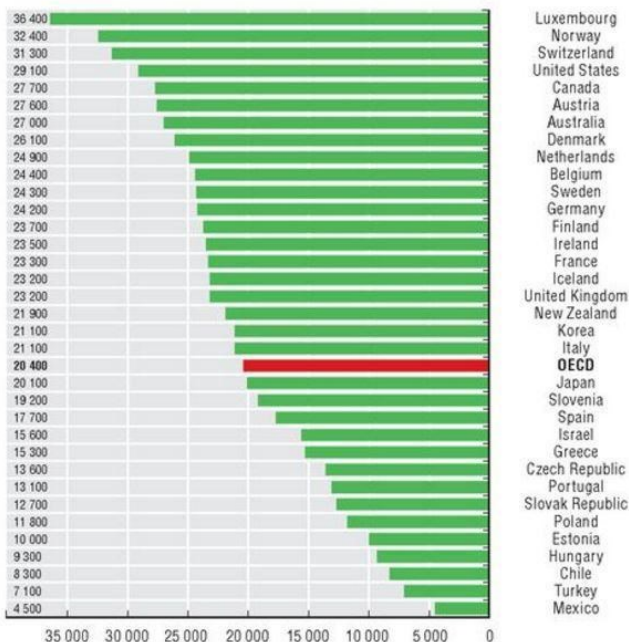


## Household Income Comparison

We ran across a few very interesting articles and wanted to share the results of all of them into a comparison piece to see how we're doing here in America against the rest of the world and also how the states rack up against one another and then against other countries. This data is from Ryan McKaken from the Mises Institute and it shows how much disposable household income folks have per country. We're doing well here in America. Notably way ahead of any of our European brethren.

Panel A. Annual median equivalised disposable household income in USD at current prices and current PPPs in 2010 (rounded at nearest 100)



Household Incomes (Cont'd on pg. 2)

### INSIDE THIS ISSUE

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## Flying in Chicago!

Traveling through Chicago can be an interesting experience when you're flying. Geographically it's in the heart of the country so most carriers have hubs there and it's really busy. The windy city doesn't always act kindly to airplanes as most have stories to substantiate.

The story behind the airport is quite a unique one and goes back to days of bootlegging and prohibition. Back in that day Al Capone virtually owned Chicago. If there was an illegal racket to be had, Capone was in it and his fingers were in bootlegged booze, prostitution, murder and almost everything bad. He certainly wasn't famous for anything heroic or good.

Capone had a lawyer named Easy Eddy. He was a good lawyer and kept Capone out of trouble for decades. Eddy was known as one of the best lawyers in his day and he made big money working for the big bad guy. Capone paid him extremely well to keep him out of the slammer for all of his clearly illegal activities. Eddie and his family lived in a mansion with live in help that occupied a block of Chicago. Eddie lived a wonderful life as any professional would with a strange tie to a crazy world going on around him that he was critical to. Eddie had a soft spot for his son and he gave him all worldly goods but couldn't give him a good name. He spared no expense in giving his family the best of everything from worldly goods to education to anything you can buy. He could buy anything but a good name with his money. He tried to teach his son right from wrong so the son would be a better man than Eddie was. Eddie eventually decided to do the right thing and he helped the Fed's put Capone away on tax evasion, not on any of the other more dastardly crimes. He thought it would clean up his tarnished name and give his son a semblance of integrity. He knew the cost of testifying against Big Al would be lethal. Within a year Eddie was taken out in a blaze of gunfire on a Chicago street. At his murder scene a poem was on Eddie that read: "The clock of life is wound but once, and no man has the power to tell just when the hands of time will stop, at late or early hour. Now is the only time you own. Live, love, toil with a will. Place no faith in time. For the clock may soon be still."

Flying in Chicago (Cont'd on pg. 3)

## Household Incomes (Cont'd from pg. 1)

Now let's see how we're doing on a state to state basis within America and throw that into the mix of all of the worlds' countries. We're blessed to be in CT in this measure as we're seemingly the most comfortable on the planet second only to those in New Hampshire. New York is not doing bad at all either across the world. If you're in the states Mississippi seems to have the least disposable income and the European countries. The Germans are about as comfortable as those in Kentucky on average. That seems odd, Germany is such a powerhouse country I would have thought it would be far higher on the totem pole and head and shoulders above most rivals.

I get this question all too often lately, is the college process about business or is it about the education of the students? It's both is the reality of the situation. I've seen and helped hundreds of families get their kids through college and been around this block many times. The times are changing and costs are getting out of hand but there is a tremendous difference between sticker price and what many will pay, unless you have the resources then you'll likely pay sticker unless your student is gifted or really coveted in some way.

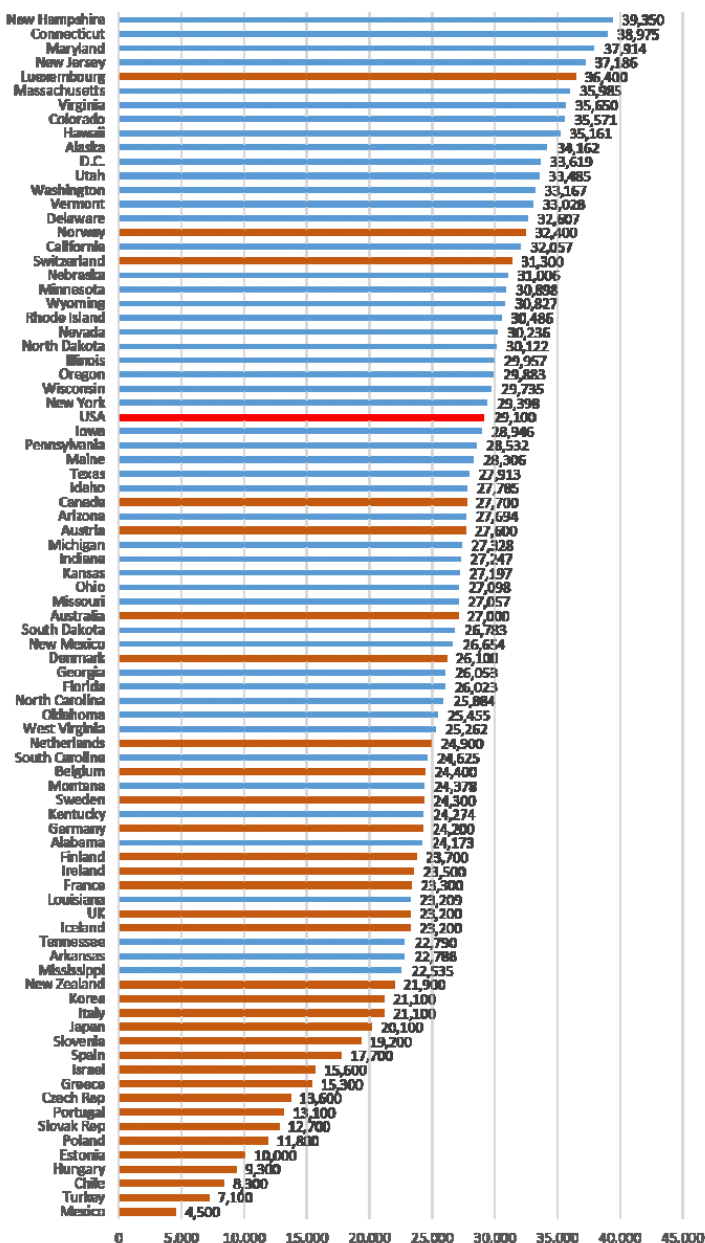
When I was a youth my family was broke and I went to 2 years of a community college and 2 years of UCONN, before UCONN was the all star college it is today. In my day UCONN was the safety school, the place to go if you couldn't get into your dream school and very simliar to Central CT State today. It had a high acceptance rate and delivered a fine education that was a great value. When I transferred I lost a year of classes and it drove me nuts, but they allowed me to take 10 classes per semester to make it up, if I could pass the classes. That ended up not being a problem so I got out of the gate in 4 years with 5 years of classes.

The industry of higher education has become a large portion of our economy and the "experience" is what is being sold today in addition to the degree. There is no right or wrong answer here as to how to go about an education. First step is will an education help. If your student is mechanically gifted and wants to pursue trades probably not, I'd suggest you do not waste the money.

If the student is certainly going to college no matter what, the cheapest method to a degree is what I did, 2 years of a communitiy college and then 2 more of a state school. This doesn't help one get used to living on their own nor does it surround the student with the worlds best and brightest. There are plenty of bright kids at all schools but the elite schools certainly do not accept many, if any, students who do not do exceptionally well on something whether it be academics, sports, arts, business, patent ownership, etc.

Many schools specialize today as well and that is important to consider based on what your student wants to do and his/her gifts. If your child is a computer whiz then the likes of MIT, Stanford, UC Berkely, Harvey Mudd, etc. need to be on your list. If your student is a very spritual one and you want to preserve that, there are institutions of every faith that combine the teachings of church with the necessary world knowledge to excel. There is also the geography to consider and be aware that many kids make their lives near where they go to college so if you're sending the little one off, that is where your grandkids may live one day. This is a very enjoyable conversation to have, so if this impacts you contact us anytime to address your concerns.

Median Disposable Income, by Country and US State, in \$



# Noteworthy News!!!

- Congratulations to Mike & Lisa Trevino on the purchase of their new home!
- Congratulations to Steve DiFiore on the purchase of his new home!
- Our condolences to the Vassiliou family on the passing of Mavroudis "Mike", a wonderful man, husband, brother, father, uncle, grandfather, person and friend.
- Congratulations to the Zotta family on the birth of baby Aiden! He joins big brother Andrew to make a foursome in the household!

## Question & Answer

*Q: Is the European banking system going to have a Lehman moment?*

*Answer:* We think that is a question chock full of wisdom and one we're paying close attention to. The sector really cannot have a Lehman moment as it's not really possible for all of the companies in a sector to go under all at once. It's also not likely that a sector goes under, even when the government is after that sector. Look at our coal companies, clearly under pressure for many years, but this year has been a stellar year for them, they've mostly doubled. It makes me think markets know something about the outcome of next month's election that we do not know just yet. We'll see? It's very fair to be concerned with the goings-on of the European banking system today as many of the world's largest banks domiciled in Europe appear to be in some trouble, as their stock prices are lower today than they were in March of 09.

We do not see a mass exit of businesses in the sector but what we are seeing is the slow erosion of basic economic fundamentals through a central bank policy that is repressive and causing damage long term. Bankers are surprisingly very against the government policies claiming they're hurting the savers of the world and causing mal-investment. These are both true statements, and hopefully the authorities will listen and normalize policies so people can make something on their savings and the leverage being built up will stop. The paradox of government intervention in markets over the past 5 years is unprecedented and we know it ends badly, but when?

Lately we're hearing noise about Deutsche bank and Royal Bank of Scotland as having credit problems. Shortly thereafter the government talk's bailouts and prices are on the rise for the short term. The misallocation of capital across the board from consumers to businesses to government entities to pension funds will not be evident for a while until this cycle completes itself. We're not touching anything in the European banking sector but watching it closely as it may be a catalyst for a sudden shift in the markets ability to swallow the fiscal policies of the past few years. We don't hear much about Europe anymore so one would think all of their fiscal problems were solved. Not a chance, just swept under the rug for now. ☺

## Flying in Chicago? (Cont'd from page 1)

Now we all know the story of Al Capone and the mob after they finally took Big Al down.

Let's fast forward to World War II just after Pearl Harbor. There are many heroes who were produced from the atrocity of war and one was a man named Butch. Butch was a fighter pilot assigned to the Lexington aircraft carrier in the South Pacific. One day the entire squadron was sent on a mission. Once they were airborne, Butch noticed his fuel gauge was low and someone forgot to top off his tank. He let the flight leader know and he was instructed to come back to the ship. On his way back he saw a squadron of Japanese planes going at the American fleet.

The American fighters were gone on a sortie, and the fleet was all but defenseless. He couldn't reach the squadron leader and bring them back to save the fleet. He had no way of warning or getting help so he decided to try and divert the attack. Laying aside all thoughts of personal safety, he dove into the formation of Japanese planes, with his 50 caliber blazing as he went in. He wove in and out of the enemy planes and after running out of ammunition he turned to other tactics. When the ammunition was out he began to actually fly his plane into theirs and try to take out their wings or tails with his plane to disable them. He amazingly fought off the entire Japanese squadron and went back to the ship with his limping plane. He destroyed 5 enemy aircraft and saved the entire fleet from certain destruction.

Butch was awarded the 1<sup>st</sup> Navy's Ace of WW II. The date of his heroic activity was February 20<sup>th</sup> 1942. He was the first naval aviator to win a Medal of Honor. A year later Butch was killed in aerial combat at the age of 29. His hometown would not allow his memory to fade.

O'Hare International airport is named after Butch O'Hare. His courage and actions saving a naval fleet certainly makes him worthy of such an honor. The next time you're flying through O'Hare look for the memorial displaying his medal of honor located between terminals 1 and 2.

The irony of the situation is that Butch O'Hare the hero from WW II is the son of Easy Eddie the lawyer of Al Capone! Here is Butch and we thank all of our service men and women for all they do for us!





This month's challenge is to talk about Greece again. They've been eerily quiet for a few years now, but they won't for long. The agreement between Greece and its creditors on 5/25/16 called for 10.3 billion Euros to be paid to Athens to prevent collapse. There were 15 financial conditions that needed to be met by Greece to satisfy the terms of the deal. How many of the terms have they met? Last month's quiz was won by Mike Stanczyk, America's national debt has gone from 18.151 Trillion on 8/31/15 to 19.510 Trillion on 8/31/16. It's high time we give the political class a lesson in economics that's way past due! ☺ Winner goes to Ruby Tuesday on us! 10/3/16: 10

## Artificial Intelligence

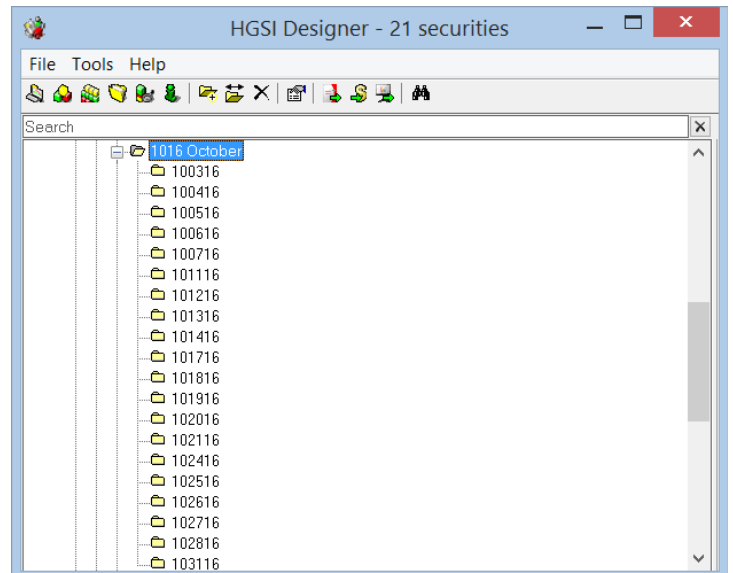
This is big business today and the world of the Jetsons isn't unrealistic anymore. We're already doing live video conferencing, flying cars aren't likely next but there is a whole lot of neat stuff coming down the pike. Google is involved in 1000+ artificial intelligence projects as we speak. The technology ranges from machines that can learn, voice controlled homes, virtual assistants to reactionary devices. It's been happening for a few years now but the investment into this industry, which is often referred to as "deep learning" products is now one of the larger growth areas of the firm. They refer to deep learning when machines can train themselves to perform tasks that will ultimately interact with the world. Anything from learning speech, image recognition to avoiding obstacles. The culmination of this technology would be the self driving car, we'll see how mainstream this becomes as time unfolds. When you have to rename the firm to Alphabet to handle the world of companies under the umbrella, that's a pretty good sign things are going well and they're a diversified group!

We're using some of these technologies already, if you talk to your phone asking questions or dictating emails or texts this is the simple version of AI. Online tools can now translate the spoken word into hundreds of languages automatically. Photo collections can be organized by facial recognition. It may not be unrealistic for computers to one day read x-rays, MRI's and CT scans more rapidly and accurately than a radiologist can. There is one AI system I cannot wait for and that is the smart traffic light that will only turn red if there is a car coming from the other direction. How annoying is it to run through a town and have to stop every 100 yards because the light is on a timer when nobody is in sight. This is especially true at 5:00 am or 11:00 pm when virtually nobody is on the road. Pittsburgh has them already, a city not thought of as a technology leader. Look for these in a theater near you soon! ☺



People talk about this all of the time but what does it really mean when earnings season is here? It refers to the public companies on all of the stock exchanges making public announcements of their earnings for the crowd to see how they're doing. Most companies have a host of firms and people following them and if the earnings are positive, above estimates, forward guidance is positive, often times there will be positive action in the price of a security due to this news. Likewise if the earnings are short of estimates, if revenue is lower, if forward looking guidance isn't what the street expected then the stock often will have a very negative reaction upon the announcement. Many companies will announce during business hours so the reaction, if any, in share price will happen during the day and all can see and partake in any associated moves. Alternately if the firm announces earnings after hours or before the markets open you will often find a "gap up" or "gap down" in the security when the markets open due to activity happening in the after-hours sessions of the markets.

There is a very specific calendar that earnings announcements follow and the schedule is systematic every quarter. We're a bit OCD so of course we track this activity and here is an example of what we're seeing on a day to day basis in our database of earnings announcements. This quarter officially begins on 10/1 so here is a view of our files showing who is announcing during the month of October.



To give you an idea of how many firms are reporting each day, here is a quick glimpse at the numbers for a few days. 10/3 2 companies, 10/4 5 companies, 10/17 18 firms, 10/27 297 firms, 10/31, 11/2 311 firms reporting. It's an exciting season!

## Inspirational Quotes

- You gain strength, courage, and confidence by every experience in which you really stop to look fear in the face, Eleanor Roosevelt
- Turbulence is a life force. It is opportunity. Let's love turbulence and use it for change.
- To be mature is to accept imperfections
- It is never too late to be what you might have been, George Eliot
- I think all of us are looking at the future with yesterday's eyes, Dan Berrus
- People think I'm disciplined. It is not discipline, it is devotion. There is a great difference, Luciano Pavarotti
- Most folks are about as happy as they make their minds up to be, Abe Lincoln
- Men are not prisoners of fate but only prisoners of their own minds, Franklin D. Roosevelt



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

I've used my childhood stupidity as teaching moments for the girls many times. The times I sped and raced in cars, motorcycles, dirt bikes, quads, trikes, mopeds, snowmobiles, anything with a motor that went really fast I was guilty of pushing it to the limit and luckily survived those antics. When I sped and raced on legally sanctioned tracks and arenas that was okay, when I did it downtown or on public roads of course it wasn't. At that age it was cool and the adrenaline rush was apparently worth it? Luckily I stayed away from alcohol and drugs and we mainly fooled around with speed and pumpkins. Most of us parents today have done things we're not proud of as teens and looking back at them, wonder why we did them and also how we survived some of them. Some choose to hide their childhood misdeeds and attempt to get the kids to be the kids we wish we were.

We don't know which way is better but in general we're brutally honest with the kids so they know what life is about, what to expect and hopefully can navigate it better than we did. The kids today don't have as much room to do things on their own as we did as children as the society is becoming a micro-managing one. The kids today are also living in a world where anything can be recorded at any time and then posted online for the world to see. Our childhood stupidity was limited to those who were with us at that point in time. Which way is the best way? We'd love to hear how you handle it and so far so good, the stories of my childhood stupidity have worked. Cup really doesn't have any childhood misdeeds, how she ended up with me is an eternal mystery! ☺

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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Visit us online at [www.fiscalwisdom.com](http://www.fiscalwisdom.com)

[info@fiscalwisdom.com](mailto:info@fiscalwisdom.com)

Telephone (860) 673-1942

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## Mike Chadwick's Money Matters

15 New Britain Avenue. Unionville, CT 06085  
860.673.1942

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