

M.I.B.

People automatically think of Men in Black when they see this, but I'm not talking about entertainment or the movies here. I'm talking about your medical history and medical records that are stored by the infamous medical information bureau (MIB). People are often surprised to hear of such a place that records medical records for people without their knowledge. Very similar to a credit report, the medical report follows you and is private, but contains highly sensitive information. Everyone seems to know about their credit report and keeping their credit healthy, but few are aware of the same type of record for medical histories.

The MIB is a corporation owned by a group of around 500 insurance companies in the USA & Canada. The company has been around since 1902 and is designed to prevent fraud and omissions of information when applying for insurance on a personal level. Many times when a person applies for insurance, certain information that is pertinent to the underwriting process is omitted or left out of the application. This MIB entity is designed to uncover such situations and help insurers make the proper decisions based on information obtained from any member company through the underwriting process.

The government considers MIB to be a consumer reporting agency, so they must adhere to the appropriate rules and regulations. The MIB collects information on medical conditions, test results, habits such as smoking, overeating, gambling, drug addictions, hazardous hobbies and interests, motor vehicle reports as well as credit information.

If you've ever applied for individual life, health, disability or long term care insurance you may be aware of what the MIB has on you. Only member insurance companies can gain access to the MIB files after you've applied for insurance and authorized the inquiry. Employers or anyone else do not have access to your

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Final Plans

We all hope to have our affairs in order when the inevitable happens and we're called into heaven, but we're not all fully prepared. With the complexities in life today, there is a lot to think about in getting your legal and financial affairs in order. The more you do up front, the easier it is for people down the line to transition to the next phase. It's a blessing for loved ones if you have your affairs fully planned out. When you pass people will be grieving and do not need the additional aggravation of having to deal with the law and finances on top of the grieving process.

Depending on your level of wealth and the complexity of your situation, there are several things you need to think about. Start with an inventory of what you own and keep in a secure place. For example: a safe, safety deposit box, lockbox, excel spreadsheet, etc. Be sure to let your loved ones know exactly where these documents are kept. Inventory is crucial to let your loved ones know what you own and what your disposition plans are with the assets.

Once you've got an organized inventory, now it comes down to disposition strategy. This needs to be in writing, preferably with a legal document such as a will or trust or some combination thereof. This legal document will allow you to instruct where your assets are to go according to your final wishes. You should also name beneficiaries on all of your accounts and be sure the beneficiaries named work with the legal document(s). Realize the legal naming of beneficiaries overrides any other document. Let's say you name your husband as beneficiary of your brokerage account via a transfer on death (TOD) registration, but your will says that your assets go to your husband at 50% and your daughter at 50%. The beneficiary designation overrides the legal document. We see this mistake a lot, lacking coordination between legal documents and beneficiary designations, especially with more complicated estates where trusts and other legal documents are involved. Many times when we're working through plans with people, they don't know whom they'd like to name as their beneficiaries, so they defer the decision until later. Later typically never comes and it makes the disposition of assets more complicated.

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MIB file, but you can certainly request, free of charge, your MIB file once annually. The process begins by calling 866-692-6901 and spending about 5 minutes interacting with their telephone system. You will not get a human being and the process is easy but frustrating because you're interacting with a computer via the telephone. I would advise you to get your MIB file to review it for accuracy and subsequently dispute anything that may be in error. Just like we have financial identity theft, we also have medical identity theft so it pays to be an educated consumer. Any incorrect information on the MIB file can reduce or eliminate your ability to get insurance should you ever need or decide to do so.

The process starts when you apply for a personal insurance policy such as health, life, disability, long term care, etc. The insurance company has a process of completing an extensive application, requesting medical records from your physician(s) as well as a personal physical by a technician or even a physician if the amount of insurance justifies that expense. The physical often includes urine and blood samples and EKG's or other tests as deemed necessary to underwrite the insurance. When the insurance company is through compiling all of this information, they may submit to the MIB.

They typically only submit information to the MIB that will reduce your life expectancy or otherwise impact insurance underwriting standards. Your entire medical file is not there, it's just a compilation of codes, supposedly secret codes. Once the information is submitted to the MIB, it's now part of the central repository for member insurance companies to view should you apply for insurance at a later date. Not all insurance companies are members of the MIB or participate in this sharing system. The MIB records this information in a set of codes that is supposedly impossible to get. There is some mystery in what the codes really say. Many claim the codes are for various conditions or diseases such as one code for asthma, another for diabetes, etc. Some argue the codes get far more personal and show things such as sexual habits as well as hobbies and interests. It is arguable that both are necessary for accurate underwriting of insurance, the insurance company should know if your hobby is to Base Jump if they're on the line for a \$3,000,000 life insurance policy. The coding often comes from your medical records at your physician office so it's imperative that they have your records coded properly or you may find that obtaining insurance is difficult if not impossible. Be sure you get your MIB file and check it for accuracy and fix anything that may be off.



The Weather

Living in New England and New York is a beautiful thing in that we have the seasons and the weather is constantly changing, for better or worse! ☺ Some love the seasons but many have come to fear winter and flee south to avoid it. I can understand both sides of that equation. Since we cannot change the weather we must either deal with it or move.

That is neither an option nor the current viewpoint in China, where they are attempting to change the weather altogether. China has many environmental challenges to deal with. Pollution is rampant across the country and many areas of northern and northwestern China are drying up, quickly becoming desert areas. Desert seems to be spreading in the area and dust bowls that can be viewed from space are now commonplace there. This is a true catastrophe for those who live and make their livings along this piece of the world. With China having such a monster population just moving isn't much of an option. This isn't a small area either, it's happening at the rate of about 600 square miles annually converting to desert annually, with an accelerating conversion clip. Over pumping and over plowing are taking a toll on the natural resources of China. Many salt lakes and ponds in China are dried up and it often takes drilling down 1000 feet to get water. China needs to find balance in its water usage, development and supply of natural resources.

China's solution is a vast water program to divert water from the ocean, pump it thousands of miles and desalinate some of it in hopes to restore the bodies of water that have dried up. The hope is to cause evaporation to create rain and raise the water table and stop the spread of the desert. This is no small task; they're talking about pumping seawater across 4 mountain ranges. I love the fact that the Chinese are not afraid to tackle big projects. Whether or not this is feasible or makes any sense is another conversation entirely. China's last big water project was the 23 Billion 3 Gorges Dam that is now the world's largest hydroelectric generator. It is clear China has massive challenges ahead of it. As the population enters the middle class, how they balance living like Americans and keeping their share of the planet stable remains a big concern.

We are blessed to live in America!

Noteworthy News!!!

- Congratulations to the Metcalfe family on the purchase of their new home in Maryland! ☺
- Congratulations to the Clark family on the purchase of their new home in sunny, warm South Carolina! ☺
- Congratulations to the Franklin family on the birth of baby Jacob, he joins big brother Alex! ☺
- Congratulations to the Munill family on the purchase of their new home in sunny, warm Tennessee! Will they still be Huskies or will they become Volunteers? ☺
- Congratulations to Susan Lacey on her recent retirement! ☺
- Our condolences to the Kozlak family on the passing of Mioko, a wonderful mother, sister, grandmother, aunt and friend. She'll be missed dearly.
- Our condolences to the Brown/Zawko family on the passing of Mary Zawko. A wonderful mother, sister, wife, grandmother, great grandmother, aunt and friend. She'll be missed dearly after 97 years.

Question & Answer

Ask any financial question you have and we'll address it here.

Q: What will corporations do with the mountains of cash they have today?

The answer to that really depends on the industry the company is in and how the political madness plays out. Most companies when faced with what to do over too much cash (what a good problem to have) is to sit on the cash, expand the business, and pay dividends to owners or to buy back shares. Sitting on the cash is a temporary thing until a direction is determined. The other three uses of capital are great, but management must determine which one makes the most sense for shareholders.

Many companies today are very hesitant to spend their hoards of cash because the politicians are so illogical and volatile today they don't know what new rule, fine, tax or other regulatory expense will be thrown at them next.

Once the political headwinds shift towards helping businesses expand to shrink the employment gap we have today, not punishing them, they'll begin to spend the cash hoard. Many companies are spending money and investing, but they could be doing so much more. In the interim many companies are increasing their dividends and buying back shares of their own stock. These are both wonderful uses of capital if they're not investing to maximize the value of the enterprises. Starting or increasing dividends simply returns capital to shareholders and buying back shares effectively raises the share value because there are fewer shares available to purchase, making the shares left on the market that much more valuable. We're seeing some of our positions buying back shares and raising the dividends today, both great uses of capital. ☺

Final Plans

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Final planning also includes making sure people know what decisions you've made and executors and or trustees are asked to serve, agree to serve, and are legally appointed to do so. Do not put off drafting a will or other associated documents if you have loved ones and assets to be distributed.

If you're helping an elderly person with this planning, it's important to get confirmation that changes have been made from various entities such as banks, brokerages, insurance companies, etc. Many times people set out to do something, have the best of intentions and something pops up and it never gets done.

Along with titling of financial assets, you need to be sure physical assets are properly titled as well to work with legal documents.

Titling of homes, cars and other assets should work with legal documents in perfect harmony. There are two types of joint titling on assets to be concerned with in this process. Joint tenants with rights of survivorship are the most common titling method and here if someone passes, their share is automatically passed to the other account holder instantly. All that is typically required to facilitate this transfer is a certified copy of a death certificate and a form from the firm. An alternate titling method for multiple names on assets is tenants in common (TIC). This titling method allows for a specified percentage to be set on an asset and then transferred via legal document such as a will. Let's say Mr. & Mrs. Chung own a bank account titled tenants in common (30/70) This means that Mr. Chung owns 30% of the account and Mrs. Chung 70%. Should anything happen to him, his 30% of the account will be passed via his will to whomever he has named. This type of titling is most important in estate planning scenarios where you want to use trusts and other assets to move money into for tax savings.

A power of attorney is also a wise choice for people so that in the event you cannot transact business on your own, someone can do it for you.

With medical technology being what it is today you will also want to be sure you have named a person to make medical decisions for you should you become incapable of doing so. You also want to be sure you've specified what medical procedures you want performed on you and whether or not you want to be resuscitated. This should be done through a Living Will. Technology is great today and our physicians can save many lives, but some people would prefer they not be brought back to life or perhaps not chance being stuck in a coma if such a procedure were performed.



Money Quiz

The average American household has debt. Many people are debt free, but some are buried in debt. I'd like to know what the average American household has in debt as a % of after tax income. Do people owe on average 50% of their after tax income or 150%? We need an exact number. This includes good and bad debts all together. Last month's quiz was won by Michele Gaffney; the unemployment rate in Spain is 20.7%. That makes the U.S. situation look like full employment. The winner will enjoy a meal on us at Ruby Tuesday. © 06/06/11: 14

Getting a Deal

It just feels good to get a deal, no matter what we are buying. We're universally elated when we get something for less than it is worth. There are great opportunities out there to get a deal if you know where to look and are eternally patient. As an investor, I always strive to get a deal on anything from consumer purchases to investments for our future. There are a few great opportunities if you're on the ball. I'm a big fan of search engines that search all around the web for a good deal on whatever you're looking for. A few of my favorite search engines are www.oodle.com and www.searchtemptest.com they both will search many local sites and papers for things you're searching. You can even program them for things you're looking for and they will alert you when an item appears or a sale or other price point is met. Other online search engines will help you find the best prices on items as well, and they'll do it geographically for you. This technology can be had on your cellphone or tablet as well and it's go anywhere format will help while you're on the road. Other powerful sites are fatwallet.com and amazon.com when you're shopping for deals. Groupon and its knockoffs can have good values as well if you don't mind getting inundated with e-mails as the price of admission for a good deal.

For those in CT, a great place to buy clothes and related accessories is retail 21. The site is www.wholesale101.com this is a company called NEJ and they specialize in purchasing excess inventory and selling it directly to the public. The physical location of the warehouse is in Oxford. The clothing they have is from big name chains and whatever they do not sell they move along to TJ Maxx or Marshalls or other discount retailers for another sale to the public at a higher price. You have an opportunity here to get the merchandise before the retailer does from a middleman. The items are sold in cardboard boxes in a warehouse, but the values are undeniable. ☺

Taxable Life Insurance

We are all somewhat spoiled when it comes to the taxation of life insurance. The premiums go towards what has almost always been a universally tax free death benefit. If a mother or father passes away and the family receives a \$1,000,000 policy, the proceeds are income tax free to the family. This has helped generations of people pick up the pieces after losing a loved one. I've experienced this first hand several times throughout my life; it's a magical piece of paper to have when things go wrong.

Tax laws seem to change every five minutes and the last change is a new requirement for businesses that have life insurance on the lives of their employees. It's critical all business owned life insurance situations comply with new IRS notice and consent requirement IRC101j.

The regulation now states that life insurance death benefits can be taxable income to the company at the highest ordinary tax bracket if not compliant with the statute. This applies to all employer owned life insurance issued or increased after August 17th, 2006. Does your firm have employer owned life insurance? If so this is something you'll want to look into and discuss with your advisory team to be sure you will not get a surprise of income taxation if you were to lose one of your employees.

Personally owned life insurance is exempt from this regulation, it only applies to insurance having to do with business owners and employees. Speaking of life insurance, here is a priceless description of what life insurance really is.

A life insurance policy is a love letter from one person to another. It is arguably the most giving thing one can transfer to another, as it's only gifted upon a passing. It's the equivalent to gifting someone time, enough time to rebuild from the devastation of a loss of a family member. Life insurance creates an immediate estate for those who have passed and didn't have the time to earn it themselves. Millions of widowed mothers are kept from menial labor because of this document. Children will be raised by their mothers and fathers and will receive educations to launch them into adulthood because of this gift. A life insurance policy is just a time yellowed piece of paper with columns and legal phrases, until it is baptized by a loved one's tears. Then it becomes a modern Aladdin's lamp. It is food, clothing, shelter and undying affection. It eases the aching heart of those left behind. It furnishes new hope, fresh courage and the strength to pick up the broken threads and carry on. It provides the college education of a son or daughter – a chance at a future career instead of the need for a job. It is a father's uninterrupted plans and dreams for his family's future. ☺

Inspirational Quotes

- Most folks are about as happy as they make up their minds to be – Abraham Lincoln
- The storm also beats on the house that is built on the rock - anonymous
- Difficulties are meant to rouse, not discourage. The human spirit is to grow strong by conflict - William Ellery Channing
- We are like tea bags, we don't know our own strength until we're in hot water - Sister Busche
- Minds are like parachutes, they function only when open - anonymous
- Hardening of the heart ages people faster than hardening of the arteries - anonymous
- Good judgment comes from experience, a lot of that comes from bad judgment - Will Roger



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



Status Impact

Our kids are so lucky to have it as good as they do. They routinely take for granted all of the basic needs in life and push for more and more of life and more and more stuff. We're not a big stuff family but we do live just fine. It seems like I'm on a constant cleaning mission of trying to put away or throw away stuff that has ended up in our house. This is perfectly natural human behavior and we all do it. Many of us are lucky enough to have enough to make our children's lives comfortable and easy. We need to be sure we're not making it too easy while providing them a warm loving environment. I see many of the kids the same age as my girls start to move in the direction of status. They are keenly aware of name brands, icons, popularity, etc. I've been blessed thus far; that they are not chasing the names or the fads and recognize that sometimes the name brand is a grossly overpriced option to a cheaper alternative. The value of money is very hard to ingrain in our kids so to show them thrift and make them value just how difficult it is to earn money will help them immensely in their lives. There is nothing wrong with shopping at TJ Maxx or Marshalls. Using coupons and finding sales are all learned behaviors. Status isn't all it's cracked up to be.

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