

## Can You Fix it?

There are so many mechanical and electronic devices in our world today the big question becomes are we self-sufficient? Many say they are but I would argue we are not, not even close. Think about the number of systems that surround us from our homes to work to cars. Years ago it was much simpler and without the complexity of technology things were easier to deal with. I come from a very mechanical family and Pop is a mechanical Guru, he can fix just about any mechanical system. When I was a teenager I remember he and I taking the transmission out of my mother's car one Saturday morning because it wasn't working properly. I helped take it out but once it was out we put plastic on the picnic table and he told me to go away. He then took it completely apart and bought a rebuild kit and made it work. That's mind boggling and way beyond what most people are capable of. I can still do simple things to the car like oil changes, tune ups and even brakes. The high tech aspect of cars today are beyond what I can handle. Some cars are rolling computers today and they can be hacked just like your PC. I cannot fix the computers at home or in my car. The kids today are far better at working on electronics than most adults I know. I recently had a problem with my cell phone and a bright high school student was the solution to my problem in no time flat.

There are many things around the house people need to deal with from general carpentry to plumbing to electrical and heating and cooling. Most people cannot deal with these things and need to hire experts to come in and fix the problems at hand. Some people are mechanically gifted and can deal with most systems in a home, others cannot do much and hire it all out. There is a monster benefit to being mechanically gifted in that you save a ton of money in fixing things around your home and become a wonderful resource for those around you.

The same is true for those who are strong with computers, they can work on their own, build their own, upgrade them and help those they know and love. I've seen many people who take these valuable skillsets and turn them into side businesses and even full time businesses. Our world is lacking people who can fix mechanical and computer systems. This is going to be a big industry moving forward for those who have the skills!

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## Fadvisor

Fads tend to stick around for only a certain period of time. Some fads last a few months during the Christmas madness season while others stick around for years. The one thing fads have in common is that they're not durable, they don't stick around forever as popular things as they're typically driven by mass media programming, emotional excitement, peer pressure or the desire to be hip, cool or "in." Many fad items continue as collections and exist mainly out of the mainstream once the fad is over. Here is a quick peek at some fads we've all seen in the past as they vary by decade.

For the most recent trip through fad history we have the 2010's which brought us Angry Birds, Cash Mobs, Cupcake Stores, Frozen Yogurt Stores, Occupy Wall Street, Planking, Silly Bands, Yoga Pants & Zumba to name a few. The 2000's brought us Atkins, Energy Drinks, Btratz, Emo, Grillz, McMansions, Online slang, Pocket Bikes & Flags on Cars. The 90's brought us Beanie Babies, Boy Bands, Furby, Grunge, Napster, Oxygen Bars & Tickle Me Elmo. The 80's brought us Boom Boxes, Break Dancing, Cabbage Patch Dolls, Care Bears, Hackey Sack, He Man & Where's the Beef? The 70's brought Daisy Dukes, Disco, Mopeds, Pet Rocks & Streakers. The 60's brought Afros, Banana Seats, Platform Shoes, Ouija Boards, Superballs and Troll Dolls. Before then we ushered in the Conk, Dance Marathons, Drive Ins, Hood Ornaments, Prohibition and Zoot Suits.

What is popular goes in and out of style and these things tend to come in and out over the decades. What was once popular in the 70's and then went through periods of extreme unpopularity sometimes come back into fashion again. This same thing happens to the stock market. When it's going up and things are good people are elated about stocks and conversely when it goes down and things are "bad" people are scared. Realize that the notion I just explained is actually the opposite of reality. When markets are low things are not bad, prices are cheap and risk is low and conversely when markets are high risk is high and things are not necessarily good.

It's critical to measure risk when investing and ideally one will invest aggressively when the risk/reward profile is in your favor. I like the 3:1 ratio at least before I feel very comfortable taking monster positions on things. That is with a risk level of 1 and a possible profit of 3 it's not bad in terms of mathematical outcomes. As long as my batting average is at least 33% I'm good to go with this ratio. Right now with markets where they are we are roughly double any historical norm as far as price and valuation metrics. We've never been here before with governments doing what they're doing across the globe. Some of this same thing was happening here in the roaring

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### Age 70 + IRA Options

IRA's are wonderful planning tools for those who want to improve their retirement outcomes. There are mostly benefits tied to using an IRA with the exception of the age restrictions of 59.5 & 70.5. You cannot withdraw from an IRA prior to 59.5 without a penalty tax and at age 70.5 you need to start taking minimum required distributions (RMD's or MRD's). For young people sometimes the age restrictions can be intimidating for people locking their money up for a long time. Those of us who are older know how quickly time flies and then many look back and wish they had done more in their early years to take advantage of the magic of compound interest and the exponential growth of money.

Most people don't think about the older people who still want to save. For those who are still happily working after age 70.5, you're no longer allowed to make contributions to an IRA and need to take your required minimum distributions. I can see myself as being one of those people as work is fun and my inability to sit still will keep me going strong. If you'd like to pack it away into your IRA at 74 the government says no dice to you. You can still put money into a Roth IRA but not a deductible one. Roth's do not require any minimum distributions later in life so they don't have the restriction. If you're working for someone else and they have a 401(k) you can still contribute to that plan if you're not a more than 5% owner of that business. Another perk to work plans is that you don't need to take RMD's if you're still working after age 70.5. This is also true for alternative retirement plans such as SEP's or SIMPLE's. If you're still in the game at these ages you will still be eligible to get the employer contributions such as matches, profit sharing contributions, safe harbor contributions, etc..

If you work for a company and they offer any of these retirement plans and you're happily employed looking to reduce your income taxes, there are all great options to reduce your taxes, pack away a few extra bucks for retirement and win all around. For those who are not working you are in the zone where you'll just need to work out the minimum required distributions to satisfy the regulatory requirements. The rules are such because the money in your IRA's and other qualified plans have never been taxed and ultimately the IRS is going to tax these plans.

The self-employed individual also has a lot of options that allow them to continue to contribute to retirement plans after age 70.5. It doesn't make the RMD rules go away or become deferred, but net of contributions and deductions, you can still come out way ahead by contributing to a SEP, SIMPLE IRA, Solo 401(k), etc. The Solo 401(k) is by far the most powerful of all of these plans and can allow many self-employed individuals to drastically reduce taxes and increase savings. These plans are all defined contribution plans, which are great and define how much you can put away by the contribution limits established by the plans. There are more powerful defined benefit plans that allow for much larger contribution limits that we'll cover in another article.

Glass takes one million years to decompose, which means it never wears out and can be recycled an infinite amount of times!

Gold is the only metal that doesn't rust, even if it's buried in the ground for thousands of years.

Your tongue is the only muscle in your body that is attached at only one end.

If you stop getting thirsty, you need to drink more water. When a human body is dehydrated, its thirst mechanism shuts off.

Zero is the only number that cannot be represented by Roman numerals.

Kites were used in the American Civil War to deliver letters and newspapers.

The song, Auld Lang Syne, is sung at the stroke of midnight in almost every English-speaking country in the world to bring in the New Year.

Drinking water after eating reduces the acid in your mouth by 61 percent.

Peanut oil is used for cooking in submarines because it doesn't smoke unless it's heated above 450F.

The roar that we hear when we place a seashell next to our ear is not the ocean, but rather the sound of blood surging through the veins in the ear.

Nine out of every 10 living things live in the ocean.

The banana cannot reproduce itself. It can be propagated only by the hand of man.

Airports at higher altitudes require a longer airstrip due to lower air density.

The University of Alaska spans four time zones.

The tooth is the only part of the human body that cannot heal itself.

In ancient Greece, tossing an apple to a girl was a traditional proposal of marriage. Catching it meant she accepted.

Warner Communications paid 28 million for the copyright to the song Happy Birthday.

Intelligent people have more zinc and copper in their hair.

A comet's tail always points away from the sun.

The Swine Flu vaccine in 1976 caused more death and illness than the disease it was intended to prevent.

The Earth gets 100 tons heavier every day due to falling space dust.

- Congratulations to the Houk & Scoville families on the marriage of Katherine and Fred. The beginnings of a wonderful life together! 😊
- Congratulations to Penny Beckman on the purchase of her new home! 😊
- Congratulations to John Telash on his retirement! 😊
- Congratulations to the Cassidy family on the birth of baby Eleanor Mae, grandbaby # 2! 😊

## Question & Answer

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

*Q: How are people filing false income tax returns and causing chaos for the victims when they file their real tax returns?*

This is a HUGE problem these days. What is happening is the crooks are getting your social security number, name and date of birth in their possession and then just filing completely fictitious tax returns with the government. That is all you need to file a return, you can make up everything else. They can get this information through many sources, from stealing information out of your mailbox to stealing it from an employer to sending you an email and attempting to trick you to give it to them. The IRS, banks or any other financial institution never email requesting information about you, please never give out your data that way. These entities already have your data, they'll never ask you to verify it via an email.

If a false return is filed, many ask why the government cannot match the information fictitiously filed to what the other entities send to the IRS. The government isn't slick enough to get every return instantly and if all looks good and the automated scans don't pick up anything out of order, a refund is issued on your record. They will ultimately scan the returns to ensure your numbers match the numbers they've been sent from employers, investment companies, etc. but it takes a lot of time. You'll never know any of this happened until you go to file your real tax return a few weeks later.

When you file the real return and get a notice from the IRS that they've already received your return and rejected the one you just tried to file, which is the real return, you'll suddenly know what had happened. It will now be necessary to file your return on paper and to fill out form 14039 the identity theft affidavit. You should also call the IRS identity protection unit at 1-800-908-4490.

Should this happen to you, also notify the credit bureaus because the bad guys likely have gone on and spent money on your credit record. The IRS is working on a new system that will give taxpayers a special ID code to go along with their social security number to file returns. This is already available to those who have had their identity stolen via CP01F notice. My guess is in time we'll all have one to make this false tax return business a distant memory.

20's in the huge debt buildup and poor decision making at the government level. A similar outcome isn't out of the question moving forward but we're temporarily in this suspended animation almost like an Alfred Hitchcock episode of the Twilight Zone!

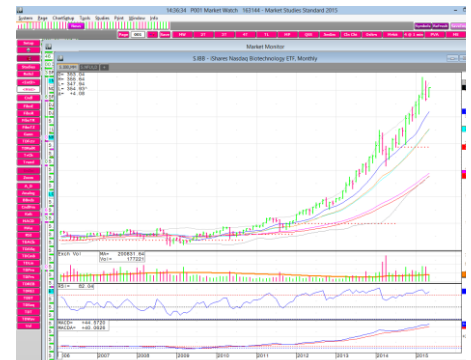
A new wave of articles and advice are coming out now and they're going along the road of indexing as markets are high. Just because something has done well in the immediate past few years, that doesn't make it the new standard by which things should be judged moving forward. Indexing was popularized in the 70's when Vanguard came up with the first index 500 mutual fund to track the performance of the Standard & Poor's 500 Index. This is how the investment world works, looking in the rear view mirror, but it should not. Whenever something is high and has just done well for the past few years the media gets behind it and proclaims it's the new normal or the new best thing ever or some such proclamation.

This behavior has the impact of having investors chasing returns, buying what just did well and not making wise choices to buy things when they're cheap. The investment mantra has always been buy low and sell high, but this behavior is buy when it's high and hope to God it goes higher. In reality we know things don't go up forever they go up and down so when you buy the price you pay dictates everything in the equation of investment return.

It's tough to buy what isn't looking good in the aspect of past performance. If something has gone from \$60 down to \$20 that's a heck of a loss and most people would run from that investment but I'm very attracted to it because that's where risk is low and return potential is high. When you're buying something high the return potential is diminished because the thing has already had a big move up, a big part of the returns have already been used up in the past. Human beings are hardwired to be horrible investors because we're emotional creatures and we don't want to miss anything or get left out of anything so we choose to go with the flow. Successful investors are mavericks, buying when everyone is selling and vice versa.

Bottom line is when markets are at all-time highs and they've just had a very strong past few years it is very common for people to jump on the bandwagon of just buy the entire stock market, any index that's done well as it'll always do well moving forward. This isn't true and the reality is the polar opposite of this perception. Now we've got the most bubblicious sector of the economy, the Pharmaceuticals, on fire today and everyone wants them. Sadly some of the wholesalers have suggested we buy into Pharmaceutical sectors too.

That's a complete joke asking people to buy this thing at these levels. Use common sense, don't follow the crowd! It speaks volumes for Human psychology and Investing.



## Money Quiz



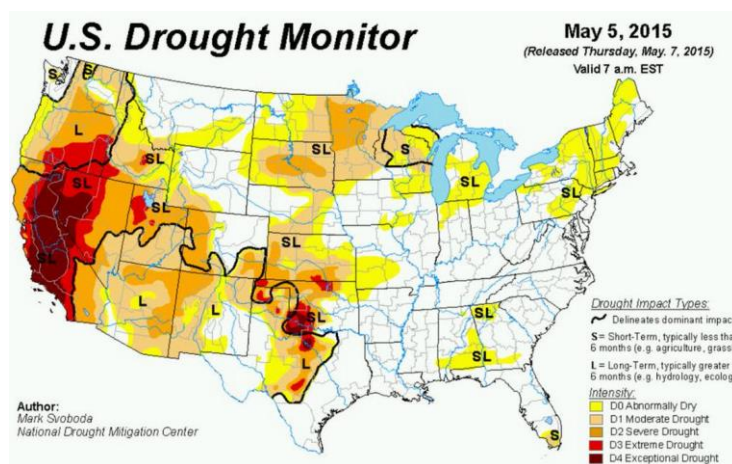
This month's challenge is on financial wiggle room. We all know we need emergency savings just in case something goes wrong in our lives. What percentage of American adults would burn through their emergency saving in less than 90 days today? Last month's quiz was won by Mahindra Patel, there are 595,000 postal workers as of 2/28/15 vs 909,000 in 1999. Apparently the government is cutting back in terms of postal workers. Winner goes to Ruby Tuesday on us! 04/06/12: 12

## Californication

This term can be referring to a few things in recent memory. Anything from the TV series of the past few years to the late 90's Red Hot Chili Peppers song to the notion that western societies pop culture and media insanity all comes from the sunny state of California.

This year it may mean a whole new thing in the form of drought. It's no secret just how dry it's been there for the past several years but some government concerns are starting to make some noise on the magnitude of the problem there.

Although I'm very sad for those that live there chances are there will be an amazing solution or invention to solve this problem. If there isn't, and if Mother Nature doesn't start raining on the sunshine state it may soon well become the deserted state because of the severity of the situation there. Here is a graphic on just how dry it is there and the rest of the country.



We're watching closely to see if there is an amazing new solution to this problem, because it'll likely be a game changer we'd like to be heavily invested in. 😊

## Shredded Culture

I may be young in years but I'm very old in mentality apparently. The media world seems to only focus on dividing our country into various groups and to what end? I see no benefit to this except politically, which is typically a very short sighted and often plain old wrong reason to do just about anything in life. First it was the 1%'s against the rest of us, then it was heterosexual vs. the gay community, then we had Christians vs. Muslims, now we've come full circle and it's back to racism in black vs. white and police vs. the public.

We all live on this planet together and there are good and bad segments of every group of people on this planet, we need to get along and work together, not separated and in war with one another. There are a lot of simple truths that are being missed with our new obsession with being politically correct. At a certain point we must just stop this nonsense and call a spade a spade. We should never be hurtful to others or flat out mean or cruel, but sometimes the truth hurts and it needs to just to give people a reality check as to where they are and what they're good at, bad at, and capable of.

First off, not everyone is a winner at everything and not everyone should get a trophy, please this concept is killing our culture. America became great by fighting through adversity, being self-sufficient and gritty, not giving up and making due, being innovative and pushing through seemingly impossible adversity. We're becoming a bunch of chumps that are afraid of everything and nobody wants to lose. This nonsense of everyone is a winner on the soccer field regardless of ability is a complete joke on every level. Not everyone is a great soccer player, some kids who fail miserably, don't make the team and get their feelings hurt may have a talent with music, art or business. Giving them a trophy for being the "happiest" or "friendliest" or "on time" when they flat out just are rotten soccer players isn't doing them any favors. You're blowing smoke on them and how will these kids ever learn how to cope with real life if they never "lose?" This same concept is applied when we don't compete in sports or schools. Our schools won't release class rank for the middle school, it drives my kids nuts but they don't want to offend the 225 or so kids who are not #1!

Pathetic is what this really is and the sooner we get back to what made us great the sooner we'll stop the bleeding of our culture and character. You're not mean or hurtful or a bully if you don't give the kid a trophy for something they're not a true winner at. We never had trophies as a kid for playing sports. We had trophies only for winning the entire league, the state championships or the all star game. If our team played hard all year long and we were good but ultimately lost we went home having known we'd done our best but somewhat aggravated that we lost to someone else, period. That disappointment gave us the fuel to work harder and we then just kept playing all year long so next year we had a better chance at becoming the winner and not taking second fiddle. The real world is no different from the old school way and we so badly need to get back to that to help our youth learn that life is tough and they need to do it on their own, nobody is going to give them a job or a spouse or a life just because they showed up. How did we get to this place in our country? Whatever it was hopefully we can turn the corner and start getting back to reality, our country needs it! 😊

## Inspirational Quotes

- Only those who risk going too far will ever know how far they can go, TS
- If you don't build your dreams someone will hire you to help build theirs, Tony Gaskins
- The world needs dreamers and the world need doers. But above all, the world needs dreamers who do, Sarah Ban Breathnach
- I know there is strength in the difference between us. I know there is comfort, where we overlap, Ani DiFranco
- When you listen, it's amazing what you can learn. When you act on what you've learned, it's amazing what you can change, A. McLaughillin
- You never lose by loving. You always lose by holding back, Barbara DeAngelis
- In learning you will teach, and in teaching you will learn, Phil Collins



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

## Kids Korner

Education is obviously a really big deal and we all want our kids to do as well as they can. For the parents it's an equally important financial decision. We're seeing a trend of people putting their kids' education as a priority over their own retirement. This isn't a smart strategy and is **very dangerous**. There is no such thing as a retirement loan and an education doesn't need to cost \$300,000.00. There are inexpensive ways to get a valuable degree today regardless of a family's financial situation. Even for those who are well heeled, we're seeing more and more people push towards a few years of a community college and then a few years at a state school while living at home. This is the bargain of the century and you can still get a great education for less than the cost of an average new car. This is reasonable on every level so prioritize your retirement over the kids' education. Giving them a world class education when shorting yourself a retirement plan is short sighted! ☺

### Connecticut Directory (860) 673.1942

Mike [mike@fiscalwisdom.com](mailto:mike@fiscalwisdom.com)  
 Michele [michele@fiscalwisdom.com](mailto:michele@fiscalwisdom.com)  
 Andrea [andrea@fiscalwisdom.com](mailto:andrea@fiscalwisdom.com)  
 Betsy [betsy@fiscalwisdom.com](mailto:betsy@fiscalwisdom.com)  
 Kerryanne [kerryanne@fiscalwisdom.com](mailto:kerryanne@fiscalwisdom.com)

### New York Directory (315) 682.0348

Mark [mark@fiscalwisdom.com](mailto:mark@fiscalwisdom.com)  
 Larry [larry@fiscalwisdom.com](mailto:larry@fiscalwisdom.com)  
 Josh [josh@fiscalwisdom.com](mailto:josh@fiscalwisdom.com)  
 Jackie [jackie@fiscalwisdom.com](mailto:jackie@fiscalwisdom.com)  
 John [john@fiscalwisdom.com](mailto:john@fiscalwisdom.com)

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Connecticut Offices (860) 673-1942  
CT Toll Free (800) 843-4513  
New York Office (315) 682-0348  
NY Toll Free (888) 693-8390



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## Mike Chadwick's Money Matters

15 New Britain Avenue. Unionville, CT 06085  
860.673.1942  
Torrington, CT . Manlius, NY

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