankee New England, is about to change. We don't know if it'll be in 2 years or 20, but this is a freight train that cannot be stopped. It's time to embrace the things that are happening in charter schools across the country and implement them here, now. Making changes now and doing business in an innovative fashion will make the coming debate less powerful, in favor of our current system and less likely to kill the existing infrastructure. If you haven't been keeping track of this do so now, it's just a matter of time before the wave hits us. ☺

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