

Shifting Gears, Changing Times

Part of the love of the automobile is hearing the motor roar – preferably at high volume as you run through the gears. A true enthusiast's car has a manual transmission – so you can really control the power delivery, shifts, etc. In the days of the old muscle cars, when you shifted from gear to gear you could burn rubber and even lose traction if you had enough power. Today's rides have far more grip – fatter tires, four wheel drive and electronic traction control modules to prevent that amount of fun. Many modern cars don't even allow you to disable this feature. ☺ One of the things we used to do when shifting through gears and taking a corner was to take the car “sideways” where the tail end slips out and you turn the corner quickly. There is nothing in the world equal to the adrenaline rush of taking your car sideways – especially at high speed. You need to know how to counter steer because if you don't you'll either be off the road playing bumper cars with something or you'll be heading in the wrong direction. For those who prefer the automatic transmission, also known as the slide-omatic, you can still have some fun – but have a bit less control. Transmissions in modern cars have become so sophisticated – manual where you can drive either way, paddle shifters, clutch less shifting – more ways than ever to have fun if you can completely eliminate traction control interruptions. ☺ No matter what flavor you choose you need to shift through the gears to create a full driving experience – if the car breaks down and you have to drive home in 2nd gear because you have no other gears, you do it – but you get it fixed immediately because driving in 2nd gear really sucks. As the driving requirement dictates, you or the transmission shift appropriately – when you need maximum power, you rev it up to redline, then shift quickly – if you're just cruising around looking for fuel economy you put it in top gear and slip along with minimum rpm's. This same approach needs to go into your financial life. When you begin looking at finances it is not a one time thing that is self completing. It's a process, a lifestyle that evolved and needs to be adjusted for changing times. In the initial years of adulthood you're likely broke – you need to begin saving and investing, creating good habits. (it's like learning to use your clutch – if you don't have good habits you'll burn it out – financially you'll burn out your pocketbook or end up in credit card debt) Your most valuable asset is likely your car. When you are young you only need to protect your income and liability. As a family develops you end up having to protect rugrats and saving for college as well as your retirement. Remember accidents in cars cause kids and kids in cars cause accidents. ☺ With your investments you need to keep monitoring and changing them. What worked a few years ago may not work today. Do you still have a carburetor in your car? Do you still drive with bias ply tires? Why not they worked great 20 or 30 years ago? As times change, change necessitates improvements. There are probably still a few nutcases out there with bias ply tires – I hope you're not one of them unless you have an original restoration. How have you improved your investments lately – have you rebalanced? Have you updated your wills or looked at your insurance in the past few years? If your kids are in high school and you still don't have wills it's time! 2006 was a good year but certain areas are now scary. We believe real estate, small companies and value oriented companies are not as attractive as growth oriented larger firms, both here and abroad. Don't drive through your financial life stuck in 2nd gear. ☺ Mike Chadwick can be reached at 860 489 8880 or mike@fiscalwisdom.com

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