

Funny Money

There are a lot of changes happening to our currency as of late for a plethora of reasons. The treasury has recently given the \$100 bill an extreme makeover, making it much more difficult to copy or counterfeit. The fight against criminals and other governments continues, as we advance again the technology and composition of the bill. I don't think that foreign governments are in the counterfeiting game anymore as in history, but you never know today with all of the nut cases out there. There are colors, watermarks, virtual holograms with three dimensional security ribbons. The three dimensional security ribbons will show an image of bells when viewed with a certain light, but when the bill is moved the image shifts to 100's. The inkwell will also change colors, from copper to green as it's moved and the light hits it at various angles. That's high tech stuff for a bill, I'm impressed. This isn't the first bill to get this technology; the Swedish 1000 Kroner note already has the technology embedded in it. The producer of the cool money technology is a Dalton, Mass based firm named Carne & Company. Good old Ben Franklin will still be the man in the middle, but on Feb 10th, 2011 when these bills start circulating it'll be a game changer for the bill.

It's time has come, the \$5, \$10, \$20 & \$50 have all gone through similar makeovers in the past decade and now it's time to move up the ladder to bigger, more valuable currencies. The treasury reports that there are 6.5 billion \$100 bills in circulation, almost 70% of those bills outside of the U.S. That's amazing to me, 70% of the circulation of the bill is outside of our borders. That speaks volumes for how the world trusts the dollar. With all the talk of recent years of the dollars demise, I just don't see it in the cards

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Greek's Gluttony

When you're a small European nation who has been unable to contain spending, are very unfriendly to business and give the store away to employee unions you go the route of Greece, you go bankrupt. Luckily, they're a very small player on the global stage, but the process should send shockwaves through the minds of leaders across the globe on how not to govern your country, state or town. I hope other leaders are watching too, because if people are not careful, prudent and responsible, this series of events will likely unfold much closer to home, especially in Los Angeles, New York, New Jersey and California.

It is true there is a lot of corruption in Greece in a modern day mob mentality with crooked leaders and politicians. There is one of the highest taxed economies of the modern world, where the government takes 33.5% of GDP in the country. Uncle Sam takes 28.2% of GDP here in America, but with the handouts of late happening virtually every day, look for that number to grow as time unfolds.

Now the blatant truth, this is going to wind a lot of people up, but there is no point in beating around the bushes any longer with this, it's getting too painful to watch every small town try to pass a budget, failing time after time while they attack the wrong issues. Here is the deal with most modern public budget issues, going from small town America to countries across the globe. Employee unions in 2010 are the epitome of absolute greed and are totally out of control. Unions were huge assets decades ago when there were real abuses of people in the workplace. Unions protected people from not getting paid, from being abused and injured on the job, from taking undue risks and working in unsafe work conditions. Today there are other laws protecting employees from such atrocities happening at the workplace so the basis of the modern day employee union is simply economic and political. It's no longer about doing the right things; it's about power, and getting money and perks for the members and their bosses. If you could see the intimate details of pay packages of union bosses, which resemble that of corporate CEO's, you'd feel much different about unions and their role in society than you likely do.

Labor unions are very powerful today, and the result of them pushing their political clout all around the globe has resulted in broke governments everywhere. Greece exemplifies what happens when small minded leaders kowtow to such political games; the entity goes bankrupt. Today labor unions are nothing more than legalized extortionists. Greece is just another casualty and will not be the last until meaningful change is made. General Motors and Chrysler were the examples last year because weak executives couldn't or wouldn't go up against the unions to be competitive on a global level for decades. Competition cured those issues as Japan cleaned the clocks of domestic automakers. Had these people spent more

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anytime soon, especially with the Greek and European meltdowns on the sidelines. Isn't it funny how just a few short months can change everything? I can remember within a year of today, one of the biggest talking points was that of the declining dollar and how it's no longer going to be global currency of choice. Oil prices were going gangbusters and other countries seemed to be in a trajectory to one day overtake the U.S. as the dominant global economy. That is all a far off memory today. We'll see how the landscape unfolds in the coming years, that scenario will likely be a topic of conversation again in the next few years or decades.

The old bills will continue to be accepted until they wear out and the bills have a lifespan of 7-8 years. These bills, along with any other currency, are likely the dirtiest things on the planet as millions of people pass them along. The new higher tech bills cost a little more to make, the new bill will cost Uncle Sam 11.8 cents to make, a 3.8 cent increase over the current 8 cent price tag on the current bills.

Not only are there changes at the higher end of the currency ladder, there are changes at the low end too. The coins in our world are soon in for some makeovers as well. The genius of our government is currently paying 2 cents to make a penny and 9 cents to make a nickel. Finally, someone is addressing this issue and working towards something more efficient. Did I just use the word efficient in referring to a government operation? Holy cow, nothing ceases to amaze me! ☺ This could be a very good sign of things to come, government working towards efficiency.

A penny isn't really a copper coin; it's a zinc token with a copper coating. The nickel contains more copper than it does nickel. That's comical, but it's the reality of composition of the coins. There are some out there who hold an emotional attachment to what the coins consist of, but the bottom line is that they need to do whatever is necessary to make the coins work and be cost efficient. Part of the challenge in changing the composition of the coins lies in making all vending machines, toll booths, etc. continue to work with the new coins. Makers of such devices detect the weight and metal composition of the coins so a big change in coinage could cause a big expense for the makers and users of mechanisms designed to accept coins.

As the debate heats up on what to do with the penny and nickel, we should probably be talking about doing away with the penny. A penny doesn't really buy anything anymore, neither does a nickel. Dumping both may make sense but the only real function these coins serve today is to make change and allow more change in prices. It seems logical to me that prices can be moved to the closest nickel or dime and it would save the government a small fortune in costs. We may one day have an electronic only penny society and a nickel or dime only real world currency. ☺

Thursday May 6th

This was a weird day to say the least. I'm in the midst of a normal day just making trades, doing the typical things I do every day. Things seemed quite normal until around 2ish, then things went awry. I saw the market go from a normal day to a horrible day in front of my very eyes, virtually minute by minute, second by second. The day was off, we were down a few hundred points most of the day, and then in a matter of minutes we were down 1000 points. I knew something was wrong with the computers when Proctor & Gamble went from \$60.00/share to \$.01/share virtually instantly. I had no idea what was wrong, but at that price I tried to buy 1,000,000 shares. ☺ Opportunistic as always, but it just didn't work. That's too bad since it closed the day back around \$60.00 that would have been a heck of a day, dropping 10k and turning it into \$60 million in a day! ☺ That's about as likely to happen as me drowning in a teaspoonful of water. I'm statistically more likely to get hit by lightning, bitten by a shark and stung by a fennel web spider in the same day! ☺ The trades that were off due to erroneous pricing on May 6th have been reversed by the exchanges to level the playing field. Many people did profit handsomely, until the trades were cancelled. This was the right thing to do.

What really caused the actions of May 6th? The real answer is that we still don't know. I thought for a few minutes people were actually having another meltdown like in 2008, but I knew that wasn't the case in a half hour when the market was back. The Greek fiasco isn't news, we've known about that for months, people are just using that as an excuse to try and describe the daily market behavior, which is a joke anyway, so ignore the day to day minutia. Is trading a billion shares instead of a million shares by accidently pushing the wrong button as an explanation for the day? I doubt that, stocks don't trade that many shares/day so that trade isn't a plausible number. Making that mistake could be done, especially when traders make thousands of trades every day but it just likely wouldn't have been executed in reality. Even highly traded stocks have an average daily volume of just a few hundred million shares/day, not billions. It typically takes a lot of time, and traders working the system to make those size trades go through. Little guys like me use traders because just trading a few million shares sometimes moves securities too much so we'll have traders work our trades too; but it's a manual process and although it shows up in daily volume, it doesn't have an impact on price that day. Many shares exchange hands this way in the institutional world. The likely explanation of the day is a combination of computer issues, various exchanges with and without circuit breakers, and different regulation for various trading systems. We'll be sure to see Congress pulling in exchange regulators and traders for the next round of grilling in the near future. When we know the real cause of the day's odd behavior, I'll share it with you. ☺

Noteworthy News!!!

- Congratulations to Mary Beth Johnson on receiving the Nightingale award for excellence! ☺
- Congratulations to the Patel & Cipriano families on the birth of baby Nina! ☺
- Our condolences to the Hotchkiss family on the passing of Russell W. Hotchkiss Sr., a wonderful man, husband, father, uncle, grandfather and friend to virtually all of Thomaston.
- Congratulations to the Hart family on the birth of baby Jordan, rugrat # 2 in the family. ☺
- Congratulations to Rodney & Linda St. Pierre on the purchase of their new home! ☺
- Congratulations to Sean & Brooke Cheney on the purchase of their new home! ☺
- Congratulations to Jennifer Kelley on her new job! ☺
- Congratulations to the Geddes family on the birth of baby Kody Alan, rugrat # 3. ! ☺
- Congratulations to John & Shirley Fodor on their recent retirement – doing it together is the way to go! ☺

Oil Prices, Supply & Demand vs. Trading

The markets have historically priced commodities such as oil based on supply and demand. Higher demand causes higher prices, and vice versa. Today we live in a world where prices can be manipulated by trading pressure as well as, and perhaps in spite of, supply and demand. Today oil sits at 75.07/barrel, down around 10.00/barrel in the past few weeks despite the world's largest oil spill unfolding in the Gulf of Mexico. A few years ago when the oil prices were around 150/barrel any news of the slightest issue sent oil prices going haywire. The possibility of a hurricane in the Gulf caused a spike in oil prices of 20%. Today despite real, sizable issues, prices are falling. This is only because there is not a supply and demand driven price today, the world is awash with oil and prices are way overblown. Prices will likely continue to fall, despite the issues we face. Domestic refinery utilization is down to 81.9%, off over 15% and prices continue to fall. It is estimated that 100 million barrels of middle distillates are stored in tankers at sea in port in the U.S.

Trading can happen in a lot of different forms, but for oil there are business reasons to trade it and that can really impact pricing. With the volatility of pricing in the past few years, everyone from trucking companies, airlines and other users have been hedging oil to protect their business. It's now at a point where trading is driving prices, not supply and demand. This will come back to reality as prices of energy become less volatile. Expect it to take a few years. ☺

Greeks Gluttony *Continued from page 1*

time building good cars instead of asinine work rules, that process never would have unfolded and the domestic auto industry would be on top of the world, not staging a comeback from hell. The very nature of union contracts that lock employers into fixed expenses, benefits and raises forever that have unknown potential costs are ludicrous. Making these issues contractual so a town cannot pass a budget and force that town cut everything else in a town is suicide for society. Benefits are the perfect example, decades ago benefits were inexpensive and a nice perks for employees whose costs were negligible. Today benefits are often 25-30% of payroll plus pension costs, which can be another 25% of payroll. Employees know they're blessed and are well aware most of the population has nothing like they do and would be happy to work with government to make things fair, but union bosses will have none of it. We even see when union employees want to volunteer for local nonprofits the union forbids it, who on earth came up with this and who agreed to it, this is insane?

By inking contracts that escalate forever on an unknown future cost against fluctuating revenue is a guaranteed way to ruin. To see public employees keep their pay rates level for a year or two, acting as if these are painful concessions, while benefit and pension costs go up 20-30% annually is also a joke. They're effectively getting 20-30% more from the town, state or federal agency, just not in the form of paycheck pay, but it costs nonetheless. So when raises happen and other costs go through the roof the effective increase can be 20-30% annually? This is why governments are broke. The only way to fix the problem is to stop the entitlement mentality of unions. The current system of the best medical benefits in the world, defined benefit pension plans and forever increasing wages better than the private sector are absolutely unsustainable. There needs to be an abolishment of the unions or a starting from scratch of the employment agreements. The whole concept of union concessions are also a joke, who ever deemed public sector employees the chosen ones with unlimited resources while the bulk of the population has no pension, high deductible benefits and will retire on social security of 1100/month. Public retiree's have pensions 4-10 times that of social security, sometimes plus social security, plus medical benefits for life. My nine year old could tell us all it's insanity. This practice has put for profit corporations out of business and it is soon to put governments out of business unless addressed now.

Here is how we fix the problem; it's painful but its reality. Public sector employees need to get paid well below private sector wages if they wish to keep the benevolent benefits currently offered. They need to have their jobs performance based, and jobs are not entitlement. No more long term contracts, everything is negotiable. If the employees prefer to keep their pay levels where they are, they need to do away with the defined benefit pension plans and change the medical benefits to high deductible plans and expect no increases for several years and no increases in recessionary times. I work with many truly blessed individuals who have government pay and benefits packages. These are great people with very difficult jobs, and they know just how lucky they are to be employees of the public sector. It's now time to stop just going after more, bankrupting the government isn't a solution for anyone. CEO's and unions must both come to reality.



Money Quiz

This month's challenge is to tell me what U.S. State the economy of Greece is equal to in GDP terms. This will put the European fiasco in perspective. Last month's quiz wasn't won again, come on people! ☺ Earnings for S&P 500 companies were up 79% from last year at this time! The winner will enjoy lunch/dinner on us at Ruby Tuesdays. ☺ 051010: 13

Too Big to Fail

I agree with the whole concept of a company being too big to fail is not healthy for the economy or the world. As the dim bulbs in Washington run everyone through the Congressional ringer, except the politicians causing most of the cancer. Big businesses are everywhere, from Banks to Investment firms, manufacturers to pharmaceutical firms. Breaking them up may be good for everyone long term, and that may come to pass with the public furor. The financial meltdown is still in people's minds, and the politicians are trying to make banks pay for the bill, but what about making politicians pay? Politicians make laws and destroy a lot of things, and they're often excluded from their own laws. Congress shouldn't be allowed to do this anymore. It's time to put the crosshairs where they really belong, in the politician's faces and in their flawed creations of Fannie Mae & Freddie Mac. Both are the biggest and "baddest" losers of the financial world, making AIG, Bear Sterns & Lehman look like raindrops in a pool. The Obama administration won't put them on the federal budget, fearing how it'll impact the already pathetic numbers. That's a joke too, taking real expenses and not putting them in the budget? Why do we have the budget in the first place?

What's become too big is the government at every level and their flawed policies. Real estate values, Wall Street ethics, and bank lending practices had issues, but are now on the road to recovery. What about the flawed policy of everyone should own a home, regardless of whether or not they can afford it? It's time we push for real accounting and real change within Freddie & Fannie, it's likely time they go the way of the dinosaur. They just recently asked the Feds for more money. They lost 8 Billion in the first quarter and the government raised the cap on taxpayer bailouts to them from \$400 billion.....to infinity. That's no joke, to infinity. This isn't about right or wrong or reducing the risk in the financial system, it's all about politics. What cost is too much? We're past that point, we need fiscal responsibility. ☺ ☺ ☺

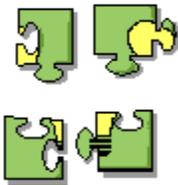
Tools make life better for all of us and I'd like to share with you some of the tools I use every day. We spend so much of our lives on computers today it's imperative to know how to operate them, and more importantly, how to work smart with them. It's easy to spend a lot of time in front of a computer and get very little done. I'm that way if it's not functioning well, but as long as it's doing what it should be doing, it's the best tool on the planet for getting work done.

The best tool on the computer for me is RoboForm, which can be found online at www.roboform.com. This is an application you purchase to create, store and manage your online user ID's and passwords for all of the sites you go to on a daily basis. I have 438 unique sites I need to go to in the course of business and this tool not only remembers and organizes them, but will even create the user ID and password for me if I don't feel like doing it or cannot come up with something good, making it impossible to guess or recreate as it uses complicated characters and lots of digits. I have an extreme number of sites I visit just due to the nature of my business, but most of us have a lot of sites we go to and all sites require a different set of rules for the user ID & Pin. I joke it would be easier if we all had a unique user ID & Password issued to us at birth that only worked with fingerprints or retina scans. That may not be too far off, but in the interim Roboform is the best tool out there. Roboform also syncs up across multiple locations. I have it working in all three offices as well as at home, so when I change a password at any location, it's automatically updated at the other locations as well so I can be anywhere without skipping a beat. Prior to this we had a word document that was several pages long to hold this data and had to update it every time something changed. This is the # 1 cool tool I use on a daily basis.

The number two cool tool for me is icyte, which can be found at www.icyte.com. This is a free tool, and works as an ad on to your favorite browser and it's far superior to bookmarks. Bookmarks typically save a site's address so you can go to it later. This tool saves an image of the site so if it changes or is taken down you still have it, it saves any notes or highlights you may have made on the site and it allows you to organize it into a fashion you specify, putting things into folders, projects, or any other format you'd like. This is searchable from any computer once you've logged into your account and really makes saving data you find interesting, research, or any other project easier and more efficient. If you're working with others on a collaborative project, you can share your icyte with another user and each work on the project and each see one another's work, saving more time and more energy in the collaboration. This is a no brainer if you're on the web a lot doing research. If you have any cool tools you'd like to share, let me know and we'll spread the word. ☺

Inspirational Quotes

- You are a living magnet. What you attract into your life is in harmony with your dominant thoughts, Brian Tracy
- Unnecessary possessions cause unnecessary burdens, fortune cookie
- People rarely succeed unless they're having fun at what they're doing, Dale Carnegie
- Knowledge talks, wisdom listens, author unknown
- When the character of a man is unclear to you, look at his friends, author unknown
- Seek freedom and become captive of your desires. Seek discipline and find your liberty, Frank Herbert
- When you feed your greed you'll always be in need, author unknown



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

Kids Korner

Life's experiences make children who they are. We're certainly giving kids the good life today, but are they getting enough of the bad and the basics, along with some responsibility? Here are some things all kids should do and experience, and some they shouldn't, while they're still kids. Things they should experience: Celebrating victory, being humiliated, being cheated, helping others, disappointment, washing the car, making their beds, mowing the lawn, cleaning the house, doing the dishes, helping cook meals, seeing an animal born and another die, digging in the dirt, playing in the woods, reading lots of books, mastering math in their heads before computers, skinning their knee playing outside, hanging out with grandparents, having happy holidays with family. Things they shouldn't experience - a new car on their 16th birthday, no responsibility, getting away with being disrespectful to adults, expecting to just get things without working for them, getting everything they want. ☺ ☺ ☺

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