

Customer Service or a Complete Lack Thereof?

Time is something we have a limited amount of. I wonder how long corporate America will continue to waste our valuable time. The automated attendant – what a joke! Who wants to deal with a phone menu or a never ending series of menus you cannot get out of? It blows my mind the hoops we must jump through and the minutia we must endure to be a customer of a monster corporation. Below is an email I received that says it better than I ever could – a true letter from an 86 year old woman aggravated at her banks antics.

Dear Sir,

I am writing to thank you for bouncing my check with which I endeavored to pay my plumber last month. By my calculations, three nanoseconds must have elapsed between his presenting the check for payment and the arrival of funds needed in my account to honor it. I refer to, of course, the automatic electronic deposit of my entire monthly pension, an arrangement which, I admit, has only been in place for eight years. You are to be commended for seizing that brief window of opportunity, and also for debiting my account for \$30.00 by way of penalty for the inconvenience caused to your bank. My thankfulness springs from the manner in which this incident

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Takeover or Under

We've seen a record number of corporate buyouts this year, both from the private and public sectors. The old adage is that when you sell your business, you really cash in, regardless of who buys it. Many times when a corporate takeover happens, it occurs at a premium to the current value of the business. The best recent local example is when American Power Conversion in Rhode Island was bought out by Schneider's PLC of Europe. APCC stock was trading in the \$30.00 per share range and the day the buyout terms were announced, the stock immediately shot up to \$50.00, the buyout value determined by both parties. For the coming months until the buyout was actually consummated the price of APCC hovered around \$50.00, plus or minus a few cents. Many folks are specialists at buying or running businesses that are not doing well, turning them around and selling them off, reaping record profits in the process.

Peter Lynch, the retired manager of the Fidelity Magellan Fund, wrote several books about investing. In many of his books, he tells about one of his winning strategies that anybody can implement: open small bank accounts at all of the local, private banks. When and if the bank goes public, as a bank depositor you'll have the opportunity to participate in the IPO (initial public offering) while the general public cannot. This strategy worked very well for Lynch while he was at the helm of Magellan. Unfortunately each subsequent managers of the fund have all had very bad luck. [Don't keep a fund when the management changes and it turns into a loser, regardless of how well it did when the star manager was there].

We're seeing a very different market today with bank buyouts and buyouts in general. What used to be a take-over is now becoming a take-under in many

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Customer Service *Continued from page 1,*

has caused me to rethink my errant financial ways.

I noticed that whereas I personally answer your telephone calls and letters, when I try to contact you I am confronted by the impersonal, pre-recorded, over-charging faceless entity which your bank has become. From now on, I, like you, choose do business with a flesh and blood person. My mortgage and loan repayments will therefore and hereafter no longer be automatic, but will arrive at your bank, by check, addressed personally and confidentially to an employee at your bank whom you must nominate.

Be aware that it is an offense under the Postal act for any other person to open such an envelope. Please find attached an application contract which I require your chosen employee to complete. I am sorry it runs to 8 pages, but in order that I know as much about him or her as your bank knows about me, there is no alternative. Please note that all copies of his or her medical records must be countersigned by a Notary Public, and the mandatory details of his or her financial information (date of birth, social security number, income, tax bracket, debts, assets and liabilities) must be accompanied by documented proof. In due course, at MY convenience, I will issue your employee a PIN number, which he/she must quote in all dealings with me. I regret that it cannot be shorter than 28 digits, but, again I have modeled it after the number of button presses required of me to access my account balance on your phone bank service. As they say, imitation is the sincerest form of flattery.

Let me level the playing field even further, when you call me, press buttons as follows:

*Immediately after dialing, press the * button for English, the # sign for Spanish, *0# for Chinese, *0# for Japanese, **# for Greek, ##* for French, ### for Italian, *** for Latin, #1* for Mandarin, ##1 for Swedish, 1** for Portuguese, *#1 for Lithuanian and *1# for Swahili. After the language of choice is selected, you must:*

Press 1 to make an appointment to see me

Press 2 to query a missing payment

Press 3 to transfer the call to my living room in case I am there

Press 4 to transfer the call to my bedroom in case I am sleeping

Press 5 to transfer the call to my toilet in case I am taking care of nature.

Press 6 to transfer the call to my mobile phone in case I am not at home

Press 7 to leave a message on my computer, a password to access my computer is required; the password will be communicated to you at a later date to the authorized person mentioned earlier.

Press 8 to return to the main menu and listen again to options 1 – 7.

Press 9 to make a general complaint or inquiry, the contact will then be put on hold, pending the attention of my automated answering system.

Press 10 to be reminded of the language choices again, in case you forgot and would like to again navigate the phone menus. While this may, on occasion, involve a lengthy wait, uplifting music will play for the duration of the call.

Regrettable, but again following your example, I must levy an establishment fee to cover setting up this arrangement. May I wish you a happy, if ever so slightly less prosperous New Year?

Your humble client.

If you're not laughing right now you need to see a doctor immediately. ☺ To help you save time dealing with "customer service professionals" we have a document that will show you how to best get through the evil automated phone systems of corporate America. We are happy to email it to anyone who requests it. We cannot send you a paper copy via snail mail as it is too long and wasteful to print. You may find the same document online at the following address: www.gethuman.com ☺ ☺ ☺

Daddy Talk

When dad's talk to rugrats, we tend to use less baby talk, larger words and more adult oriented vocabulary. We also tend to use real life consequences when disciplining, rather than the "you'll be in trouble with me or dad" line mom's often use. You can never spend too much time with your children; they need their parents, not body doubles.

Daycare, relatives, school or camp cannot substitute for time with mom and dad. Studies show that time spent with parents has a dramatic impact on children later in life: better cognitive skills; higher language development; less delinquency in teenagers. Are you spending enough time with the family and less time with business or travel?

I'm working hard to do a better job of just that so the next generation can lead our world to a better place. Where are you? ☺ ☺ ☺

Our condolences to the Kuhn family on the passing of Christy – a wonderful young (31 years young) mother, wife, daughter and friend.

Our condolences to the Roberts/Hawksley families on the passing of Sherman Hawksley, a wonderful father, grandfather, husband and friend.

Our condolences to the Tomasi family on the passing of Antoinette Tomasi, a wonderful mother, grandmother, great grandmother, wife and friend.

Our condolences to the Chandler/Michaud /Kuykendall/Orzell families on the passing of Joseph, a wonderful father, grandfather, great grandfather, husband and friend.

Congratulations to Al & Karen Hill on the purchase of their new home! ☺

Congratulations to the Turner family on the birth of Ava Marie – baby number three! ☺

Congratulations to the Campbell family on the birth of Megan - baby number one! ☺

Congratulations to Jay Kolakoski to his promotion to Deputy Chief in the Bristol Fire Department. ☺

Congratulations to Dr. Ulises Torres on his new position at UMass Memorial Medical Center. ☺

Congratulations to Dr. Bessie McCann on her new position at Grays Harbor Community Hospital. ☺

Congratulations to Tracy Lipsky on the purchase of her new home. ☺

circumstances. The pendulum is swinging in the other direction in the marketplace for small regional banks. It is now a buyer's market whereas a few years ago it was a seller's market and buyers were paying a big premium to purchase smaller regional banks. Bank of America paid big premiums to buy some local banks, as did Webster and Citibank.

Today banks are willing to hand over the keys to the vault without holding out for a big premium because of some difficulties in today's operating environment. Let's look at a recent example of Yardville National Bancorp (YANB). Yardville is a small regional bank with 33 offices in New Jersey & Pennsylvania. Yardville has \$123,000,000 in assets, making it much smaller than some local banks such as Farmington Savings, Thomaston Savings or Torrington Savings. Yardville was bought by PNC Financial Services, which is a \$3,000,000,000 (three billion) dollar bank. Before the deal, shares of YANB were trading at \$35.77/share. The deal was announced at \$35.00/share which equates to a 2% discount to actual value of the business. Does this sound familiar to what is happening in the real estate market right now?

This is how to invest as a value investor – buy the asset for less than it's worth. But many value investors want a margin of safety, perhaps as much as 30 – 50%. In that case if the enterprise is worth \$35.00/share a deep value investor wouldn't buy it unless it could be had for between \$17.50 and \$24.50/share. This way, even if things get bad for the business, they have a built-in safety margin and are not likely to lose their invested capital. Another local deal about a month prior to this one is Wells Fargo's acquisition of Greater Bay Bancorp for \$28.50/share – the day before the bank had been trading at \$29.00/share, a 1.75% discount to value.

Banks are having difficulty in dealing with the current inverted yield curve – short term rates are higher than long term rates. In order to lure deposits the banks are being forced to offer better rates on deposits above the paltry .5% - 1.0% they've become used to paying over the past several years when rates hit historic lows. It always sadly amuses me how quickly rates come down and prices go up but how slowly rates come up and prices go down. This generally is not in the best interests of the consumer so it is important to be a great shopper. If you're not a great shopper call us and we'll either walk you through the process or do the shopping for you. ☺ ☺ ☺

Wisdomisms!

- Suppose you were an idiot. Suppose you were a member of Congress, but then I repeat myself, *Mark Twain*
- A government which robs Peter to pay Paul can always depend on the support of Paul, *George Bernard Shaw*
- I contend that for a nation to try to tax itself into prosperity is like a man standing in a bucket and trying to lift himself up by the handle, *Winston Churchill*



Money Quiz

Last month's quiz was won by Barney Miller. Barney and Liz will enjoy dinner on us at Outback Steakhouse. The average cost of a wedding is \$27,852.00 – ouch! ☹️ This month's challenge is to tell me what percentage of retirees retired early because they reached their wealth accumulation goals? The winner is going to dinner on us at any one of a few select fine dining establishments. BTN 070207

Cell Phone Gimmicks

These unreliable devices have become a necessity in today's world. Microsoft Windows is the only thing less reliable that we must have. The way these companies nickel & dime us for charges is insane. Here are a few things I've learned that I'd like to pass on to you. If you have kids, they love text messaging – and they charge per message – a nickel or a dime. You can buy a package of "unlimited texting" from most carriers for \$5.00/month. This is a must if you're going to use it. You can also disable the service completely from all of your phones if you choose not to allow your kids to do it. If they insist, make them pay for this feature! If you happen to need a phone number and dial 411 from your cell phone, expect to pay \$1.50 - \$2.50, depending on the carrier. That is financial tyranny, but here are a few ways out. Call 800 FREE 411 and it's a free call for the same information. If you have unlimited texting on your plan and you want to learn their phone number, text a message to GOOGL (46645) that is comprised of someone's name and zip code. For example Mason Petti, 06032--whatever the person's name, business and zip code. In a matter of seconds Google will send the name, address and phone number to your phone/PDA. If you want to make another call, 800 GOOG 411 will also get you free directory assistance. Another cool feature for any phone is popularity dialer, www.popularitydialer.com, which will call you at your number at a specified time so you can excuse yourself from a boring meeting or a bad situation – totally free and priceless. ☺️

A recent survey of wealthy Americans (those with more than \$5,000,000 of investable assets) were asked how well they understand hedge funds. Only 18% of them reported a basic working knowledge. A hedge fund is a private, un-regulated, investment pool catering to institutions and wealthy individuals. They sound sexy and many flock to them, but from 1995 – 2003 the average return of all hedge funds has been 8.8%/yr. The first hedge fund was formed in 1949 by Alfred Winslow Jones in order to avoid market volatility, protecting against a fall in the market by shorting stocks he thought were expensive and buying ones he thought were cheap. Hedge funds today have become very different and incredibly aggressive, investing in everything from commodities to private equity to foreign currency. They are no longer the volatility-reducing tools Mr. Jones first created; they're a vehicle that shoots for greed-inspiringly high returns with proportionately high levels of risk to which prudent investors should not be exposed, regardless of one's wealth. Hedge funds are typically non-diversified portfolios. Fees are ultra high: typically a 2% annual fee plus 20-25% of any profits. Think about it-- if the portfolio returns 15%, which isn't easy, you lose 2% to the fixed fee and then 20% of that 15%, which is 3%. So the total expenses were 5% of assets, and you net a 10% return. We can net you 10% with a whole lot less in expenses and a whole lot less risk! Is the hedge fund worth the risks and costs? Investing sage Warren Buffet calls hedge funds the 2 & 20 crowd, referring to the expenses. He thinks the math is "inexorable," which I had to look up: it means impervious to pleas, persuasion, request or reason. An even more priceless quote: "when someone with experience proposes a deal to someone with money, too often the fellow with the money ends up with the experience and the fellow with the experience ends up with the money." Priceless!!! Hedge Funds are meant to be sold to accredited investors (those with at least \$1,000,000 of investable assets and \$200,000 in annual income), who are ostensibly 'sophisticated' investors. Don't worry, if you'd like to get into the fool's folly the investment industry has cooked up products for you – many mutual funds are hedge fund look-alikes, with supervision – they're called long/short funds where the management can buy or short stocks and try to get sexy like hedge funds. Don't rush to buy them: the average annual return for these funds over the past 5 years has been only 4.5%. On your behalf I'm sticking with what we do well. It's not sexy but it's conservative and effective. Any questions? Call anytime. ☺️

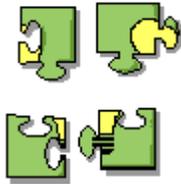
Kids Korner

Inspirational Quotes

Tips to teach our youth about money

- If misery loves company, misery has company enough, Henry David Thoreau
- The best things you do are those that make someone else happy, author unknown
- *Everyone laughs and cries the same language, author unknown*
- *It takes the best in each of us to bring out the best in all of us, Cheryl Hutchings*
- Don't let your past dictate who you are, but let it be a part of who you will become, Lynn Walter
- Loving someone isn't a crime, never telling them is, Laura Ellingson

Parents tend to put their kids in a financial vacuum, often times right through college. This is not helpful to them. Make the kids responsible for some of their consumption in this world. You can never do this too early. I do it with my rugrats, ages 5 & 7. Here are a few ways of doing this: if the kids have their own cell phones, make them pay for their line, text messaging or their minutes above and beyond what your plan offers. When it comes time for school shopping, give them a flat dollar amount and make them work it out. Your fun is to watch how quickly their tastes change from Gap & Abercrombie to TJ Maxx & Marshalls: you've taught them to be smart shoppers just as you and I have to be. Kids have the largest percentage of disposable income in society, so don't let them build bad habits now. Your behavior as a parent will shape your child – are you raising savvy kids or spoiled brats? ☺



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

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. They'll certainly appreciate you thinking about them and having their best interests at heart.

Name _____

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