

Japanese Earthquake

It is so terribly sad to see what has happened off the coast of Japan. The tragedy that those dear people are enduring is horrific. It seems as though it could have been so much worse, but we're watching it unfold from around the world. My heart and prayers are with all of those impacted by this mind-boggling tragedy.

Everyone is concerned about the quake and the trouble brewing in the Middle East and wondering how it will impact our portfolios. The answer is, nobody really knows for sure what the impact will be, if any. Most of our positions have virtually zero exposure to either situation so at first glance it appears we'll be free of harm from the devastation. How can so many people be suffering so badly in one place at a time when we live simultaneously in the US, come out virtually unscathed? Bottom line is, we're very blessed.

Try to imagine a 30' wall of water traveling across the ocean at 500 miles per hour. If you were in a jet you'd be just keeping up with it, not overtaking it. That is hard to fathom. I'm happily surprised we didn't receive any collateral damage from the Tsunami in Alaska, Hawaii or California. Apparently there is enough distance between the epicenter of the quake and our shores where that energy slowly dissipated.

With these two big things happening at the same time, the markets have certainly become jittery. This, along with a nice 20% ride up we've had in the past six months, makes for more reason to wonder how things will play out moving forward.

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Surfing Isn't Anonymous

We all surf the web daily in our lives and gather information virtually instantly. The technology connects billions of people and causes the world flow of information to happen instantly. This has so many benefits I won't begin to try and list them all. To boot, once you have an internet connection, it's all free, or at least it seems to be. You know the old story, nothing is free and how on earth could the internet and all of its riches be available without a steep cost.

This cost doesn't come in dollars and cents but as a cost your privacy and personal information. Today technology is so good that each browser window is equipped with tracking tools. Amazingly, all of this is legal, companies can gather information about you without your knowledge or consent and there is absolutely nothing you can do about it. When you are sitting in your home or on your back porch surfing the web, most people believe what they're doing is completely confidential and nobody knows a thing. That is far from the case. Obviously, when you're at work the business owns the computer you use. Most businesses have tracking software installed on all PCs to make sure you're working and not going on Facebook or attending to other personal matters while on the clock. At home people believe all the things they do on their computers are private. Think again.

Now on to the downside of this advanced technology that is our world. It's so high tech few can really understand what it does. I'm no computer guru but I've read enough to realize that cookies and other tracking software build profiles of users on every PC out there. These tools can discover an awful lot about you. They can typically track what your demographics are such as race, age, ethnicity, religious beliefs, political affiliations, etc. They also know where you shop, what you like and dislike and what type of purchases you make. They know your email address, social friends and contacts in your address books. They can tell what organizations are close to your heart, where you make political and charitable contributions and what your buying habits are. When you buy a cell phone they know it, and they also know if you tend to buy small discount or large ticket luxury items.

Thus far, data-gathering firms are just building a profile of you in order to sell very detailed, targeting ads to advertisers. No names

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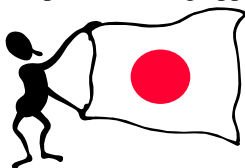
Tokyo Rising

(cont'd. from page 1)

The biggest scare of the entire situation is the possibility of nuclear radiation contamination as three nuclear plants were damaged and the cooling systems compromised when the power grid went out. They are working diligently to get the power back on and the cooling systems working again. Let's all keep the faith and hope for the best. We know they'll do everything in their power to get it fixed ASAP. It's easy to understand why nuclear reactors have been built in the past to have pumps necessary to provide cooling, and the lack of electricity to the pumps today is what is causing the issues. Today and moving forward, it's likely the cooling system will be a gravity-fed automatic type system where pumps or other devices will be necessary to prevent cooling, and if something fails the cooling will happen automatically to shut down the reactor and cool things. Human beings typically overreact, and this will likely be done, even though the chances of this happening again is very low.

Tokyo and the rest of the Japanese countryside that was hit hard will obviously be rebuilt. It'll take time and it'll create a lot of construction jobs there for a long time to come. There is no evidence to suggest that rebuilding a destroyed area or country will improve future economic performance. It is logical to think that with the newest infrastructure, buildings, technology etc., things will be more efficient by definition moving forward. However, this must be weighed against the loss of productivity during the rebuilding phase. It is a loss in historical production, but the new production simply takes on a different form. They'll obviously make fewer cars and electronics, but will make many more roads, bridges and buildings than they have since the Second World War. Japan is an export driven nation, not a consumption nation so the impact to the globe will not be far reaching. We'll likely feel very little from this overall and its global impact economically will likely be just slowing global growth by a fraction of a percentage point. Japan, of course, will feel this for years just as we're still feeling Katrina in New Orleans.

This will hurt Japanese exporters greatly, especially those who have lost part or all of their facilities. It will give the global competitors a chance to gain market share from crippled Japanese companies. It'll also offer those rebuilding a chance to reinvent themselves moving forward. It's sad on every level, but out of catastrophe comes big opportunity. ☺



Tax Time Wisdom

There are only a few weeks left, without extensions, until we can put 2010 income taxes to bed. Let's think through the things we can do to maximize our deductions and credits and minimize our outlay of taxes. Here are the top ideas for last minute preparation:

- You can maximize IRA contributions by contributing to an IRA or a Roth IRA for 2010 up to tax filing deadline. This is April 18th for those who file on time, or up to Oct 15th for those who extend. You can put \$5,000 into an IRA, a Roth IRA, or any combination thereof if you're under 50, \$6,000 if you're over 50.
- You can also do a self-employed SEP plan with those same deadlines. This plan allows you to contribute up to 25% of net profit or loss from a business (20% if you're not incorporated). This can be a huge deduction for last minute filers. The maximum you can put in a SEP is \$49,000 if under 50 and \$54,500 if over 50.
- You can now deduct health insurance as a self-employed person and deduct it from self-employment taxes. This is a home run and it'll save you an extra 2.9% generally speaking if you're not maxing out self-employment taxes already.
- Teachers can take a \$250 deduction on their tax return if they bought supplies for school. With school budgets what they are what teacher didn't spend at least that much in the classroom?
- Convert your IRA to a Roth IRA and spread the tax bill out over 2 years. Also conversions from IRAs or other qualified plans are no longer limited by income so this can benefit some taxpayers who would normally income out of this, especially if they're income will continue to grow as time unfolds.
- An employer can take tax credits for hiring the unemployed if they were out of work for at least 60 days before you hired them.
- If you give to a not-for-profit organization as defined by the IRS, you can get an income tax deduction on this year's return. The gifts must have been made by 12/31/10.
- Medical mileage and expenses can add up quickly, especially for those getting older. We all know how expensive medicine and dentistry is for our aging population. One major surgery, such as a knee replacement, will typically allow the ability to itemize medical deductions depending on the coverage of one's insurance policy. ☺

Noteworthy News!!!

- Congratulations to Josh & Danielle Watt on the birth of baby Zackary Earl Watt! Baby # 1. ☺
- Congratulations to Earl & Marianne Watt on the birth of grandbaby # 4, Zackary Earl Watt! ☺
- Our condolences to the Oldham families on the passing of Leonard, a wonderful man, husband, father, grandfather, uncle, friend and person. He'll be missed dearly.
- Congratulations to Ron & Doris Roberts on the birth of their first great grandbaby Chaz! A milestone we all should be lucky enough to experience! ☺
- Our condolences to the Kolakoski family on the passing of Henry, a wonderful man, husband, father, grandfather, uncle, friend and person. He'll be missed dearly.

Taxing Times

With April 18th right around the corner, let's have a little fun with the tax system. Since you cannot beat them, you can only laugh at them.

- Since tax time is right around the corner, you'll get the opportunity to deal with two of your favorite government organizations, the IRS & the US postal service. You may want to consider making a day out of it and going to the DMV on the same day!
- What do you call 25 IRS agents buried in cement up to their chins? Not enough cement!
- How are an apple and an IRS agent alike? They both look good hanging from a tree!
- What did the terrorist that hijacked a jumbo-jet full of IRS agents do? He threatened to release one every hour if his demands weren't met!
- The postal service had new stamps made; they had pictures of IRS agents on them. They discontinued them because the public was confused, they didn't know which side of the stamp to spit on!
- What do you call 50 skydiving IRS agents? Skeet!
- What do you throw a drowning IRS worker? His co-workers!
- What's brown and looks really good on an IRS agent? A Doberman!
- What is the difference between an IRS agent and a mosquito? One is a blood sucking parasite, the other is an insect!
- If a lawyer and an IRS agent were both drowning, and you could only save one of them, would you go to lunch or read the newspaper?



Surfing Data (Cont'd. from page 1)

are attached to the profiles as of right now. The legalities of putting a name on such data are scary. There is an IP address and a zip code on all such data and the targeted ads that come up are scary accurate. In my day to day surfing of the web, I am constantly hit with investment and financial type ads, even from local banks and competitors. They may not know my name, but they certainly know what I'm interested in.

This informant is big business. When you are a business looking to advertise, what is the first thing you do? You define your target audience. Perhaps you're looking for women ages 24-49 within certain counties who typically like to get their hair done and you market your beauty salon to them. This is the same type of thing, but on a much more granular level. You can narrow it down to the type of services they prefer in a salon and even the brands of products they buy, by zip code. As with anything else in life, the more specialized you become, the better you get at it, and the better your results are.

This is already a big part of political campaigns. Politicians will target their audiences with this specific data and hit them with messages to motivate the politician's cause. There are a lot of firms who do data gathering, here are a few of them and you'll be lucky if you know any of them: AppNexus, Lucid Meida, Simplii.fi, Targusinfo, Quantcast, Rocket Fuel (that is a great name!) Adbrite, Admeid, Datran Media, Rubicon Project (I would think these guys are building a new fuel efficient SUV), Invite Media, WPP Groups B3, Turn, Interclick, Audience Science, BluKal, Triggitt, DataXu, Red Aril, PubMartic, Visible World.

The technology is also coming to a television near you. This isn't browsing history, but target advertising. Television companies can now use this technology as well to send different advertisements to each household. This redefines marketing in 2011. I may get an ad for an investing opportunity while my next door neighbor gets an ad for diapers for their newborn baby. Cable and satellite operators all have this technology but Cablevision is the pioneer here.

This is a hot topic for everyone in the free world. Businesses want this information to target their advertising. Privacy advocates are objecting that it's too much information about anyone and it invades privacy and personal freedoms. I agree with the latter, what I do online at home is nobody's business. It's like a credit agency or the MIB (medical information bureau), they collect data on us without our authority or permission and sell it and we cannot stop it. So far this only impacts us as far as the marketing messages we see, but we'll see how it unfolds. ☺





Money Quiz

This month's challenge is to guess which states have the most extreme home appreciation/depreciation in the past 5 years, 2006 - 2010. What state saw the most appreciation in home prices and which state saw the most depreciation in home prices? You just need to give the proper states, not the %. I'm looking for a % of deaths as well as a number. Last month's quiz wasn't won; there are 450,000 deaths from smoking each year. ☹ The winner will enjoy a meal on us at Ruby Tuesday 03/14/11: 8

Loser Pays

The lone star state is charging ahead in making a sane world in 2011. The Texas administration is pushing forward with a plan to extend their state's impressive record on tort reform. I'm excited and very surprised by this. It couldn't come soon enough, our country has bled enough because politicians are afraid to take on the bar association.

Here is what they're proposing. They want to copy the British system and have a "loser pays" rule, which would require the plaintiffs to pick up the legal costs of their targets if they lose the court battle. Some members of the ACLU would say this is not "justice for all," since those without the financial means would not be able to risk a loss, and therefore would not be able to exercise their legal right to sue. This would change the legal game completely, and it needs to be changed. Sadly, America is behind other countries on how we handle legal issues. Even the health care issue cannot be solved until you take the lawyers out of the equation. We spend more on legal fees in this country than we do on automobiles. That is a painful statistic.

This type of change, if adopted, would cause the economy to work better overall as people would behave differently. Physicians wouldn't have to practice defensive medicine, health care costs would go down (did I just write that health care costs would go DOWN ☺) there would be less drag on all systems and government could become more efficient (I'm not sure I wrote that either).

Much of the legal climate today has become nothing more than a system of redistributing wealth and power through manipulation of the legal system. There is a lot of good that the law does too, but the extreme distortions drive me crazy. I was told by a good friend and attorney that mortgages in America are to some degree recourse mortgages in that virtually every bankruptcy filed has a form filed which gives the lender rights to recourse. They may not take

Water, Water and more Water

I'm not sure if it's a record or not, but it seems like in the first few weeks of March we had about 6-8" of rain fall on us. All that rain at once, coupled with the melting of 3-4' of snow, caused water to flow like I've never seen it flow. It all happened so quickly it was awe inspiring. We had a wet basement with 2-3" of water in it for the first time ever. Luckily, our basement isn't finished and all we lost was some boxes and some other minutia. Others were much less fortunate as they lost rugs, walls, furniture and a plethora of other parts of their homes. A lot of people I know had similar issues, some worse, some better. Consider yourself lucky if you remained dry throughout this massive precipitation of late.

All of this water commotion has brought up a lot of talk about homeowners insurance and what is covered and what isn't. An insurance pro we use said 20% of their policyholders had water damage in this recent round of storms. Water damage is a hot topic with insurance companies and here is how it generally works when it comes to water and water related issues.

Water coming from the sky is covered. Surface water that pools up and gets down into a foundation is defined as flood and is not covered. Flood insurance is needed to cover flooding and it isn't always helpful, as it's a federally run program and they need to declare an area a flood zone for your policy to kick in. This means if your basement floods and your area isn't declared a flood zone that policy is worth less than the paper it's printed on.

Through most insurers you can get a rider on your policy called "water backup" or something like it. These riders are typically quite inexpensive, costing as little as \$30-\$50 annually. That covers a sump pump that is overwhelmed by water and overflows, and water backing up through sewers or drains. These riders also typically cover other water issues such as your washing machine, range, freezer, dishwasher or dehumidifier losing its water. You don't really think that many of our appliances use water today. When we bought our new refrigerator a few years ago, it had a water tap built in. We never hooked it up because I cannot justify it and it's just one more toy to break. If you cannot get water from the tap or a jug in the refrigerator it's a bad day. ☹

These riders are often limited in terms of how many dollars they'll cover, often \$5, \$10 or \$20 thousand total coverage for said peril and have a deductible of their own, typically \$1,000. Today, most insurers in the region are in a water backup moratorium, which means if you don't have the coverage on your policy already, you cannot add it until the moratorium is lifted. Under no circumstances will these policies, even equipped with riders, cover floods. I saw a lot of flooding in the past few weeks in places I never thought about I would. ☹

Inspirational Quotes

- The art of simplicity is a puzzle of complexity. ~ Doug Horton
- There is no beauty but the beauty of action. ~ proverb
- If the world seems cold to you, kindle fires to arm it. ~ Lucy Larcom
- Action is the antidote to despair. ~ Joan Baez
- There is a time to let things happen, and a time to make things happen. ~ author unknown
- Not being able to do everything is no excuse for not doing everything you can do. ~ Ashleigh Brilliant
- The true measure of a man is how he treats someone who can do him absolutely no good. ~ Ann Landers
- If you really want to be happy, always try to do what's right. ~ Bill Blackman



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



Easter Egg Hunt

A truly odd experience is driving from CT to Syracuse and seeing less and less snow accumulation the further north you go. I called Cup on the way to NY one day in astonishment. This year we almost didn't plan the Easter Egg Hunt due to the three to four feet of snow that used to be my yard. With the weather breaking, we're going to have it and it'll be big and bad as usual. It'll also be really, really muddy so bring the babies in bad clothes they can trash because they're sure to get dirty. Dirty may be an understatement because my yard is wet to begin with as our water table is just a few feet below ground.

This year the big day for the Easter Egg Hunt is **April 16th at 1:00 pm**. Our **rain date is April 23rd**, same time. We'll have 15,000 eggs again this year and the bunny store will be in full swing. We're going to add another twist again this year and the kids are sure to have a blast. Bring your kids, your grandkids or just come alone and enjoy the sheer entertainment of the event, it will be mind boggling. Challenge your teens to come and answer the riddles to find the hidden eggs. We're doing a food drive this year too so if you can, please bring a non perishable food item when you come. ☺

Connecticut Directory (860) 673 1942

Mike = mike@fiscalwisdom.com

Nancy = nancy@fiscalwisdom.com

Betsy = betsy@fiscalwisdom.com

Andrea = andrea@fiscalwisdom.com

Michele = michele@fiscalwisdom.com

Maureen = maureen@fiscalwisdom.com

New York Directory (315) 682 0348

Mark = mark@fiscalwisdom.com

Teresa = teresa@fiscalwisdom.com

Jackie = jackie@fiscalwisdom.com

Tom = tom@fiscalwisdom.com

Josh = josh@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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