

## Needs vs. Wants

We live in a world of wants, period. People talk all the time about how things are tough, expensive, etc. here and it's a hard place to live. Think about how we build the lives we have based on our ability to pay for those things and when those things get more expensive we get squeezed. It's true it's tough, that's why you need a good financial plan that will take you to where you want to go, plan for contingencies along the way and even give you some fun and memories along the way. How is your life built? I see many families' intimate financial lives in my role and most folks raise their lifestyle to match their income. Some people must live on \$3000 each month since that's what they make. Others can live on \$100,000 each month as that's what they make. Remember no matter how much you earn there is always something to buy with those newfound dollars. If you're really tight and your car gets ruined you can replace it with a 15 year old clunker for \$500.00. It'll need a lot of repairs but it's better than a bicycle and around here there is no public transportation. On the other end of the spectrum if you're making lots of money and would like a new car the Bugatti Veyron can be had for a mere 1.2 million – 1001 horsepower capable of 250+mph – certainly not needs transportation but a whole lotta fun. ☺ Is your car a wants car or a needs car? I'm sure there are better cars but I'm guessing it's a wants car. There are also worse cars out there but you specifically went out shopping and bought the best one you can afford, the one you liked, the most comfortable to drive, the best performer, the fastest, the one that appealed to you – whatever your criteria was you picked it out from a few thousand possible choices. Americans have a special love affair with their automobiles – an affair so special \$3.50 gasoline hasn't even registered on the meter. Classic cars are at levels never before seen – something I think may begin to soften so be careful and tread lightly if you're in the market for a classic car unless you find an absolute steal. A car can be a wonderful investment if you know how to approach it, what car to buy, at what price to buy it and when to sell it. When making automobile investments the basic cars won't do it – you'll never see a Honda Accord, Toyota Camry or Ford Taurus helping with your future financial goals outside of providing cheap, reliable daily transportation. You will be able to help improve your financial outcomes and have a lot of fun along the way if you keep your eyes peeled for opportunities, buy smart, have fun and sell well. A 1969 Chevelle SS all optioned out sold brand new for just under \$4,000.00 in 1969. If you bought that car, kept it nice and didn't play bumper cars with anything that car can now easily sell for over \$75,000 and approaching \$100,000. That is an internal rate of return of 8.2444% on the low end. That is a very respectable rate of return – one that can help improve your outcomes - but you got to enjoy it along the way. How much did you enjoy your 401(k) last year? I'm guessing you didn't – with the car you get memories, keys, transportation and fun. What did you get with the 401(k)? Statements, junk mail, prospectus' – you didn't enjoy them too much did you – especially when the market went down. When did you last go for a ride in your statements or turn the key to your prospectus? Prepare well for today and tomorrow – a sound financial plan doesn't have to be boring to be successful. Make sure you have one – it's important for you and the ones you love. Enjoy the ride. ☺

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