

College Statistics

College is a big decision for most people as it should be. We're taking a long hard look at the trends here as the costs are so high now there is simply no room for error. First what is the difference between a college and a university? The distinction in America isn't always clear but generally colleges focus on undergraduate studies while universities offer both graduate and undergraduate studies.

Then we must differentiate between private and public institutions. Public are administered at the state level while private institutions are self-funded typically by endowments and do not receive public funding. The tuition at private schools is typically higher than their public counterparts.

The costs of education are of course going up exponentially and so is the percentage of the population with a degree. In 1960 9.7% of men and 5.8% of women in America had a college degree. Today, over 50 years later we have a population where 30.3% of men and 29.65 of women have college degrees. Note the shrinking of that gap and it's likely that in the future there will be more educated women than men. That's cool! ☺

The U.S. is home to some of the most renowned schools in the world and here in the northeast we have the Ivy League colleges, which are Harvard, Princeton, Yale, Pennsylvania, Cornell, Columbia, Brown and Dartmouth. There are many "hidden IVY's" today as well scattered throughout the country. The IVY's are full of prestige but they're not the only way to get a great education and a good job. In fact some business people and hiring managers at global firms tell us they're shying away from these schools as the expectations are too high now to go along with their price tags.

Sticker price will shock most people, but the game has become make an ever increasing sticker price and discount it for the kids you really want and let those who can afford it pay the full price. We see many families who get a "package" from a school so their child can go to an IVY or another elite private school for less than they could attend a public university. Knowledge is power here so if you're thinking college this is a conversation we should have.

College Statistics (Cont'd on page 2)

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New England Knowledge

We've talked a lot about college this month but what about some simply cool facts about this area of our country? Here are some really cool yet not so well known facts about our back yard.

- The term "sideburns" is named after Ambrose Burnside, a former governor of Rhode Island
- The first hamburger was made in CT in 1895
- Fig Newtons are named after the Boston suburb of Newton
- In 1908 George Smtih applied sticks to sugary hard candy and invented Lollipops in CT
- There is a house in Rockport, MA made entirely out of paper
- Vermont has the most breweries in the US with 19 and a population of not even 700k, making for one brewery per 33k people. ☺ Russia may have similar stats! ☺
- The Hartford Courant is the oldest newspaper in America, established in 1764
- Volleyball was invented in Holyoke in 1768
- In 1891 Basketball was inveneted in Springfield by Dr. James Naismith
- Texas is 165 times larger than Rhode Island so it's no joke that Rhode Island can fit inside some Texas ranches
- Despite Rhode Islands small size, it boasts 20% of the U.S's historical landmarks! Impressive!
- The highest wind speed ever recorded at ground level was at Mt. Washington in 1934, as fast as those in most hurricanes
- The worlds first nuclear Submarine was built in Groton, CT
- The main paper supplier to the US Mint is in Dalton, MA the Crane Paper Co.
- The first town in the world to use electric street lights was Great Barrington, MA
- Maine has the largest toothpick manufacturing facility in the US
- Maine is almost as large as the other 5 New England states combined! ☺
- Vermont has the largest number of dairy cows in the country in ratio of cows to people
- New Hampshires State House is the oldest in the country in which the legislature still meets in its original chambers.
- Newport, RI created the first ever traffic laws in 1678 for horses!

New England Knowledge (Cont'd on page 3)

We have the tools and resources to show which colleges offer scholarships, which do not, which ones are the best fits for your child/grandchild and how to best stack the deck in your favor to receive grants or aid. Scholarships and grants are great, loans should always be your second choice after the free money.

Good news in education all around outside of the sticker price is that we can generally get an education for far less than sticker prices unless you're pretty wealthy. Good News we've got 7 of the top 10 educational institutions in the world here in America. Good news is that not everyone belongs in a college or university getting a bachelor's degree. We have many highly successful people that only have high school diplomas, some not even that but if you're dully hungry the sky is the limit on what you can earn.

Colleges and Universities are big business in America. We have 3.25 million people working in higher education here, which is 1% of our population and over 2% of our adult workforce working to further education. The industry has 535 Billion in revenue every year, that's a whole lot of tuition payments! ☺ I love it and I hope we can all learn something from one another regardless of where we work. Of this industry, community colleges have a 12% slice, or 65 billion of revenue and employ 682,000 people. The industry is only growing at 1% annually because costs are so high but community colleges are growing at a much higher rate due to their "bargain" price. The money we're spending locally on colleges in Connecticut is amazing and shows just how big the demand is for higher education.

We're all on this planet together and we're supposed to help one another to create a greater place. The northeast tends to have a higher concentration of educational facilities than the rest of the country and this is true not only at the college level but look at the number of world class private high schools that surround us.

When the kids transition from high school to college an interesting indicator to keep an eye on is the freshman retention rate. This data shows us how well the college described or sold itself to the students and was the fit really there? Is there a sizable disconnect between the expectation and life in the school? Kids transfer for a plethora of reasons but if there is a large percentage of freshman leaving Houston we may have a problem with the school. Private colleges tend to have much lower percentages of freshman who do not come back which I find very interesting. Next it shows how well the school does at transitioning the kids into college life from high school. It can mean the financial aid policy has changed, which is a monster criteria today for most families. Another important factor to consider is graduation rates from entering freshman as well as how many years does the average kid spend on campus getting the Bachelor's degree? This is a great topic if you'd like to have a conversation about it. ☺

IRS Scams

There is a rash of scams currently going around the internet based on emails that the IRS is supposedly sending. The IRS never sends out email, if they need to get in touch with you you'll get a letter, not an email, period. If you get a phone call or an email from someone claiming to be with the IRS, this is what is known as a phishing scam, they're no good and stay away from them. They may try to intimidate you by claiming if you refuse to pay you'll be charged criminally, have a grand jury indictment, immediate arrest, deportation or loss of a business or drivers license. This is complete garbage hang up and report the fraud.

The IRS will not ask for payment by phone, your credit or debit card number or any type of prepaid card information. Never divulge any pertinent information to them and report the fraud.

If you need to get in touch with the IRS you may call them anytime at 800-829-1040. It'll be a while on hold but you'll ultimately get someone who can answer your questions and address your concerns.

If the caller has any of your personal information it is possible they could have filed a tax return in your name and that it is fake on every level. This can and will be a small problem for you so if you have any shred of gut instinct this has happened you can reach out to the IRS and report the possible impersonation. There is sadly so much of this that the IRS has created an "IRS Impersonation scam form." The form can be found here:

www.tigta.gov

["IRS Impersonation scam" form](#)

The treasury Inspector General's phone number is 800 366 4484 and it would make sense to call them if you think this has happened to you. If you have an email that has been sent to you that you suspect is this type of nonsense you can forward it to the IRS they have a special division for phishing and that email is here:

phishing@irs.gov

That's an easy email address to remember! ☺

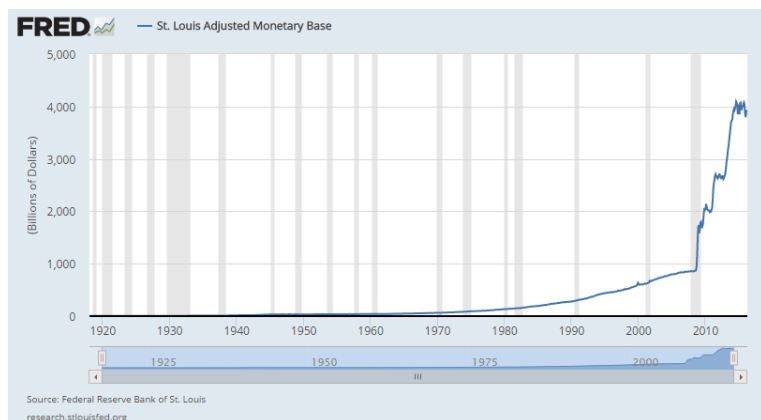
Noteworthy News!!!

- Congratulations to Bill & Nora McCornick on their 40th wedding anniversary! That's a blessing I hope more people can attain!
- Congratulations to Jay Kolakoski on his new job as Fire Chief for the City of Bristol!
- Congratulations to Steve LePage on his new job as Assistant Superintendent of Plainville Schools!
- Congratulations to Kelt Cooper on his new job as Superintendent of East Las Vegas City Schools!

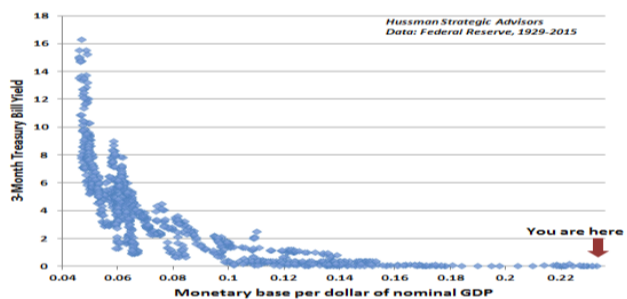
Question & Answer

Q: Why is the money supply so high yet the velocity so low???

Here is the conundrum of central banks around the world today. The money supply is so high because governments around the globe have been printing it in the past 8 years to try to induce economic growth. It doesn't really work in case you're wondering, we've got around 2.0% GDP growth on the back of a doubling of the countries national debt, not the best recipe for fiscal health or stewardship.



Now as to why the velocity of money is so low despite record quantities of it hanging around. This boils down the hot potatoes syndrome, there is a ton of money and because of it everyone has to hold some, but nobody really wants to hold it as the possible return scenarios for the future don't look so hot. This gives us a dynamic relationship that shows people are no dummies. Our friends at Hussman have compiled the following chart showing the relationship between 3 month treasury yields along with the monetary base of dollars. It's as stretched as it has ever been, so the associated return to normal will be exciting.



New England Knowledge (Cont'd from page 1)

- In 1904 the first speeding ticket was given in Newport, RI. That was a loosely enforced law for about 226 years. ☺
- Vermont has the most Maple Trees in New England, making 500k gallons of Maple syrup annually
- Maine has 2000 islands
- Pez Candy was created in Orange, CT
- The first public library was established in 1833 in Peterborough, NH
- Maine grows more blueberries than any other state, 98% in our nation
- CT is home to the first color TV in 1948
- New Haven is home to the first phone book (what is a phone book) and it contained 15 contacts ☺
- Rhode Island is home to the first Baptist church in America
- Rhode Island is also home to the first Synagogue in America as well
- The worlds first PC, Whirlwind, was invented in Cambridge, MA
- Ossipee, NH invented the first snowmobile
- Boston Common was the first public park in America
- New Hampshire adopted the first legal lottery in 1963
- In Maine it's illegal to add tomatoes to clam chowder! Don't mess with their seafood! ☺
- Dunkin Donut's started in Quincy, MA, failed and came back and now sells 30 cups of coffee per second
- Boston is home to the first subway system in North America
- Painter Gilbert Stuart from Rhode Island is the creator of the portrait of George Washington we all see on the \$1 bill. ☺
- Maine is home to the only museum in the world dedicatd to umbrella covers! Exciting but cool
- New Hampshire was the site of the first potatoe patch in North America in 1719
- Neither CT nor Rhode Island has ever ratified the 18th amendment (prohibition) but they're quick to pass a plethora of other laws
- Mary Kies of CT was the first women to ever be granted a US Patent in 1809. Her patent was granted for a technique she developed to braid straw with various threads to produce bonnets
- Newport, RI is home to the oldest tavern in the country, the White Horse Tavern
- Maine's shoreline is longer than Californias – 3,478 miles vs. 3427. Hard to fathom!

Money Quiz



This month's challenge is to look at stock market participation. In 2007 65% of American's had money in the stock market, what percentage has it in today in 2016? Last month's quiz was won by Ryan Fable, the hottest city in America for population growth is Austin, TX. What a surprise, a low tax location with logical and common sense policies is gaining traction. Hopefully some other towns pay attention to the winning recipe! ☺ Winner goes to Ruby Tuesday on us! 05/02/16: 10

Time & Pressure

These two forces can move mountains, literally. Think about how river beds are carved through solid rock by running water, just a little pressure over a very long period of time and in the end you get a riverbed. In a long and deep example we get the grand canyon. We also see how time and pressure can compress carbon into a diamond. The big misconception is coal is compressed into diamonds but it's a twist on that where reality does indeed turn carbon into diamonds. We have companies today that will turn your loved ones remains into a diamond. Leave it to business to find unique methods of profiting, although this one will have appeal to some as a way to literally memorialize the loved one on your finger forever. ☺

The time and pressure we're talking about now is human psychology and how the impact of policy controlled markets have exuded pressure on markets for the better part of 10 years now. The environment today is alike in many ways to the 1930's and the 1870's in that there is enormous pressure on investors to find returns. People are under the impression this is the "new normal" as some have quoted and price and value no longer matter, just listen to the jawboning of some central banker or some politician and all is well again in the land of the free and the home of the brave! Not so quick, the pressure and time cooker is the narrative that the global economy is good, current levels of government debt is sustainable and we haven't pulled demand forward by 5 or so years. The narrative that asset prices can keep going higher no matter what the real global economy is doing is a complete fallacy.

The issue here is that time and pressure have turned and investment hope into an investment theme like many we've seen in the past. This sounds to me very much like when in 1999 tech stocks were expensive but "this time is different." Or in 2007 real estate was out of hand and again "this time is different." We'll look back on this period in just a few short months or years and realize, this time isn't any different. We're time and pressured in a big way in the past few years and markets are stretched, the kindling is there we're simply awaiting the spark. Is the Brexit or higher interest rates the spark, we'll wait and see. The show will be good! ☺

Based on the type of 401(k) you have, you may have some money that has never been taxed (pre-tax) and some money that has already been taxed (after-tax). Until recently, the IRS was vague on the ability to complete this type of rollover. The solution is crystal clear in IRS Guidance Notice #2014-54. Effective January 1, 2015 and retroactive to September 18, 2014, IRS Guidance Notice #2014-54 provides clear guidance on the ability to complete the rollover of after-tax money to a tax-free tax shelter. Specifically, pre-tax balances can be rolled over to a [Traditional IRA](#) or [Rollover IRA](#), while the after-tax balance can be rolled over to a [Roth IRA](#). The after-tax balance should not be confused with Roth 401(k) contributions. Let's look at the various contribution types.

Pre-tax 401(k) Contributions are money going into your plan before taxes are applied to them. Taxes on principal, interest, dividends and capital gains are deferred until you begin making withdrawals. Withdrawals are taxed at your federal and or states income tax rate(s) in the year of the withdrawal, if you have a tax bracket at the time. You may be able to defer taxes when your income tax rate(s) are high by contributing on a pre-tax basis and take withdrawals when your income tax rate(s) are low or nonexistent, such as in retirement.

Roth 401(k) Contributions is money going in after tax to a Roth 401(k), subject to the same contribution limits as regular contributions. Although your contributions are taxed before entering your account; principal, interest, dividends and capital gains are tax free (not deferred) when withdrawn. Since the IRS has contribution limits (subject to income bands) on Roth IRAs, Roth 401(k) contributions provide a back-door means to accumulate future Roth IRA balances following an IRA rollover. Roth 401(k) balances (including principal and gains) can be rolled over to a Roth IRA, where withdrawals are also **tax free**. Furthermore, Roth IRAs are not subject to required minimum distributions (RMDs) for the original owner or the surviving spouse. Avoiding RMDs is a valuable income and estate planning strategy.

After-tax 401(k) Contributions are before the advent of the Roth 401(k) and some 401(k) plans allowed after-tax 401(k) contributions. Lastly, some plans allow for pre-tax, Roth and after-tax contributions. Combined contributions from all three sources cannot exceed the 2016 IRS limit of \$53,000. Based on your age, after-tax contributions allow you to more than double or more than triple the contribution limits of pre-tax and Roth 401(k) plans.

Since the IRS places modest contributions limits on Roth IRAs (subject to income bands), after-tax contributions provide a back-door means to accumulate future Roth IRA balances following a rollover. Unlike a Roth 401(k), only the principal portion (not gains) of post-tax contributions can be rolled over to a Roth IRA. The same **tax free** withdrawals rules and RMD rules described above apply to this type of Roth IRA rollover. IRS Guidance Notice #2014-54 clearly allows for after-tax contributions to be rolled over to a Roth IRA. If you're faced with such a decision call us to determine which types of contributions your 401(k) plan offers and which type(s) of contributions are in your best interest. Before completing a rollover evaluate what type of balances you have accumulated and which balances can be rolled over into which types of IRAs. Rollover mistakes can be costly to you and your heirs.

Roth IRA distributions are tax free if made 5 years after the initial contribution to the plan and you are over the age of 59 ½. Please be sure to speak to your advisor to carefully consider the differences between your company retirement account and investment in an IRA. These factors include, but are not limited to changes to availability of funds, withdrawals, fund expenses, fees, and IRA required minimum distributions.

Inspirational Quotes

- All great achievements have one thing in common – people with a passion to succeed, Pat Cash
- Your life does not get better by chance, it gets better by change, Jim Rohn
- Do not dwell on the past, do not dream of the future, concentrate the mind on the present moment, Buddha
- Be a Columbus to whole new continents and worlds within you, opening new channels, not of trade, but of thought, Henry David Thoreau
- A friend is someone who knows all about you and still loves you, Elbert Hubbard
- The words that enlighten the soul are far more precious than jewels, Hazrat Inayat Khan
- Your attitude is either the lock on, or the key to the door of success, Denis Waitley



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

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Kids Korner

Kids struggle with some things we mostly grow out of. With two teenagers one common struggle is with pimples, more crudely referred to as zits in high schools nationwide. As the kids wage their short life long battle with clogged pores, we search for solutions. Many things apply here from washing your face to not touching it all of the time to the perhaps old wives tale of don't eat chocolate as it'll cause you to break out!

One thing most kids don't think about as a possible but proven contributor to adolescent acne is the cell phone. Imagine that, the kid's most prized possession is a contributing factor to the breakouts they must endure for a few years. If this doesn't cause them to put down the phones nothing will! 😊

Recent research by dermatologist Dr. Erin Gilbert shows the smart phone as a serious contributor to skin contamination. "They're full of bacteria, specifically staphylococcus, streptococcus, and Corynebacterium." Although I cannot pronounce any of them, they all sound horrible. Apparently mixing these 3 bacteria with oil and makeup on the phone is a perfect trifecta breeding ground for clogged pores. What's the solution, try cleaning the phone and don't use it as much. It's not just phones, headphones and any other plastic device the kids use constantly contribute to the problems. Now you've got more ammunition to fight the phones! 😊



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