

Long Term Care

This is likely the biggest risk for our senior population and we're seeing it impact a whole lot of people lately. Long term care is not acute care in a hospital after a car crash, but it's the basic personal tasks of everyday life that many of us struggle with as we get older, often times after an accident, illness or injury. They define long term care with activities of daily living (ADL's) and here they are:

- Bathing & Showering
- Dressing (and your birthday suit doesn't count! 😊)
- Toileting
- Transferring (to or from bed to chair or one place to another)
- Eating
- Grooming

This is the basic set of things we need to do to be determined not in need of long term care. If we cannot meet 2 of the above criteria, the industry generally deems you in need of long term care and if you have an insurance policy it will trigger the payment of benefits.

Location is a sensitive topic around this conversation with many people never wanting to leave their homes, until something happens medically and they cannot get the help they'd like in a timely fashion then they begin to rethink where they'd prefer to live. Many families are helping one another, have hired friends and neighbors to facilitate staying home. Ideally we could all stay home forever and hopefully that's how it'll play out for us. The homecare industry would love that and the nursing care industry would be out of business if this wish came true. The reality is that there are plenty of people with different situations and there is plenty of business to go around for all of the providers.

Long Term Care (Cont'd on pg. 2)

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Laws or Lawlessness?

The world is such a mess on so many levels today and seeing the ongoings has led me to do some research and see what the facts are. The current media movement is going with an emotional hot button and push and pull heartstrings over a singular event, or a few events, but so much of what is going on is so illogical on so many levels it requires some investigation. The data always speaks volumes. We deal with a lot of physicians and a police officers, and we're seeing many in each profession want to get out of their respective fields due to the issues they both face. The doctors are working a whole lot more than ever before, have seen pay cuts and are dealing with a ton of administrative minutia with the new laws surrounding their profession. They're not happy to say the least. Young docs are happy as they never knew the old system and that is an advantage for them. Docs with experience are generally annoyed at the entire setup and rightfully so. None of the new laws fixed the core problem of litigation and our lawsuit mentality which is the real core problem behind medical costs. That and allowing medical companies to price at insane levels just because they can. These new laws have universally made the lives of our health care providers more cumbersome and less profitable. The police are now somehow the bad guys because of a few select events that have been well publicized. Police now do their jobs in fear of a lawsuit as well, it's like an Alfred Hitchcock movie watching the news in 2016 America. Let's hope the pendulum begins to swing in the direction of sanity sometime very soon.

Don't get me wrong, there are bad people in every profession and they need to be dealt with. Not every financial firm is a Bernie Madoff and not every cop is a bad person and we all know this. The way the media and the political elite are drafting a narrative against our police, against rules, against doing what is right, against common sense, against enforcing all laws is lunacy from the top down. We need the laws and we need the people to enforce them and they should be universally enforced, not selectively based on political winds. Cops are 99% good and if you listen to what they ask of you it is doubtful you'll ever have a problem with them. They're in a high stress and dangerous occupation so give them the benefit of the doubt. If we're kind to one another everything is better than if we're bickering. The divide that our country is seeing in the past half dozen years is scary and it's a politically motivated thing, divide and conquer. We need to look over the fences and not buy into the lunacy of it all. We're much stronger together not divided.

Laws or Lawlessness (Cont'd on pg. 3)

Long Term Care (Cont'd from pg. 1)

If you have a long term care policy, and most of us should have one, there is an asset protection clause if you've purchased a policy in one of the states that offers the partnership program. The partnership is a program that was born with the deficit reduction act of 2006 (what a joke again with the names of government programs, I'm telling you they do the exact opposite of what they were intended to) and the provision authorized states to use private insurance to protect assets from the medicaid system. The deal is every dollar of protection purchased through a partnership policy will provide dollar for dollar protection from the Medicaid system should someone need care later in life and the insurance policy is exhausted.

This really is a good deal and it is also well intended, the state is giving incentive for protecting yourself and doing the right thing. Originally the partnership was a demonstration project with funding for four states, California, Connecticut, Indiana and New York. Connecticut was the first state to issue policies in 1992. The long term care partnership isn't a uniform program across all states but there are now many of them with a lot of reciprocity. As of 2014, this list shows which states offer reciprocity in their programs:

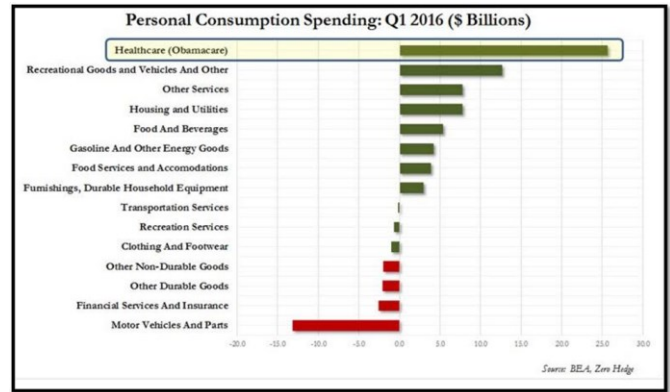
Most states get along just fine and will reciprocate, for the purposes of the list it's much easier to list the states that do not reciprocate with one another. Here are the maverick jurisdictions that do not reciprocate or do not have the partnership:

State	Partership Available
Alaska	no
California	yes
DC	no
Hawaii	pending
Massachusets	proposed
Michigan	stopped
Mississippi	not filed
New Mexico	not filed
Utah	not filed
Vermont	not filed



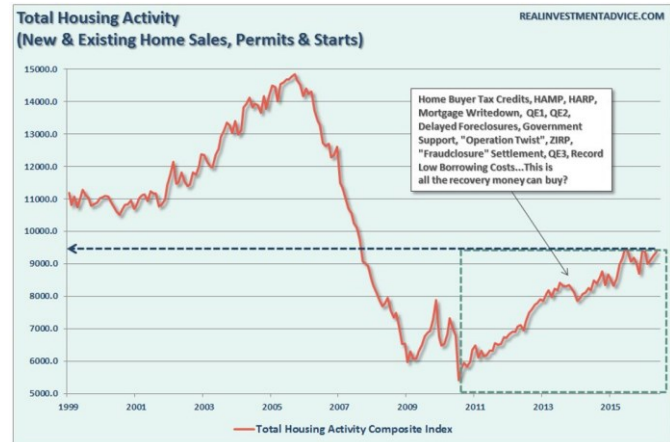
Economic Spending

Let's dissect the economy a bit and see where people are spending their money. This chart does a great job of showing where spending is flowing for the first quarter of the year.



Interesting how healthcare is the biggest driver of expenses. I'm a bit confused as to how this can be, with the new healthcare law wasn't medical cost supposed to go down? It's named the Affordable Care Act, but apparantly it's made health care unaffordable for many people. The exchanges that were created to help with the insurance purchases and sales across the country are mostly out of business. 70% of the ACA exchanges are bankrupt, as is the ethics of our political class. It's just a matter of time before a real fix is put in place that includes removing or limiting the lawyer fest and creating a competitive culture where the best service at the best price wins.

The most recent news on the cost of the Epi pen are just pathetic. The actual drug costs a nickel but the technology of the mechanical and injectable pen is a "medical device" and the EPA has blessed all of the technology and allowed only one company to purvey it so greed has taken over and it is now unaffordable for most. Now let's shift to real estate, prices are high again but the building just isn't there.



Noteworthy News!!!

- Congratulations to Christa Saraceni on her new job with the Region 13 Board of Education! ☺
- Congratulations to James Zaepfel on his recent retirement! ☺
- Our condolences to the Lascko family on the passing of Ann, a wonderful woman, wife, mother, grandmother, great grandmother, aunt, sister, friend and person.
- Our condolences to the Nikora/Dixon families on the passing of Dorothy Wehrle Dixon, a wonderful woman, wife, mother, grandmother, great grandmother, aunt, sister, friend and person.
- Our condolences to the Hotchkiss/Cahill families on the passing of Barb, a wonderful woman, wife, mother, grandmother, sister, aunt, friend and person.

Question & Answer

Q: Is the Fed going to raise rates?

This very much seems like a loaded question, one we've been talking about for 5 or 6 years. They did raise rates 0.25% in December of 2015 and now it appears they may again in the short term. They certainly should to try and preserve what shreds of credibility they have left. The threat to raise rates that they've talked about so many times and then talked down in the last half decade has become comical.

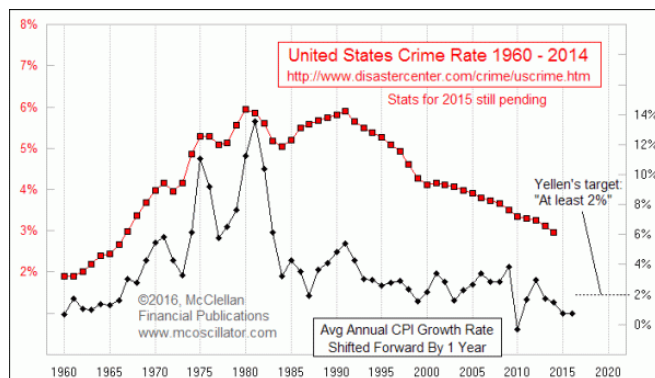
It was actually a joy to see San Fran Fed president John Williams at the Milken Institute conference in May of this year talk about how it is high time central bankers and their governments come up with policies to buffer their economies against perpetually low rates that threaten to make future recessions deeper and more difficult to avoid. This is the first honest assessment by a Fed president we've seen in many years. The double talk the Fed has become known for has confused market participants for many years and now things are stretched so far there will be a painful reverberation when things finally come home to roost and people stop acting on promises and start looking at facts.

Williams was honest that without changing things now, when the next recession hits the Fed will find itself hamstrung as they're out of ammunition to fight the next fiscal issue. This is how a fed president admonishes lawmakers to get their house in order, Bernanke did a similar thing many years ago and he was the top dog at the Fed at the time.

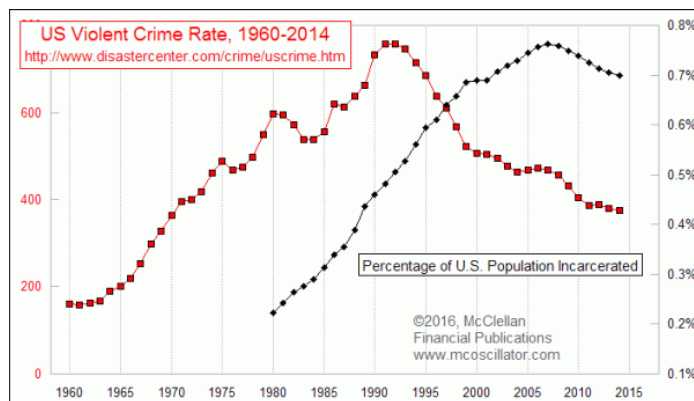
He had a few cool ideas to keep politicians honest (is that possible ☺) by tying government spending to unemployment rates and taxes to GDP growth. I'm a big fan of never allowing a politician to be eligible for re-election if there is a budget deficit. In Germany, if their central bank keeps up with their "stimulus" of buying government bonds, they'll own every one of them in just over 8 years. Sounds like a Ponzi scheme to us!

Laws or Lawlessness? (Cont'd from page 1)

Crime rates today are at 40 year lows, yet the way the media portrays things you'd think we were in the midst of the coup going on in Turkey. Here is a great chart from our friends at McClellan on the correlation between crime rates and CPI growth. Actually crime does connect and correlate with the economy because when things are good people are in general in better shape, but when things go bad people resort to bad behavior to try and stay afloat, get ahead, or do whatever they perceive as necessary.



Notice how as the economy improves the crime rate goes down, this trend has been in place for 30 years. We've seen a massive decline in crime from the early 1990's to current date. Ironically, the last two recessions, 1999 & 2007 didn't see big upticks in crime which is indeed a beautiful thing. Now let's break down the crime stats into violent crimes against those we've incarcerated and this makes one think twice about the current trajectory of our culture.



Madness would be a way to describe this, violent crimes are way down, I mean way down yet we're incarcerating a whole lot more people. What this says is we're all nuts and we've decided to make a whole lot of laws and rules that are not about violence but about other things. Drugs makes up a huge part of this disparity, it's obvious we're not having an intellectual conversation around this based on statistics. I'm a numbers guy, they never lie, its time. ☺

Money Quiz



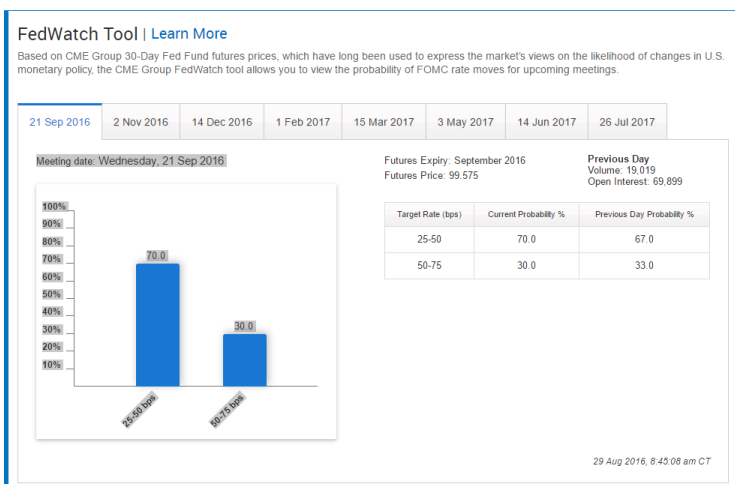
This month's challenge is shifting spending. With gas being cheap now (let's hope it stays here) Americans spent 3.63 Billion less in gas in June 2016 vs June 2015. The question is where did that spending go? We spent 2.55 Billion more on what this June vs last? Last month's quiz was won by Trevor Osorio, the sovereign debt of Japan & Germany are currently negative for 80% of the total outstanding debt of the countries! Sustainable? Not a chance! ☺ Winner goes to Ruby Tuesday on us! 08/08/16 : 8

Fed Rate Hikes?

The Fed has lost a ton of credibility in the past few years with the monetary policy fiasco they're now in the midst of. We find that the CME group has posted a pretty neat tool that allows us to see what the consensus is as to whether or not the Fed will indeed hike rates at each of its subsequent meetings, and if so by how much. Here is a screen shot of the site as of August 29th and the address is:

<http://www.cmegroup.com/trading/interest-rates/countdown-to-fomc.html>

Stay up-to-date with the latest probabilities of FOMC rate moves with the CME Group FedWatch Tool.



The message appears that market participants believe there is a 70% chance of the Fed raising rates between 25 – 50 bps at their September 21st meeting. This is a big number in terms of percentage likelihood, now we'll wait and see what actually happens. There is only a 30% chance of a rate hike of 50 – 75 bps according to this data. The Fed has cried wolf so many times it's hard to tell if they'll actually do anything. We certainly need normalcy in the rates. The Fall solstice will be important financially as well as with nature.

Airlines Grounded

We're seeing the amazing technology of our airline industry grounded by their computers that run the schedules. The airplane is an absolute wonder today, schlepping us all around the world at 500 – 600 miles per hour four to six miles above the ground in almost perfect harmony. There are some issues from time to time but the overall statistics of the industry are incredibly impressive. I'm not a huge fan of big turbulence but other than that you just can't beat the airline industry when you're covering a lot of miles. Whenever I fly and I think about the physics of what is going on in the bird, while I look at the glass of water in front of me sitting in almost perfect peace I'm blown away. It is truly impressive on every level.

Our new fleet of airliners coming out are efficient, fast, smooth, safe, huge and impressive to all today. While all this money has gone into technology on our airplanes and we even have Wi-Fi now for our trips (although it's a horrible value for a few hours) it's a nice amenity that we've all become used to, some argue addicted to!

Now the question comes what the industry has been doing on the ground to their computer systems. Based on the number of issues we've seen in the past couple of months not too much is a reasonable conclusion. Earlier this month Delta grounded over 1000 flights not because of any mechanical issues with the planes, but because their nerve center isn't working properly.

It would seem that it's far easier to keep the computer networks working properly than the thousands of airplanes traveling overhead simultaneously all over the world? I'm very interested in what technologies and what companies will be fixing the airlines technology problems because they're going to be very, very profitable for a long time to come.

Delta says they've built a disaster recovery program into the system, but it's just not hitting every issue. That's hard to believe, that is a disaster?... a computer power outage? If this is truly the case it shows how weak we are as a nation, just pull the plug on us and we're grounded? This isn't what America stands for, we just outwork things, we innovate and create, and we push the envelope for the benefit of the world. Let's not pick on Delta, 3 weeks before this Southwest grounded thousands of flights for the exact same reason, computer glitches. Indeed the computer nerve center is critical from schedules to safety all over the board. We're keeping an eye on this problem and looking for the solutions people, that's where we want to be moving forward as they solve this problem.

Inspirational Quotes

- Never discourage anyone, who continually makes progress, no matter how slow, Plato
- Either you deal with what is the reality or you can be sure that the reality is going to deal with you, Alex Haley
- The only real valuable thing is intuition, Albert Einstein
- Nurture your mind with great thoughts, Ben Disraeli
- Sprinkle Joy, Ralph Waldo Emerson
- Most of us are just about as happy as we make up our minds to be, Abraham Lincoln
- Everything changes when you change, Jim Rohm
- A clear vision, backed by definite plans, gives you a tremendous feeling of confidence and personal power, Brian Tracy



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

Kids Korner

I've heard many stories that as the kids get older it gets a lot harder, the adage of little kids little problems and big kids big problems. We're blessed, as the princesses have grown up it's been the opposite. The girls are now bigger than Cup, so we now call her fun size being the smallest member of the family. Hannah was fun sized for many years but now she's officially taller than the boss! ☺ The two youths are tackling life head on and its fun to watch. The toughest part is really driving them everywhere. We seemed to grow up differently where things happened in your neighborhood or downtown and we rode our bikes everywhere.

Now things happen all over the country and some think bikes are no longer safe? I'm torn on this one. I advocate they use them to go downtown, etc. but there isn't perfect harmony on that in the household! I wouldn't be comfortable with these long duration bike rides spanning many towns on main roads but in our rural community it seems perfectly fine.

Many people have told me kids driving is the toughest thing ever in terms of stress in their lives. We're blessed again, as they begin to drive (one has a permit, I'm old ☺) it's been a joy there too. They're cautious, respectful, diligent, and hopefully it'll all go well as they start to roll across the roads locally. They need to respect the vehicle and the laws and if they do it should work out well.

If anyone you love or care about would benefit from receiving our newsletter, tell us who they are and they will be included on our mailing list. They'll certainly appreciate you thinking about them and having their best interests at heart!

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