

Multi's or In Laws!

Years ago many families lived three generations in one home. The old style three family homes had the oldest generation on the first floor, the middle generation on the second floor and the "kids" on the third floor. This housing setup worked well for decades and still does for some. Many people have moved away from this style of living as many want to move into the country, avoid the city taxes and congestion where most of these old school multifamily homes are located. We're seeing a trend of this coming back, both in the old school multifamily homes as well as with alternative housing arrangements for family members. We no longer have to use the options that were, we're creating new ones. Many families are now adding onto their homes to get an in law apartment. Some are converting their basements into an in law setup and others are building a garage and making the in law apartment above the garage. We've seen folks with barns that convert them into an apartment or in some cases several of them. We've seen folks convert the basement for one in law and make an addition on the same property for another. This is an in law sandwich! ☺ It all depends on what your issues and goals are, what you have for space and resources and what your town will allow through its zoning requirements.

There are a lot of benefits and savings to this type of living arrangement so it is worth considering if you have family close by that you get along with. Perhaps it's also worth considering to bring family together? We see family moving to another part of the country and in time, many other family members follow. Sadly most are not moving into CT or NY, but some southern states where taxes are lower and the political climate is more logical. Hopefully this trend changes! The beauty of it is that you're not supporting two or more homes, but now just one home or should we say one property with a few residences in it. The taxes are lower, you'll pay less for transportation, maintenance and other costs. You can work together to keep the home up and you will of course see a lot more of each other as you're living together. This is how it should be with family shouldn't it? We are all so busy we only see each other on holidays and other special

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Next Generation Banking

We've written about this before but so much is coming down the pike on this cool subject it warrants another go round. We're all used to going to the bank and doing our thing there, seeing the teller or the manager or the loan officer. The next generation is not looking at banks the same way we are. Perhaps this is proof we're old or just a sign of the times in that technology is changing the way we do business.

Traditional banks will never go away, but the way they do business is likely to change dramatically in the coming years. It also depends on what type of consumer you are. For the business consumer not much will change, banks will forever be tightly partnered with businesses as they work together to grow and lend money to businesses. The business banker not only knows the business, but there is typically a very tight relationship there and they work together to make things happen. The need for business knowledge and familiarity through the banker is unlike many relationships. This is a very intimate relationship that I do not think will go away anytime soon.

If you are a regular consumer who just does basic business with a bank such as checking and savings that is likely to change in a very big way in the coming years. We're already seeing a drop in bank walk in traffic as more and more consumers rely on the web, cell phones and other alternative access points to their banks and the cash they hold. A generational divide seems to be happening, the retirees and older folks love the bank and the people and the routine of going to the bank and doing business. The younger folks see absolutely no reason to go to the bank and many of these people only interact with an ATM machine or a cell phone to do their banking. The technology already exists to make deposits of your checks through your cell phone. We cannot yet make withdrawals of cash any way other than a bank or an ATM machine but that too may change soon.

Many companies want in on the banking business as it's highly profitable and requires very little investment in plant and equipment. The old days of banks owning the market seems to be rapidly changing. We have a few companies in the banking marketplace that have gained serious traction in the past decade or so and PayPal is likely the most prominent of them all. If you use EBay or shop on line you've probably got a Paypal account to keep your personal data safe from every website out there and only disclose it to one company, the gatekeeper, in this case Paypal. If you're an online shopper and do not use Paypal, you can always call your bank and they'll issue you a temporary id # to use your credit card online that will only work once so there are no security issues with the number, unlike your credit card.

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Multi or In Law?

occasions. How nice would it be to see one another all of the time? There are other perks and potential issues too. If an in law setup is there, the benefit for the parents is built in babysitters. That may not be seen as a benefit for the grandparents, or it may depending on their point of view. Some grandparents want their space and do not want to be abused as babysitters while others cannot get enough of the little rug rats and they'll do absolutely anything for them. We see some families who are super busy and grandparents are stepping in to allow the kids to always be with family rather than with a daycare, babysitter, nanny, etc. This is just each families dynamic. We see this as an option for some people and others say no way, I want my space and that is that. No answer is right or wrong, but they're worth considering. As older family members age this is a popular choice as well because now the family member in need of care is close and other people are around to help with that care. This is much easier than having to drive to their home if they were still living in their original home. It saves on both time and money and also allows people to team up on the help and care necessary.

There is only one yard which comes to with these arrangements as well so if someone loves to garden or work in the yard it's a win-win for both generations. It's also one to take care of so the more bodies there are the easier it is to do just about anything. With our house now that the princesses are older yard work is done in an hour as there are four of us out their banging it out rather than just one of us and the other taking care of the kids. It used to take me an entire day to do the leaves at our house. We have a good size yard with a lot of trees and a lot of places for leaves to fall. It reminds me of how ants get so much done because they all work together. We humans could take a lesson from those ants! Humans are smart for sure, but we certainly don't do things the most efficient way and many times our egos and emotions get in the way of doing the right things, especially when it comes to family.

This seems like a great way to keep families together, living in the same property or the same home or some type of a family compound. It has a lot of things that are great and requires some compromises to make it work out. For many the compromises will be well worth it and in the end there would be a relatively harmonious family situation. This requires flexibility and the almighty compromise. Other families will find this is not an option, not at all, never. It makes me smile as I write this as I can basically relive many of the conversations we've had with all of you over the years. Some just love the idea and will move heaven and earth to find a way to make it work while others hate it and never want to hear about it again, ever! 😊

As with anything else in life we'll have look at the pros and cons of the situation and see how they stack up with what we're looking for. The right thing for one family may not be the right thing for another. As the saying goes, different strokes for different folks! 😊

Social Security Analysis

You may not realize it yet, but when you elect Social Security is one of the most important decisions you'll make in retirement. It will impact the amount of income you receive, the amount of taxes you pay and how you utilize your other assets. You wouldn't take a decision about a \$500,000 asset lightly would you? The average household retiring today stands to receive approximately \$556,000 over the course of their retirement, according to the Urban Institute. Many people stand to gain or lose more than \$100,000 in benefits depending on how they make this one decision. We have a system that will help you determine when to take your social security and also compare your benefit history to your spouses and find the perfect combination of benefits for the family. Here is the process for determining the most beneficial social security withdrawal strategy.

Analyze 1st – Using software, we analyze hundreds of possible election strategies and identify the one that offers the highest lifetime value.

Integrate 2nd – We examine your optimal Social Security election strategy in light of your other assets, income streams and goals to identify potential conflicts. We'll help you match your Social Security decision to your overall plan.

Identify Alternatives 3rd – When conflicts exist due to asset structure or income needs we will identify alternative Social Security strategies.

Q. Why should I involve a financial advisor in my Social Security decision?

A. Your decision will impact your other assets, including how and when you tap certain assets to supplement your income. We're positioned to help you understand how all these pieces fit together and maximize the benefits to your family.

Q. Why not ask the Social Security Administration for advice?

A. The Social Security Administration (SSA) cannot give advice, ask you about other assets, or evaluate the impact of your decision on the rest of your financial plan. In typical government fashion they cannot offer advice, just answer questions and do it only in a vacuum, never considering the bigger picture.

Q. What if I've already elected Social Security?

A. If you feel you've made a mistake in electing Social Security early and you're not yet 70 years old, there are several options for fixing a mistake, or at least minimizing the damage.

Q. When should I start my planning?

A. If you're over age 55, the sooner the better. As you approach retirement age, it's important to evaluate your options and identify which assets you'll use to supplement your Social Security income.

If you'd like us to run the report for you, just contact us and send us your most recent social security statements. This is time well spent!

Noteworthy News!!!

- Congratulations to Mark Danaher on his new position as President of NCDCA!
- Congrats to Eric Virkler on his top tier finish in the Empire State Half Marathon!

Question & Answer

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

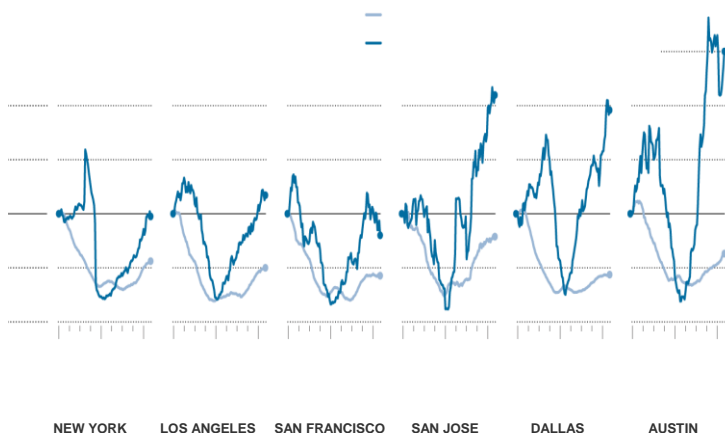
Q: Does it make more sense to rent or buy a home?

Economically rent, lifestyle maybe a different ball game. For most people buying a home they live in doesn't make them a lot of money. There are two big exceptions to this general rule. One is if they get the house for an incredible deal through an estate, foreclosure, short sale, etc. The second is if they're really handy and buy a fixer upper and do the work themselves that can work well economically.

For those who buy a home, the drive to constantly fix it up and improve it drives any potential rate of return down to typically a negative number. For those who rent, they're far less motivated to fix up and renovate someone else's property so the amount they pour into a house or apartment for repairs/renovations/improvements is a tiny number in comparison to their ownership cousins. I own a home, not for the return but for the lifestyle.

The big difference here comes in respect to lifestyle. Many want to own their home as they want to be able to change and modify it as they go. Some want big yards, swimming pools, and waterfalls. Others want to change colors and kitchens, have outdoor patios, etc. There is no right or wrong, but economically it's generally better to rent, especially if you're not mechanically inclined or blessed to own and know how to use a lot of tools! This is where permits have been issued over the past 5 years in home building. Light blue line is single family housing permits over the past 5 years – we're still down 50% from pre-recession levels.

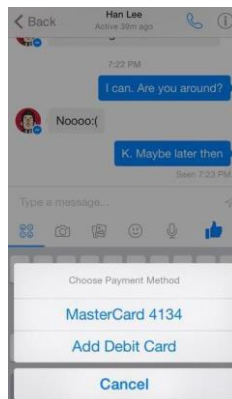
Dark blue line is multi (5+ units) family apartment building permits over the past 5 years. We're at all-time highs for most major metro areas today. Thanks to the census bureau for the chart.



Next Generation Banking (Continued)

The online services such as Paypal already offer an option to send money directly from one person to another or one business to another, known as peer to peer banking which doesn't require a bank at all and completely takes them out of the loop of banking altogether. Many firms compete in this space from old stalwarts such as Western Union to new startups such as Square and Venmo.

Just recently tech behemoth Apple announced Apple pay, which is its attempt to get into the banking game although with the way they approach things it is likely to be a flawless system but one that will not work well with everyone else in the world. Perhaps they'll find their niche as they've done with their computers or maybe the open architecture will in the end? We'll see how it plays out. Facebook also has banking on the radar screen, they're looking to merge their chat interface and a banking component so you'll have the ability to send money about as easily as you send a text if the company can make this technology secure and safe. This technology already exists if you use their chat app. I do not use that system at all so I cannot speak through experience but just through what I've read about the system. Here is a picture of what it looks like if you're within the app.



As banking traffic slows some large banks are consolidating and eliminating offices across the country. Smaller banks are responding by doing the exact opposite, they're building more and more branches in an attempt to capture customers in locations they feel are underserved. I think it's amazing to see how big business is competing against small business. Will these new technologies change the game so much that all banks will soon be consolidating branches and going with online, cyber and phone based banking tools? I think that trend is not going to change, only accelerate.

Newly popular tech giant Alibaba is also in the payments game and they're trying to work a deal with an existing player as they develop their own systems. As the dominant player online in China they have a lot of customers at their disposal. Some not so well known entrants into the payment processing technology are VeriFone systems, Hartland payment system and Fleetcor technologies. Some firms are global in scope and others specialize in a niche or a particular industry. With so much going on in the space, it's sure to be an exciting space moving forward. Let us know what you're using, if any, nontraditional banking outlets.

Money Quiz



This month's challenge is on government fiscal fitness. (Pun intended!☺) In the last 50 years (1965-2014), which years did the government run a surplus on the countries annual expenses? The answer is unfortunately pretty sad. Last month's quiz was not answered correctly! ☹ Come on folks, you're not playing with kids here, 3.6% of filers have an AGI of over \$200,000.00. Winner goes to Ruby Tuesday on us! 10/27/14: 04

Exoskeleton

When I hear this term it usually refers to bugs and little creatures who don't have a skeleton inside their bodies, but one on the outside that serves not only as a skeleton, but a coat of armor as well. People are very fragile when compared to most of the other creatures on the planet. We're lucky to have a good brain and opposable thumbs to be able to invent and create things that can protect us. I often think how our society has brought us to the point where our cars are often our exoskeleton when we travel.

Now we have a new application for exoskeletons for people. There are a few very intriguing companies making exoskeletons for people that have very specific applications. First are our military members, they have a "suit" that our men and women can wear that has the capacity to essentially turn a human being into a robot with amazing strength and endurance. This "skin" is a combination of many moving parts, motors, computer chips, batteries, rod and levers that turn the strength of a man into the strength of a serious robot made of metal.

The second application is a similar apparatus but less industrial strength and more for everyday wear meant for people who are having health issues or are paralyzed. The computer that runs this "skin" helps the person who is otherwise immobile now have the ability to do the things we take for granted every day. Here is a quick glimpse of what this looks like in real life.



Life Insurance Explosion

We don't often think about life insurance policies and bombs. Insurance seems to be a boring, numbers driven industry that only makes actuaries and analytical types excited. Bombs are a very different matter altogether, they turn on a wide array of people from crazy terrorists to myth busters to demolition experts and fans of the 4th of July!

These two seemingly different things come into play together when a life insurance policy goes bad. The policy going bad is often referred to as a policy explosion and it's never a good thing for the insured. The explosion is often a place in time where the policy changes drastically, often with premiums going up exponentially, insurance values coming down drastically, cash values disappearing, or any combination thereof. Insurance isn't simple and the contracts are often written by lawyers in fine print and assembled into a 30 – 50 page book most people never read.

Traditional Whole Life policies are safe and never explode. Universal Life, Variable Life, Modified Premium life and combination policies are all capable of exploding so it's important you dust off the old policies and see if they're safe or not. The safest thing to do here to see where you stand with your current insurance policy is to ask your insurer for an "in force illustration." This isn't a document you'll easily get, they will often make it laborious and painful to get your hands on this document. It's imperative you get it as it'll show you how the policy is going to behave moving into the future assuming a few different scenarios. The scenarios are typically current rates with current charges, current rates with guaranteed charges and no rates with guaranteed charges. Different companies throw in different or more scenarios into the policy illustrations. Whatever combination the insurer uses, the series of options will show how the contract will perform depending on how the future plays out with respect to policy earnings, insurance costs and administrative costs. This is a very valuable document to study and compare to the original projections you were given when you bought the policy.

If everything is fine and is working as planned, you'll have a policy that will act as you planned. Often this is premiums staying level, cash values accumulating, death benefits accumulating, sometimes premium payments going away. If things are not behaving properly, you'll often see premiums that skyrocket, insurance values that fall precipitously, premiums that go up exponentially, policies lapsing into the future or some combination thereof.

If you do nothing and your policy is unsafe or not properly designed, you have a change of getting "the letter." This letter is the one saying your policy has exploded and if you want to keep it you must pay 10X the premiums, have 10% of the insurance you originally did or sorry, it's just gone. We've had many people receive the letter and it's never pretty. If you'd like to review your current policy call us and we'll be happy to have that dialogue to ensure it'll behave as you need it to. ☺

Inspirational Quotes

- I am not discouraged, because every wrong attempt discarded is another step forward, Thomas Edison
- All great achievements require time, Maya Angelou
- To think is easy, to act is hard. The hardest thing in the world to do is act in accordance with your thinking, Johann von Goethe
- If you want a place in the sun, you have to put up with a few blisters, Abigail Van Buren
- What you do speaks so loud that I cannot hear what you say, Ralph Waldo Emerson
- Wisdom tends to grow in proportion to one's awareness of one's ignorance, Anthony de Mello
- Trusting our intuition often saves us from disaster, Anne Wilson Schaef
- Don't count the days, make the days count, Muhammad Ali



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

Kids Korner

Passing the baton of responsibility to the kids is not an easy thing to do. We struggle with it daily on can and should they be taking care of themselves against what should we "hold their hands" with. We've got a huge gap in how they want to handle things. Our older one wants to run everything and she arguably could, what she can get her head around is amazing and she basically takes care of almost all of her own affairs. She doesn't do geography well so finding destinations is a problem. We're working on that one! ☺ The little one is a normal twelve year old, perfectly capable but having fun and doing well in school, hanging with friends and playing sports. We've found that giving them the responsibility slowly and allowing them to take it on incrementally, with some expected failures is a successful way to ease them out of nonchalance and into the real world. Any ideas you've used or know of please share and we'll pay it forward.

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