

Money Matters

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Advising, educating and inspiring you to a better life

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Loan Sharks in 2004?

Be aware of potential loan sharks out there during the first few months of the year. Most people think of the Mafia, Mob or Gangsters when they hear the term loan sharks. Today we have corporate loan sharks who are operating within the law and charging consumers 7%, 10%, 70%, 700% on loans. These loan sharks are national income tax preparation firms who prepare taxes and offer "loans" in exchange for the anticipated tax refund due an individual. These products are often referred to as "Refund Anticipation Loans" and are nothing more than overpriced consumer loans. They are preying on people who want to get their refund right away. The typical refund anticipation loans charge a certain fee for the service. When doing the math, the fee is typically an astronomical interest rate.

Assume you were due a tax refund of \$1108.00. The income tax firm may charge a fee of \$75.00 for the loan. They may lend you the money today and have your tax refund electronically credited to their checking account in one week. If the loan were to last all year

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Social Security or Social Insecurity?

Arguably the second most powerful man on the planet, Alan Greenspan had a very surprising message for America last week – cut Social Security. The fund cannot continue as it is today as there are fewer workers for each beneficiary and soon the baby boomers will begin to tax the already strained system. Annual cost of living adjustments (COLA) need to be addressed as they are a large part of the problem in addition to too few workers per beneficiary.

When it was introduced, Social Security was designed to be a supplement, not a complete retirement package. It is simply a social insurance program that protects people from disasters in life. There is help for disability, death, retirement, needy children and a few other classes of people. The help it provides is minimal at best but people are not turning it down.

Keep in mind that as time unfolds the responsibility is on you to make sure your and your family is protected and prepared for the future. I've witnessed too many widows relying only on Social Security to help raise children because of a death of a spouse without life insurance. Families are turned upside down when a breadwinner is disabled and can only collect \$800.00 monthly from Social Security. I'm sure you know someone who is disabled – think of them for just a moment, how much more comfortable would they be if they had a quality disability insurance protection that was supplemented by Social Security. That would be a

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the effective interest rate would be about 7%. That is \$75.00/\$1108. Since the tax firm only made the loan for seven days, the interest rate is much, much larger than 7%. The actual interest rate on this loan is astronomically high. This rate is higher than any rate offered by any financial institution for virtually any type of loan. This is a poor business tactic being used by our nation's tax firms. I suggest using a local CPA who is an expert in all aspects of the tax code. I've taken H&R Blocks income taxation courses and while informative, it gives me only a fraction of the tax law knowledge that any local CPA has. If you don't have a CPA you know and trust, call in and I'll be happy to recommend a few to you that I know and trust who will take good care of you.

Another version of the loan shark is the bank, but not where you think. Credit cards are cheap compared to this. Take a closer look at the ATM card and its associated fee's. If you use your card to get \$10.00 out of the bank and they charge you a fee of \$1.50 and your bank charges you \$1.50, you paid a total of \$3.00 to get \$10.00 or 30%. This transaction only lasted one instant so the annual rate on the ATM fee is ludicrous. Use the ATM only to get large sums of money and use it infrequently. Be sure to try and take advantage of free ATM usage any time you can. Try to avoid ATM usage where you are "captive" at places such as Universities, shows, theme parks, etc. Whenever you are a captive in an event or place, expect to pay top dollar for everything. Plan ahead and save some of your hard earned money.

Remember, those who understand interest collect it and those who do not understand it pay it. There are times when paying interest is a good thing, especially when the interest is low rate, tax deductible leveraged debt. Each financial decision you make should be geared toward building a mentality of being a good steward with your resources.



A Connecticut Epidemic!

Connecticut is truly a beautiful place. You can get anywhere within Connecticut in less than two hours (assuming you don't have to travel near Waterbury or Stamford) and enjoy the ocean or the hills of Litchfield County. A small shoreline town is responsible for a disease that is drastically overlooked and under-respected – Lyme disease. Conventional education teaches our doctors how to diagnose and treat Lyme disease-but its not enough, you need to demand more. This disease is much more potent than most of the population believes. Many folks have symptoms that appear to be similar and are being mistreated for MS or a variety of other medical "issues." Lyme disease can kill, it can turn people into vegetables, and this is no joke. There are a variety of specialists from New York working with many local residents to treat loved ones successfully. With the proper information, treatments are now available that before introduction to the specialists were believed impossible.

Our world is ever so complicated and specialized that it does take the skills of people who are dedicated to certain solutions. If you think that this information can help you or anyone you love, feel free to contact the office for contact information. We typically take our health for granted and it is the most precious thing we have. Without our health or our loved ones, nothing else matters. Be good to yourself and try to keep yourself in the best possible condition. Betsy, the girls and I were with a couple this weekend who regularly go to Yoga classes. The instructor of the class is 80 years old. I think that's great – an inspiration for all of us in our lazy obesity prone society.

After speaking with a good friend recently we reminisced about how difficult it is to continue to stay in shape. We use basketball as our means of exercise and it helps, but we lead sedentary lifestyles sitting behind desks and it is certainly a challenge.

NOTEWORTHY NEWS ! ! !



Time to sharpen your pencils, there were no correct calculations for the math on last months quiz.

Congratulations to John & Terri Wilmarth on the birth of their first child, Nathan Wilmarth, born February 27th.

Our condolences to Ellen Chizinksi on the passing of her mom.

Our condolences to Carol Baumann on the passing of her son. I cannot fathom the pain associated with losing a child.

Our prayers go out to all of the families, friends and loved ones that have recently had a loss. 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

How To Preserve & Increase Your Wealth in These Turbulent Times. Learn how to become a wealth creator in everything you do and stop the erosion of your wealth that benefits the government and the financial institutions. This class is being held March 15th and 22nd at Northwester Regional High School. Call the office to enroll in this class.

We are currently creating two new classes that will be offered in the fall at Naugatuck Valley Community College. The courses will be Business Succession Planning and Retirement Planning. The classes will be heavily advertised in the Waterbury area and if you would like more information contact the office and we'll keep you informed as the curriculums are completed.

If you would be interested in attending any of these workshops or your business or employer would like to have it brought in house, call the office and we'll arrange it.

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world away from the way they are living now, wouldn't it? Over 50% of today's retirees have Social Security as the majority of their retirement income. The average Social Security retirement payment is about \$900/month today. I don't know about you, but I'm not going to be too comfortable with that. How much time have you spent planning your future in the past year? Is there a little voice inside of you that worries about finances today or for your future? If you or anyone you care for wants to, or more importantly needs to address this issue, feel free to give them our number and we'll help them get to where they want to be. If you want to help someone you love or care for, add their name to our newsletter list and they can begin the journey here.



Amazing Statistics

- 400 = the number of pages required to print the US tax code when it was introduced in 1913. (cbs marketwatch.com)
- 55,000 = the number of pages required to print the US tax code and related documents today in 2004. (irs.gov)
- 360,000 = the number of tax returns filed in 1913. (irs.gov)
- 130,000,000 = the number of tax returns filed in 2004 (irs.gov)
- \$35,000 = the amount in dollars that the average American family expects to have saved by the time the child reaches college age.
- 1 = number of years of private college that it will pay for
- 2 = number of years of public college that it will pay for





MONEY QUIZ

1) Why is the dollar referred to as a buck?

Email, fax, call or mail your answers to the office. The first correct answer will win a free dinner or a free massage, your choice.

Last month the winner was Chip Reid. He submitted a few ideas but the best one was to wait 30-90 days before making a substantial purchase. He & Audrey will enjoy a dinner on us.



Money Saving Ideas

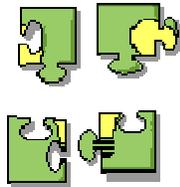
- Avoid Dunkin Donuts Coffee, Starbucks drinks.
- Buy gasoline @ BJ's
- Use coupons, double, triple
- Have a tag sale
- Avoid "name brand" items. Buy no name items which are sometimes made by same manufacturer.
- Donate used clothes, furniture, cars, etc to charity. It gets rid of it at no cost to you and you get a tax deduction.
- Avoid scams. If it sounds too good to be true, it probably is.
- Live in a multi family rent or mortgage free
- Go to the early movie. Don't buy food in the theater.
- Shop off season – buy Christmas decorations in early January or Late December. Buy a Generator in August.
- Wait 30 – 90 days for a large purchase. If the desire is still there after the allocated time, chances are you truly want it and the desire will not go away.
- Save change from all purchases. Consider anything smaller than a \$5.00 bill change. It's amazing how quickly it accumulates.
- Raise your deductibles on auto/home/umbrella insurance policies.
- Buy used cars. Finance through Home Equity loans or personal banking system.
- Don't let Governments use your money all year long – tax refunds should be small.
- Decide whether what you want is a "need" or a "want." Most of the things we buy are wants. Would you rather have the want or financial security?
- Buy children's clothes at consignment shops, use hand-me-downs.
- Don't buy warranties with "stuff." If the thing was as good as advertised, it wouldn't need an additional warranty. (It amazes me people buy disability insurance for their stoves and not their incomes-their most valuable asset)
- Buy clearance, bargain, sale rack items
- Use EBay for items if they are new, with warranties direct from the factories.
- Use relatives for Childcare (don't abuse them)
- Don't do it all. Some people try to do everything and lose out in the end. Pay to have things done that are less than your earnings.

Money Saving Ideas

Here is a compilation of the best ideas readers gave last month:

Inspirational Quotes

- Purpose turned into action is passion, Abigail Etich
- Paralyze resistance with persistence, Woody Hayes
- Good luck is another name for tenacity of purpose, Ralph Waldo Emerson
- Make yesterday's dream tomorrows future, Ashley Glass
- Sometimes it is not about the results, but the commitment to the effort, author unknown
- It is easy to perform a good action, but not easy to acquire a settled habit of performing such actions, Aristotle



I wish I had.....

Many of the people I see on a daily basis say to me "Mike, I wish I met you twenty years ago." Most people have financial issues. Things they are unhappy with, concerns, fears, things they don't understand. Each of us has an obligation to help one another. If you were on the shore and someone was drowning in the ocean, would you throw them a life jacket? Or course you would! Many of the people you know need a financial life jacket. You can help the people you know by recommending they meet with someone to get their finances in order. They can meet with me or any other qualified professional. In America, finance is a voodoo subject. People feel more comfortable talking sexual activities over finances. People don't get their affairs in order because they don't know where to turn or whom to trust.

We are happy to help everyone. We don't discriminate based on account size or net worth. Each of us wake up and put our pants on the same way every day and we all deserve the same attention as the wealthiest people in our society.

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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- 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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