

## Supple & Strong

We'd all like to say we're strong, fit and flexible but the reality is for most of us as we age it's harder and harder to stay in shape, at least a shape we like. A friend recently mentioned to me he has a shape and it's round. As funny as that is he's not in bad shape. He may be able to lose 10 – 20 lbs. like most of us but he's in no way in bad shape. I appreciate the intention, which I took to mean he's feeling nothing like he should when he's at his ideal with respect to weight and fitness. I feel his pain unfortunately.

We deal with people in all stages of life from those who are just getting going with their careers as they graduate from medical school, graduate school, etc. to those looking to retire or who have retired many years ago. The young folks generally don't have any issues physically, they often joke who needs to stretch I feel fine. I never needed to stretch as a kid, I would go through the process like everyone else but didn't feel the impact of the stretch. Now fast forward into the 40's and if I don't stretch regularly, things just don't work right. Things hurt, they feel as if they need grease or lubrication to make them move as they should, they in general don't do what they're supposed to do until they "warm up."

Even if you're in great shape and workout often and have a proper body weight, are you flexible? I've seen in the past few years in sports some of the fit people break and tear body parts. Wondering how this is unfolding this way, the logical conclusion is although they're fit, tight and muscular, they lack flexibility or suppleness. We all know what being flexible is but do many of us consider ourselves supple?

Webster defines supple as bending and moving gracefully and easily. I see many people who slowly lose their ranges of motion, their joints are being replaced at record numbers, and their lifestyles are being impacted. I simultaneously wonder if we can stop this epic trend towards brittle old American's who all need new joints to carry on.

(Supple, Continued on page 2)

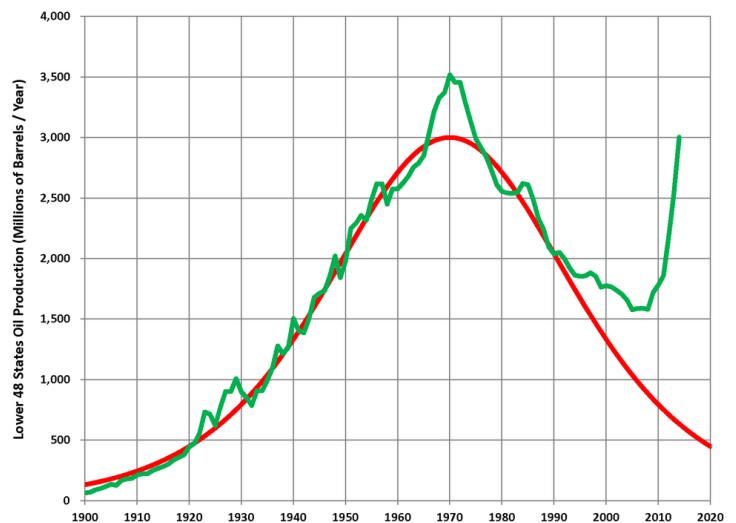
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## Peak Oil!

You're not hearing much about this anymore are you? Just a short year ago we were paying \$4.00 per gallon for gas and now it's under \$2.00 per gallon. That's really nice for the consumer but ironically the talking heads are no longer discussing when we're going to "run out" of oil or when we'll always produce less oil moving forward per year, with "peak oil" being the year that the globe produced the most oil.

Ironically the peak oil argument and theory came about in 1919, yes almost 96 years ago, and at that time it was supposed to be 1922, a short 3 years later that peak oil was to be upon us. In more modern times M. King Hubbert's predictions originally called for peak oil in the 1970's. As the graph below indicates the lower 48 states oil production did peak for a long time in the 1970's and then went down for 30 years or so, and have since gone up exponentially due to shale, fracking etc. This is only the lower 48, the globe has consistently been producing more oil annually, on average, for a century. Here is the lower 48's oil production expectations (red) vs reality (green)



The conceptual side of peak oil makes a whole lot of sense and if technology didn't advance the chances of it happening would be plausible. These things are not reality though as we don't live in a static bubble, things are always changing and the pace of change accelerates simultaneously. Not only does the technology to extract oil from the ground change, but our energy efficient use of energy changes, so there are a lot of forces at work here. Attempting to make these long range predictions is difficult, if not impossible.

(Peak Oil, continued on page 3)

### Supple & Support (Cont'd from pg. 1)

From all of the people we see there are always exceptional people who are able to maintain amazing fitness into and throughout retirement, those who buck the trend of massive prescription loads, replaced joints, inactivity, etc. We see certain commonalities in these folks that we'd like to share and hopefully emulate in time.

To note the delivery of the massive prescription loads we consume, we used to go to Florida where many of our seniors retire to note that they had 2-4 pharmacies on most street corners all around the Sunshine state. I first remember this phenomenon in the mid 90's when we were there for a conference. Fast forward 20 years and we're now seeing that trend migrate north as it's happening here in CT. The thriving metropolis of Unionville (yeah right) now has 2 pharmacies on the main intersection of RT 177 by the bridge. This is certainly convenient for everyone but speaks volumes to where our society has gone – to a heavily medicine dependent group of folks who need more activity, more sweating, less comfort food and more natural food. I was in Maine last year for a conference and I don't remember seeing these extremes, there were plenty of pharmacies, but I didn't note a corner dominated by them.

These exceptional people we mention, what makes them special and able to buck the trend? We're no medical pro's to say the least but the things we've observed people doing that keeps them going relatively problem free are the following, in no particular order:

- Working out
- Walking
- Yoga
- Pilates
- Tai chi
- Karate
- Spinning
- YMCA
- Sports (no carts here golf folks) (all sports work)
- Swimming

Working – around the house, hobbies, gardening, fixing cars, etc., anything that is physically challenging and makes you sweat and keep up with something or advance seems to do the trick. Another interesting thing is attitude, these folks don't accept what they're told if they don't agree with it. They don't think that just because they're 75 they can't be active, have to take pills, need surgery, they do the hard work to avoid any such outcomes they deem unacceptable. The maverick attitude pays off when it comes to health and fitness it appears. 😊

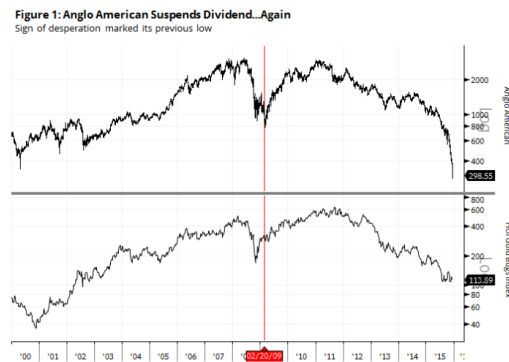
If a company has too much money than it can put to work efficiently and effectively they will typically pay out any excess to the owners in the form of a dividend, returning capital to shareholders almost always warms their hearts. When startups grow rapidly through the first 20 – 40 years of their existence they don't typically have dividends. Once a quickly growing company begins paying a dividend, it tends to be kiss of death for the growth of that company. In our society today one monster firm fits that bill and so far the rule of thumb is holding true. Who is this company? Look no further than the fruity tech company.

Look back at the last round of tech stocks going crazy and the initiations of dividends, the operating system behemoth started their dividend in 2003. Look at the price performance of this tech giant since. There is a long list of such behavior in once popular thriving stocks after their dividends begin.

For an established healthy company it is very normal for them to increase or decrease their dividends as time and business conditions permit. When the dividends are increased it is normally viewed by the public as a positive sign, the firm is healthy and generating excess returns, now returning that money to shareholders. When a dividend is cut or stopped, it is generally viewed as negative by the public as they think the company is in trouble and bad times are to come.

The question here is how we interpret the dividend actions of companies and how that is likely to impact their businesses moving forward. History shows us that it depends on the business cycle for that particular firm. If we look back to 2009 when the banks all appeared to be going out of business they all cut or drastically reduced their dividends. Looking back, that was the time to buy them. After the crisis passed and they began to get their financial houses in order, they slowly started reinstating or increasing their dividends. This has the opposite effect of a monster starting a dividend, it's viewed as positive and healing for the company and shares responded well by continuing their ascent.

What do we see happening now in the markets with respect to dividends? We see energy and mining companies reducing and eliminating their dividends. This is likely a sign that the bottom is here or near for these firms, or at least the ones who survive. Here is a great graphic on a mining firm going back to 2000. Will this time play out the same as last? We won't know until a few years has elapsed.



# Noteworthy News!!!

- Congratulations to Dave Kozikowski on his new job at Goff's Power Equipment!
- Congratulations to Carlos Gomes on his new job with the town of Granby! ☺
- Congratulations to Sarah Metcalfe on her new job with Severna Park Middle School.

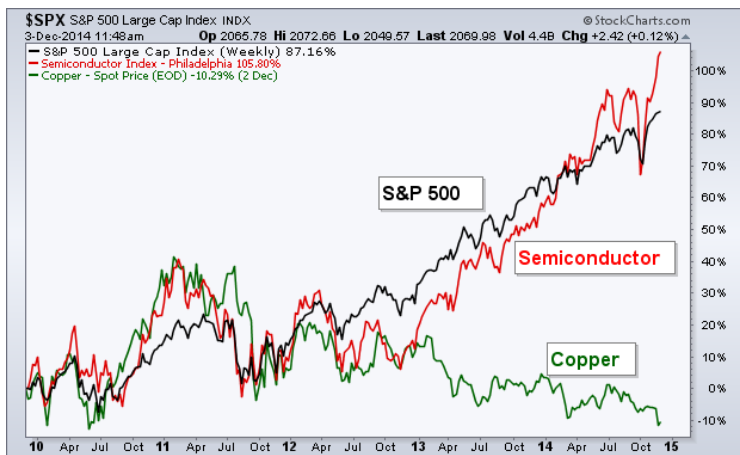
## Question & Answer

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

*Q: Copper is supposed to reflect the state of the economy, why is it so far down and stock markets so high up?*

This is a truly awesome question and the simple answer is insane government policies. Yes it's true, copper is often referred to as Dr. Copper because it has predictive value in the economy as the metal is used in just about everything. Electricity to plumbing and in all forms of manufacturing so if copper is strong we know the economy is too. Copper is in the toilet today and markets are at all-time highs, it doesn't make sense. The things central banks are doing with QE, 0% rates, negative interest rates has people chasing assets up to high prices like never before. This will end badly because there is no economic justification behind the moves, but for now it's the herd behavior.

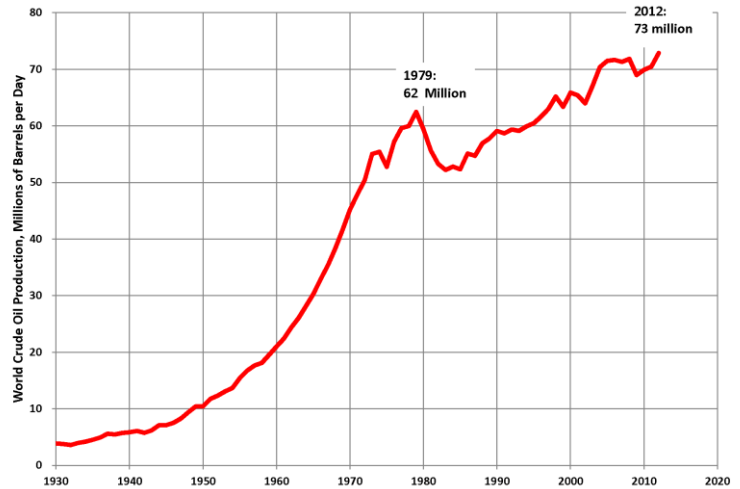
Some are saying that the semiconductors have replaced copper as a predictive tool in the markets now that the economy is so high tech. I don't buy that, you're not building anything with semi's regardless of how important they are. They don't create anywhere near as many jobs overall as building things does. This theory is seemingly accurate in the unconventional monetary policy world since 2011. Here is a graphic of markets, copper and semi's over the past 5 years.



Will this continue, only time will tell but I highly doubt it. Whenever they say "this time is different" it never is. I like copper and commodities now, they're reasonably priced if not downright cheap. ☺

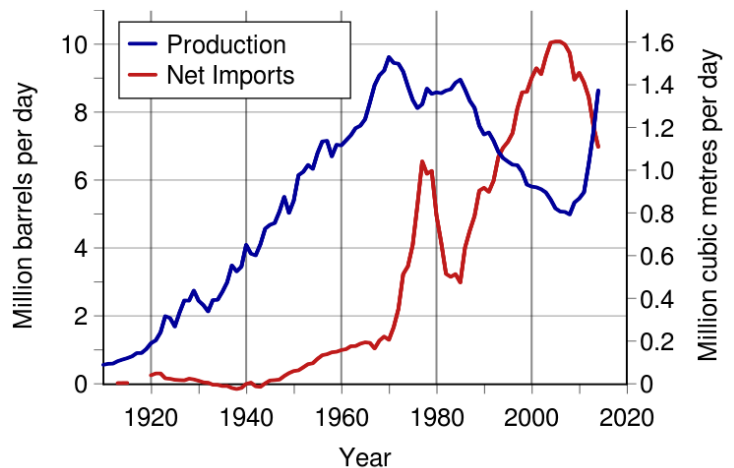
# Peak Oil!(Cont'd from page 1)

Now we can switch gears to the global oil production from the 1930's to 2012. The drop from the 1970's to the 1980's was the "oil crisis" of that era. I remember as a child sitting in gas lines only on certain days as my parents tried to fuel up the family sedan. The sedan in that era was a big Dodge that was probably 20' long and got a whopping 8mpg. This was the beginning of super-efficient Japanese cars coming to the American people.



Now if we focus only on American production it's stunning just how things have turned around in the past decade. We have gone from a country that only consumes oil and petroleum products to one who is a serious global supplier of them. Notice as we produce more our need to import is going down, there is an inverse relationship between the two. There is certainly pressure on the industry today and expect winners and losers, but those who stay and get past the storm will gain market share. The beauty of supply and demand.

## U.S. Crude Oil Production and Imports



## Money Quiz



This month's challenge is to splitting atoms. How many Nuclear reactors do we have in America generating electricity as of October of this year?

☺ From last month the Unaffordable Care Act's ICD-10 rules created 140,000 different codes, up from 18,000 codes. Is this nuts or what?

Winner goes to Ruby Tuesday on us! 11/02/15:14

## Foreclosure vs. Short Sale

The foreclosures that began in the 2009 meltdown are finally coming to makret in droves here in CT. We're a judge state, meaning the bank cannot simply foreclose on a property without a judges approval, and the courts are buried so it takes a long time. Real estate isn't moving today and we're seeing some VERY attractive deals in foreclosure sales like we havne't seen in many years. The question lately is what is the diffeernce between a foreclosure and a short sale?

This is a great question and a very imporant one today with the volume of what is hitting the streets now at auctions, direct sales and through realtors statewide. The foreclosure process is the bank actually taking title to the property, evicting the residents, and then selling the home directly to a new buyer. In order to do this, there is a quite lengthy legal process and it takes a long time and lots of money to complete. The owners of the property can do many things to delay the process and many people have managed to live in their homes for 2,3 or more years without paying a nickel to the bank as they try to gain title to the property so they can sell it on their own.

The short sale is where the bank allows the homeowner to sell the property at a value less than what the mortgage is worth. This process saves the bank the time and money involved in the foreclosure process but can also take some time to complete. Bigger banks are much slower at this process, smaller local and regional banks don't fart around here, they get this done quickly. Often some of the banks today prefer to short sale as owners don't destroy the property, the bank saves the time and money involved in the legal process and all can move on when it's done. Short sale homes are rarely vandalized as the owner is typically in them until the sale takes place.

Even though the short sale is somewhat of a shortcut to a traditional foreclosure, with the big banks it can still take 6 months to complete even after a deal is agreed upon and the numbers are good with all parties. When an organization becomes large, it becomes inefficient by definition so the wheels spin slowly. There are deals to be had in this arena so keep your eyes peeled if you're going to be in the market to move.

This is a piece I saw by Ben Stein from a few years ago that I thought would be appreciated by everyone. Apparently the White House referred to Christmas Trees as Holiday Trees, which prompted Ben Stein, to say the following, on the CBS Sunday Morning Show.

My confession: I am a Jew, and every single one of my ancestors was Jewish. And it does not bother me even a little bit when people call those beautiful lit up, bejeweled trees Christmas trees. I don't feel threatened. I don't feel discriminated against. That's what they are, Christmas trees.

It doesn't bother me a bit when people say, 'Merry Christmas' to me. I don't think they are slighting me or getting ready to put me in a ghetto. In fact, I kind of like it. It shows that we are all brothers and sisters celebrating this happy time of year. It doesn't bother me at all that there is a manger scene on display at a key intersection near my beach house in Malibu. If people want a nativity scene, it's just as fine with me as is the Menorah a few hundred yards away.

I don't like getting pushed around for being a Jew, and I don't think Christians like getting pushed around for being Christians. I think people who believe in God are sick and tired of getting pushed around, period. I have no idea where the concept came from, that America is an explicitly atheist country. I can't find it in the Constitution and I don't like it being shoved down my throat.

Or maybe I can put it another way: where did the idea come from that we should worship celebrities and we aren't allowed to worship God? I guess that's a sign that I'm getting old, too. But there are a lot of us who are wondering where these celebrities came from and where the America we knew went to.

In light of the many jokes we send to one another for a laugh, this is a little different: This is not intended to be a joke; it's not funny, it's intended to get you thinking.

Billy Graham's daughter was interviewed on the Early Show and Jane Clayson asked her 'How could God let something like this happen?' (Regarding Hurricane Katrina). Anne Graham gave an extremely profound and insightful response. She said, 'I believe God is deeply saddened by this, just as we are, but for years we've been telling God to get out of our schools, to get out of our government and to get out of our lives. And being the gentleman He is, I believe He has calmly backed out. How can we expect God to give us His blessing and His protection if we demand He leave us alone?'

In light of recent events... terrorist attacks, school shootings, etc. I think it started when Madeleine Murray O'Hare (she was murdered, her body found a few years ago) complained she didn't want prayer in our schools, and we said OK. Then someone said you better not read the Bible in school. The Bible says thou shalt not kill; thou shalt not steal, and love your neighbor as yourself. And we said OK.

Then Dr. Benjamin Spock said we shouldn't spank our children when they misbehave, because their little personalities would be warped and we might damage their self-esteem (Dr. Spock's son committed suicide). We said an expert should know what he's talking about. And we said okay.

Now we're asking ourselves why our children have no conscience, why they don't know right from wrong, and why it doesn't bother them to kill strangers, their classmates, and themselves.

Probably, if we think about it long and hard enough, we can figure it out. I think it has a great deal to do with 'WE REAP WHAT WE SOW.'

Inspirational Quotes

- A bargain isn't a bargain unless you can use and need the product! Fortune cookie!
• There is nothing impossible to him who will try, Alexander the Great!
• Learn from yesterday, live for today, hope for tomorrow, Author unknown
• In the midst of movement and chaos, keep stillness inside of you, Deepak Chopra
• Nothing is more intolerable than to have to admit to yourself your own errors, Ludwig van Beethoven
• Happiness depends upon ourselves, Aristotle
• When one must, one can, Charlotte Whitton
• Victory is sweetest when you've known defeat, Malcolm Forbes



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

We're always looking to make our kids' lives better than our own, a wonderful thing to do. We need to be conscious of what we can buy them and what we cannot. Some of the traits we'd all like our kids to have but cannot be bought are the following:

- Manners Class
• Morals Integrity
• Respect Love
• Trust Character
• Patience Common Sense

Kids don't come with instructions of course but these are things we should strive to give them, only our time and attention will get these traits to them.



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