

Lessons in Stories

Whatever works is the best way to teach things and we've been teaching financial concepts for decades. Technology has certainly made things a lot easier, we can illustrate points and concepts with amazing software and videos and graphs but sometimes nothing tells the truth like a story. This is true for both us adults as well as our kids and I encourage you all to use stories whenever you feel they'll be the right tool.

Here is a wonderful story we use often:

There was a little tree in the forest. He sat in the soil, danced in the sunshine, and watched the rain fall. One day, he looked around and saw the other trees. He said, "Wow, they sure are taller than me." The little tree then mumbled, "It has to be the soil that makes these other trees so tall." He lifted his roots and moved over to the part of the forest, which he thought had better soil. He wanted to be as tall as, if not taller than the other trees.

A few weeks later the little tree looked up again. He shouted, "This isn't working. The other trees are so much taller than me. It isn't the soil. It's the sunshine! Let me move where I can get more sunshine." He lifted his roots and moved over to the part of the forest, which he thought had better sunshine. Once again, he was frustrated. He stammered, "This isn't working either. It isn't the soil or the sunshine it's the lack of water." He lifted his roots and moved over to the part of the forest, which he thought had better moisture. After some time, he realized nothing was working. He wasn't growing, and he stayed smaller than all the other trees.

The Lesson of course is a tree that keeps uprooting itself doesn't get a chance to grow. It stays confused and scattered. Stay where you are. Learn what you need. Grow strong roots. That's what will make you a big tree and that type of behavior will also make you financially successful. Financial systems that we use have all the ingredients you need to make your financial wellbeing grow. The tools are here, we just need people to listen and stay planted and grow your roots deep in the system. Part of the process is not diverting from the path regardless of how much you may be pulled or enticed to do what may make sense for the here and now. Often what pays short term has very high costs long term. Often what pays short term has very high costs long term.

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Schooling the States

We've talked extensively about education here over the years and it appears universally agreed that you can never have too much education. I always include street smarts and grit to those book smarts and a combination of the three is simply lethal. We have a lot of our northeastern population looking to flee to the south in hopes of higher temperatures and lower taxes but what do you lose if you make the move south? It all depends on what age you do it at, where your family is and what is important to you.

Family is a big loss of course and nobody wants to leave family, but sometimes they choose to do so. For those whose bones and bodies don't agree with the cold any more it's understandable how going somewhere with a better climate can be very attractive. For the younger ones we find that schooling in other parts of the country cannot compare to what we have in our backyards.

The average school in America spends \$12,300 per student to get our kids through elementary, middle and high school. When we dig into the states of schooling in America it's a true joy to say that the northeast and Connecticut in particular is killing most other areas with educational statistics. Strong schools of course lead to strong and smart youth and that in time should translate to a great future. Keeping the kids close to home is another challenge altogether as the kids often tend to live close to or near where they go to college, not necessarily where they grew up.

Each state has a responsibility for schools in its borders and most of these schools are funded with taxes paid on property or income of the residents of said state. I'm blown away as Connecticut is rarely on top of any lists but we must give credit where credit is due and we're the # 1 state in the nation for high school students attending college after graduating high school within 12 months. The next top states, just as surprisingly, are New York, Massachusetts and New Jersey! Great news for the typically deep in the dirt northeastern states! 😊

On the bottom of the list in converting high school students into college students are Washington, Arizona, Oregon & Nevada. These states have below average college attendance and note that it may not be all bad as not every student should go to college. We still need people to fix things, especially those who are mechanically inclined and gifted with mechanical abilities. With our incredible technology today, we're all so spoiled if one were to just turn out the power many of our population would be completely out of luck!

Schooling the States, continued on page 3

New Addition to the Family

We're proud to introduce a new advisor to our family, John Coulter has joined the Manlius office to help clients improve their financial outcomes.

An alumnus of Syracuse University's Maxwell School, John is active with many local non-profit groups and formerly sat on the board of both FM Rotary and CAPPCA. He is an avid outdoorsman and is active with many recreational sports, he enjoys golfing, cycling, fishing and both snow and water skiing along with spending time with his daughters and participating in their hobbies and interests. John is an All American Lacrosse player. John works with clients by first understanding their needs and desires to help formulate an investment strategy that encompasses a complete wealth strategy to achieve their financial goals. This strategy both educates the client and allows them to participate in the decision making process so they have an understanding of all facets related to their investments. Relying on his education and experience, John first gains a true understanding of a client's goals and then creates comprehensive portfolios and financial plans for the accumulation, preservation and transfer of wealth for individuals and their families or business. He then meets with his clients on a regular basis to continue to understand their needs and goals in an ever changing economic situation and to adjust any relevant strategies as necessary.

In addition to individual one on one meetings, John speaks to groups on a regular basis to educate and present relevant ideas on the importance of overall financial planning and the importance of comprehensive wealth management. John believes that an educated client is their own best advocate.

John began his career as a financial advisor with a large Wall Street firm and then left to start his own firm knowing that putting clients first is always the best decision in any comprehensive wealth management strategy. His time as a small business owner gives him a unique perspective and understanding into the demands and conflicts many small business owners face on a continual basis. John has worked in the financial planning industry for over 8 years, educating his clients and helping them prepare for financial independence and in the management of their investment portfolio. We are very pleased to add John to our practice and look forward to working alongside him to provide financial planning services to the members of the central New York region. John holds several securities licenses which enable him to offer comprehensive, full service financial planning and investment management services. Active management provides for the protection of capital from violent markets. He will work with members of the community, local businesses, non-profits and retirees to address their financial goals, needs and objectives and improve their financial outcomes. Just like the rest of us here, John likes to have fun and enjoy life while helping people improve their financial outcomes. To contact John, please call 315 682 0348 or email john@fiscalwisdom.com

Anthem Data Breach

What has apparently become somewhat of a common thing in exposing customer data we've all heard about the countries largest health insurer having some type of a data breach. It is important to keep top of mind awareness to and if you've been an Anthem policyholder anytime from 2004 – today you're eligible for 2 years of free credit monitoring. Not only will you get the credit monitoring, but you'll also be given access to a team of people who will actually help to fix any errors on your credit file or accounts that were compromised by the breach. You can enroll in this service electronically at the following site:

<https://anthem.allclearid.com/>

The process of registering is really a piece of cake, you just type in your name, email address and you'll get a confirmation email within 72 hours after they've confirmed you were a member of the eligible class. For those who prefer old school, you can always call Anthem directly at 877-263-7995 anytime between 9am – 9pm Monday to Saturday.

The free identity protection services provided by Anthem include two years of the following:

- **Identity repair assistance:** Should a member experience fraud, an investigator will do the work to recover financial losses, restore the member's credit, and ensure the member's identity is returned to its proper condition. This assistance will cover any fraud that has occurred since the incident first began.
- **Credit monitoring:** At no cost, members may also enroll in additional protections, including credit monitoring. Credit monitoring alerts consumers when banks and creditors use their identity to open new credit accounts.
- **Child identity protection:** Child-specific identity protection services will also be offered to any members with children insured through their Anthem plan.
- **Identity theft insurance:** For individuals who enroll, the company has arranged for \$1,000,000 in identity theft insurance, where allowed by law.
- **Identity theft monitoring/fraud detection:** For members who enroll, data such as credit card numbers, social security numbers and emails will be scanned against aggregated data sources maintained by top security researchers that contain stolen and compromised individual data, in order to look for any indication that the members' data has been compromised.
- **Phone alerts:** Individuals who register for this service and provide their contact information will receive an alert when there is a notification from a credit bureau, or when it appears from identity theft monitoring activities that the individual's identity may be compromised.

We were exposed here and we've taken advantage of the service and it all went smoothly. This is the 3rd incident we've been part of, first it was Target, then WesConn and now Anthem so we've had credit monitoring for the past few years. It's just a matter of time before credit bureaus will need to provide this to all of us as part of their service. They hold our info and then make us pay to protect it? That doesn't add up! 😊

Noteworthy News!!!

- Congratulations to Kristen Pikula on her new job! ☺
- Our condolences to the Roy/Maniago families on the passing of Marcel Roy, a wonderful man, husband, brother, father, uncle, grandfather, great grandfather and friend.
- Congratulations to Mark Zizzamia on his new job! ☺

Question & Answer

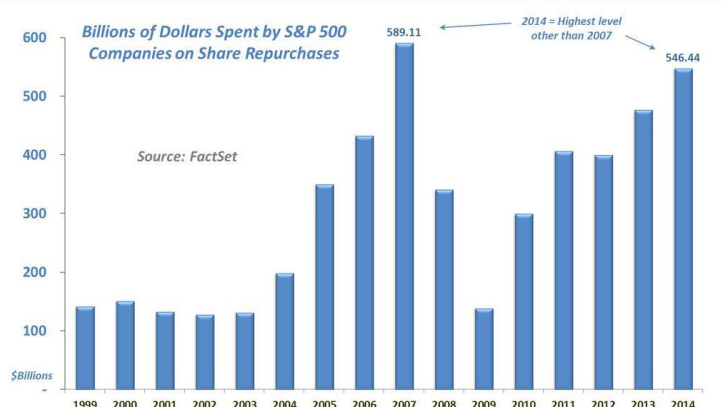
Ask any financial question you have and we'll address it here.

Q: Why do corporations buy back their stock when the price is high instead of low? Aren't company managers smarter than that?

This is such a truism it's uncanny how bad the timing of corporate buybacks are with the reality of relative stock prices. Corporations buy their stock back in droves the higher the prices are and vice versa. They are often fearful to buy stock when prices are low for reasons unknown. This likely happens because when markets are high companies are generally doing well and trying to put the cash to work. This clearly isn't the best place to put cash to work if the buybacks are happening at high prices but at the time it all looks and sounds good. This is a prime example of why we must think above what the general consensus thinks, even corporate CEO's, the Fed, etc. as they're all human too and tend to do the wrong things at the wrong times even though they seem right going in. Humans of all positions get emotional and tied up into the popularity of the day, week or month. Being a successful investor is a very contrarian thing to do and most of us are not hard wired to do it well. Ex GM Exec Bob Lutz is very famous for brightly pointing out that excessive stock buybacks are always the harbinger for the next downturn.

Investments are a hindsight business, looking back it'll all seem so clear why everything happened the way it did but in the midst of it all, clarity is sometimes hard to gain. Below is the data on corporate buybacks over the past 15 years and clearly, companies are buying their own stock at the wrong times. We're happy to buck this trend and buy the shares when the companies do not want to, because that's when the values are the most attractive overall.

2014 Corporate Buybacks Trail Only 2007



Schooling the States (Cont'd from pg. 1)

We're blessed to say that we work with many educators on all different levels from teachers to administrators in a variety of institutions from public schools, private schools and Universities. Even the University space is split into various categories from community college, state college, private college and Ivy League. We also have an incredible concentration of wonderful private high schools in the northeast in addition to some of the most prestigious universities on the planet. These institutions are able to gather students from across the globe and we may take that for granted but most areas of the country don't have such amenities. We've discussed the crushing costs of the high end education extensively, but for some who can get in via academic or athletic excellence and get financial help to make it affordable for the average family, these resources are not available in many other places. Many of the best universities will give those who are smart, but financially unable to attend a free ride today, including the prestige Ivy's if the kids can get in and if the family is on the lower side of the economic structure.

Schools are changing quickly these days as the laws are often in the way of common sense and charter schools are charging ahead. School budgets are being squeezed to the bone and eventually common sense will return to the law so things can be reasonable moving forward. There were 98,300 public schools in America in 2014 and 5700 of them are charter school. There are 30,900 private schools offering classes from Kindergarten to 12th grade.

Private schools are seeing overall lower enrollment numbers as the years charge on and now enrollment in private schools is 9% of students in PreK-12th grade. This was 12% 15 years ago and the trend is going downward. The difference is obviously being taken up by the public school systems and many areas are seeing student populations declining so there is also a trend towards regionalization. Another trend in some states has been the voucher system where your child can go to any school you choose and the town pays the school what it would have spent per student. This really gives schools incentive to compete or lose students but it's legally challenged simultaneously as it's a union buster for sure.

That trend has the capacity to really run hard and so far the areas where its seen success has seen massive growth in private and charter schools. Do we see the writing on the walls for the end of public education as we know it? I don't know about that but this process will take an awful long time and many changes will come down the pike as it unfolds.

Most always argue to always put more money towards education. Results are ironically not about the spending either, some high performing states are accomplishing almost the same results for almost half the money and they include Virginia, Delaware, Minnesota, North Dakota and Kentucky.

Money Quiz

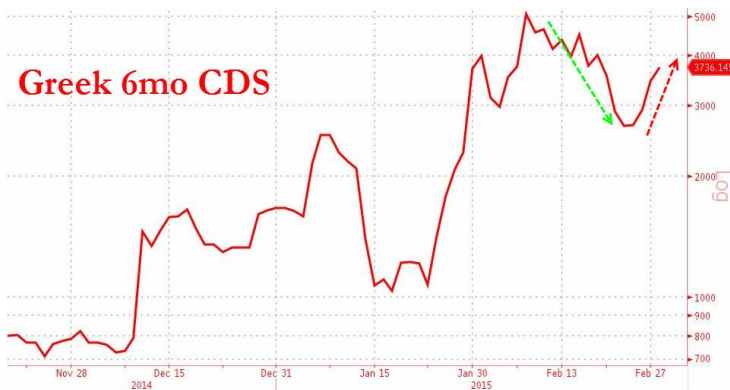


This month's challenge is on the postal workforce. In 1999 there were 909,000 postal employees, how many are there as of 2/28/15? Last month quiz was won by Megan Miller, the top 10% of taxpayers paid 70% of all federal income taxes. Winner goes to Ruby Tuesday on us! 03/09/15:04

Greek Conundrum

Greece is back in the news as a popular item these days with them again trying to deal with their fiscal train wreck that they've successfully delayed for the past few years. The kick the can strategy has really worked well for a few years now but here we are again watching this folly unfold. The bottom line is they just spend too much as a government against what they take in and have promised too much to their citizens.

Once central banks started printing money heavily a few years ago it appeared Greece and the rest of the spendthrift European countries were suddenly healed with fiscal discipline. This showed with their cost of borrowing going way down but in recent months we're seeing the true risks become more properly priced and nothing has changed. Here is the cost of buying insurance (CDS's) on the Greek governments bonds.



Not a pretty picture, the cost of this insurance is only up about 500% in the past few months. The Greeks have also recently passed a law allowing the political class to now raid pension funds to repay government debts. You couldn't make this stuff up! I heard a priceless one liner recently defining politics and it said: Politics: pol = many and ticks = small blood sucking parasitic leaches, that's very well said! ☺

Casinos & Lottery

Hopefully most of our readers don't do too much of either of the above two "entertainment" choices available in our society. I'd argue that they're both entertaining if done sparingly as well as legal robbery since the deck is so stacked against the consumer it's terrifying. If one partakes in these activities too often, nothing constructive happens for that person but plenty of great things happen for the casino operators and the governments who are getting a piece of the action. If you ever look at the state's financial statement you may be surprised to see any type of lotto, lottery or other gambling type "game" categorized as "Voluntary Income Taxes!" I don't know about you, but I pay enough mandatory income taxes that I'm not ever going to volunteer any of my hard earned cash to the state.

Atlantic City was for many years the mecca of casinos on the East coast but that's changed over the years and now they're all over the place with a large concentration of casino's now in Connecticut & New York. We're in the midst of Massachusetts now getting into the mix and they're now courting the casino operators to see who will now build the next mega gambling complex in the Bay State. All states are looking for "revenue" as they like to call it but what they really get are taxes under a host of tricky names.

We must ask ourselves does a casino help the population in general. We were at Mohegan Sun the weekend of March 21st to see the state high school basketball championships and there were a few tables in the arena set up to help gambling addicts, ironically the stadium is attached to a casino. The studies show residential areas within driving distance to casino's have higher incidents of addictive behavior where gambling is simply an addiction similar to drugs, alcohol or smoking. Some of these addictions tend to happen together so unfortunately one may push a person over the edge to indulge in another.

It would be smart to see governments incentivizing fiscal education, physical fitness, job programs or anything that helps the individual and the greater good rather than casinos or lotto. There is good news here on one front, the population at large is finally getting the message and they're at least spending less money on Powerball from this year over last year. If we can now just find a more constructive pastime than gambling we'll be in good shape! ☺ Look at the results per state so far with respect to Powerball.

First Half* FY14 vs. FY15 Powerball Sales

Powerball sales decline pervasive across all jurisdictions, particularly for the original Mega Millions states

| State (\$M) | First Half FY14 | First Half FY15 | % Change | State (\$M) | First Half FY14 | First Half FY15 | % Change |
|----------------------|-----------------|-----------------|----------|----------------|------------------|------------------|---------------|
| Arkansas | \$20.0 | \$11.6 | -42.3% | Oklahoma | \$33.2 | \$19.8 | -40.3% |
| California | \$269.7 | \$151.1 | -44.0% | Oregon | \$24.9 | \$15.5 | -37.6% |
| Arizona | \$62.6 | \$37.9 | -39.5% | Pennsylvania | \$170.5 | \$101.4 | -40.5% |
| Colorado | \$47.2 | \$30.8 | -34.7% | Rhode Island | \$17.8 | \$11.8 | -33.5% |
| Connecticut | \$46.7 | \$29.2 | -37.4% | South Carolina | \$51.5 | \$35.6 | -30.9% |
| District of Columbia | \$8.1 | \$5.0 | -38.5% | South Dakota | \$9.1 | \$6.0 | -34.8% |
| Delaware | \$15.4 | \$9.3 | -39.7% | Tennessee | \$55.6 | \$35.7 | -35.9% |
| Florida | \$261.5 | \$157.9 | -39.6% | Virgin Islands | \$1.7 | \$1.1 | -34.7% |
| Iowa | \$34.0 | \$22.0 | -35.1% | Vermont | \$5.3 | \$3.8 | -28.7% |
| Idaho | \$20.1 | \$13.3 | -33.5% | Wisconsin | \$49.6 | \$30.1 | -39.4% |
| Indiana | \$81.0 | \$37.9 | -53.6% | West Virginia | \$21.6 | \$15.2 | -29.8% |
| Kansas | \$22.6 | \$15.5 | -31.6% | Georgia | \$75.8 | \$46.7 | -38.4% |
| Kentucky | \$44.9 | \$29.1 | -35.1% | Illinois | \$94.5 | \$53.0 | -43.9% |
| Louisiana | \$57.5 | \$36.8 | -36.0% | Massachusetts | \$61.7 | \$40.1 | -35.0% |
| Maine | \$12.3 | \$9.1 | -26.6% | Maryland | \$58.1 | \$37.2 | -35.9% |
| Minnesota | \$45.2 | \$28.1 | -37.9% | Michigan | \$73.8 | \$45.2 | -38.8% |
| Missouri | \$56.2 | \$35.2 | -37.3% | New Jersey | \$137.7 | \$66.9 | -51.4% |
| Montana | \$8.6 | \$5.9 | -31.4% | New York | \$228.9 | \$116.2 | -49.2% |
| North Carolina | \$84.0 | \$52.8 | -37.1% | Ohio | \$69.8 | \$42.2 | -39.5% |
| North Dakota | \$6.9 | \$5.2 | -24.3% | Texas | \$142.7 | \$89.6 | -37.2% |
| Nebraska | \$21.9 | \$15.7 | -28.3% | Virginia | \$63.9 | \$39.7 | -37.9% |
| New Hampshire | \$20.1 | \$13.0 | -35.6% | Washington | \$31.5 | \$18.9 | -40.1% |
| New Mexico | \$18.8 | \$12.0 | -35.9% | Total | \$2,724.5 | \$1,635.5 | -40.0% |

Mega Millions States -42.6%

Inspirational Quotes

- "I never know in advance what will be an important gift for me. Hence it behooves me to be open to possibilities. Author unknown
- Sometimes our greatest learnings come disguised as failures of painful times, author unknown.
- Football is like life, it requires perseverance, self-denial, hard work, sacrifice, dedication and respect for authority, Vince Lombardi
- I am not bound to win, but I am bound to be true. I am not bound to succeed, but I am bound to live up to what light I have, Abraham Lincoln
- Follow effective action with quiet reflection. From the quiet reflection will come even more effective action, James Levin
- What the caterpillar calls the end of the world the master calls the butterfly, Richard Bach



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

Kids Korner

When the kids want something from us they'll ask us dozens of times, they're relentless on how many times they'll come after us for something they want. It may not be all at once, but they keep on coming until they get what they want or we threaten their safety to stop asking! ☺ Don't ruin their spirit as you try to manage to keep your sanity here. It's important that the kids keep this attitude in life as success hinges not only on how smart and educated we are, but just as much if not more so by how tough we are. How many times can our kids tackle a project, lose or get beaten or fail, and get back up and go after it again? This I think is a more important ability than high IQ, talent or anything else because we know that life is tough and even those with no or very little formal education who went through the life of hard knocks and have done very well and shining examples of this very thing.

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Name _____ Email _____

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City _____ State _____ Zip Code _____

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