

Candyland

I'm not talking about the board game we all played as kids years ago. I'm talking about where many of our children live today when it comes to understanding the reality of the world we live in, especially the fiscal reality. We all want to make life easier for our children than it was for us, and this is a noble thing to do. We must be aware of the bigger picture and how our actions may actually harm our children rather than help them.

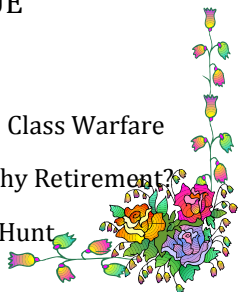
I often have the conversation with families about college and choices and how to pay for an education in our world. Today our youth have very little, if any, financial responsibility. The teens today have a lot of free time, and a lot of free money given to them by us, the parents. The intent of wanting to make life easier for the kids may actually be hurting them. It may make more sense for us to give the kids responsibility at a young age. Children are much more capable than we give them credit for, but only if they're challenged. Few kids will voluntarily take responsibility on their own, they need to be groomed for this task in life. If we don't show them how to deal with small financial choices in life as they grow up, how on earth will they be able to handle big financial decisions such as college when the time comes.

So many times, I've had conversations with families where the kids want to attend a college that costs \$50,000 annually. Who wouldn't if it were an option? What I find is that a child, who has never paid for any expenses on their own in his/her short life, cannot relate. Has your child ever paid for their cell phone, gasoline, auto insurance, clothing or any other small bills with

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Class Warfare

It's a constant battle, the haves against the have nots. We've been in this battle since the beginning of time. An argument could be made that if you took all of the wealth in the world and apportioned it evenly to every human being on the planet, in a few years we'd end up just like we are today. I think this is very much the case. Some people are accumulators of wealth and others are spenders of wealth, and some are just plain old lucky.

It is very hard today to determine where the wealth is and who has it. The old theory was that if you had a million bucks you were rich. A million dollars is still an awful lot of money, but due to inflation it just doesn't buy what it once did. Studies show that today to be truly "rich" a person needs \$7,500,000.00. This is a monster number and with that amount of money, you want for nothing. I think most of us would be happy to take a million and be done. If we live a simple life, we could all be very happy with a million dollars.

There is a very distinct difference between affluence and wealth. Affluence means those who earn a lot of money, but wealth means those who have accumulated a lot of money. Those who are wealthy typically consume very little, much less than they could afford to, and that is why they're wealthy. I find that often the affluent are broke because they live very expensive lifestyles that demand all of their income, sometimes more than they make. Should anything go wrong in an affluent home the house of cards comes tumbling down and all bets are off. I also find that the real money isn't where you'd think. It's often in cities and rural areas, places you'd never expect. It's not often in places that appear "rich" such as suburbs with McMansions on every lot. It's often a sleeper mechanism where you'd never know where the real money is. The truly wealthy don't flaunt it, they don't need to. Wealth is flaunted by those who would like people to believe they are in an economic place where they really are not. This is the exact psychology behind a car lease, we'll get you into a car you otherwise could not afford. It is also the same psychology of status in America – buying things you cannot afford to impress those you do not know. It holds true for how we consume everything from cars and clothes to college educations.

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their own money? These are all nickel & dime bills, none more than a few hundred dollars, but they could build personal financial responsibility for the children. I find many parents take care of small bills for their kids such as cell phones, cars, insurance, etc., but don't realize the impact it has and the subliminal message that is sends.

Think about your kids today for a moment and how your home runs on a day-to-day basis. This moment of reflection will help you see clearly the message your kids are getting from you about money. Do your kids have their own checking accounts? As a teen entering high school, this is not too much to ask, and should instead be demanded. Do your kids have to be responsible for anything financial in their lives? Do your kids work? Do you give your kids money for things they want? You are already taking care of all of their needs; we clearly live beyond a needs world so it's mostly about "wants" when it comes to our kids. Are you feeding the teenage spending machine without giving the kids any financial accountability?

Do your children feel a sense of entitlement? This is a big deal today for our kids and a lot of it stems from the environment we live in and how we allow our kids to operate. Many kids today don't think they should be working, they feel someone should be taking care of them in a lifestyle they've become accustomed to. If they work, they feel they should be able to use their money for whatever they want, not for the basics. This is a total fallacy for most of us and even if we're capable of providing this lifestyle, is it something we really want to do? Will this build the ethics and work attitude that got you where you are? Absolutely not, in fact it will do the polar opposite, and that is not what any of us want for our kids. Nobody wakes up in the morning and strives to raise a generation of entitled sloths, but we may be doing so unconsciously and subliminally.

If this is the case in your home, you've got your work cut out for you. The kids need to be keenly aware of life's economic realities. Don't keep them in the dark about how much things cost, how hard it is to make a living, or the tough choices they'll have to make. We don't want to raise a generation of people who think like today's politicians. We need to raise smart, fiscally savvy youth who will change the world. It clearly needs to change and this is the way to do it.

If your kids don't have the experience and responsibility to take care of small day-to-day expenses on their own such as cell phones, gasoline for their cars (what about purchasing the cars themselves?) and auto insurance, as well as day-to-day extras, how can we expect them to be able to wrap their minds around big ticket items such as a college education, a home or business? The reality is they cannot do it, not even come close to it. I see many kids making decisions based on social and peer pressure simply because we haven't given them the proper tools to process good decisions. Don't let your children grow up in economic Candyland, make sure they're well grounded in reality.

Forms of Wealth

People typically think about wealth only when it comes to money. While this is indeed important, it's only one element of an entire person. In my opinion, wealth is not just about making money. There are actually seven elements that you need to raise to world-class levels before you call yourself a self-actualized person.

1. Inner Wealth: This includes a positive mind-set, high self-respect, inner peace and a strong spiritual connection.

2. Physical Wealth: Your health is your wealth. What is the point of getting to a great place in your career if you get sick doing it? Why be the best business person in the hospital ward? Why be the richest person in the graveyard? Nothing else matters if you don't have your health. Be thankful and grateful for your health if you have it.

3. Family and Social Wealth: When your family life is happy, you will perform better at work. No one gets to the end of their life and regrets making their family their first priority. It is imperative to forge deep connections with friends and members of your community (including mentors, role models and trusted advisors).

4. Career Wealth: Actualizing your highest potential by reaching for your best in your career is incredibly important. Getting to greatness in your profession brings a feeling of satisfaction on a job well done. It helps you make your mark. Being world class in your work is good for your self-confidence and improves your self-worth.

5. Adventure Wealth: To be fulfilled, each of us needs mystery in our lives. Challenge is necessary for happiness. The human brain craves novelty. And we are creative beings so we need to be creating constantly if we hope to feel joy. Lots of adventure (ranging from meeting new people to visiting new places) is an essential element of authentic wealth.

6. Impact Wealth: Perhaps the deepest longing of the human heart is to live for something greater than itself. Each of us craves to be significant - to make a difference, to know that the world has somehow been better because we have walked the planet. Think of what Richard Bach once wrote, "Here is the test to find whether your mission on earth is finished; if you are alive, it is not."

7. Economic Wealth: Yes, very much needed, but not the most important thing in your life. It makes life easier and better. Money allows you to live in a beautiful home, take nice vacations and provide well for those you love. And as Yvonne Chouinard said, "The more I make, the more I can give away."

There are many people who are unhappy and unsuccessful as human beings. By focusing on elevating these seven areas, you will not only shine brightly - you will find contentment that lasts.

Noteworthy News!!!

- Congratulations to Mary Mancini on her new job with Naugatuck Savings Bank! Healthy banks continue to hire!
- Congratulations to Scott Fellows on the purchase of his new home!
- Our condolences to the Lipeika/Turner/Graham families on the passing of John, a wonderful man, father, friend, uncle and husband. He'll be missed dearly.

Question & Answer

Beginning next month, this section of the newsletter is going to be devoted to answering your specific questions or inquiries, addressing concerns you may have or clarifying anything we've written about in the past. If there is something on your mind, I'm happy to address it here. Feel free to call, write or email your questions or comments, and we'll address them for you right here. You can inquire as yourself or do it anonymously if you prefer, either way we'll respond to you.

The Real Cost

Here is a priceless exercise for you in how to think about money and the long-term impact of spending today. This is also a great exercise to go through with your kids on how to think about money. The younger you learn this, the better off you'll be. Let's say you spent \$200.00 on a new iPod today. Most people just leave it at that and forget it. Not me, I'd say, "Well, how much could I earn over my lifetime had I packed that \$200.00 away into an investment?" Let's do the math - \$200.00 invested at 10% for 50 years grows to be \$23,478.00. This is one expensive iPod. Now let's do the same math for a 12 year old. \$200.00 invested at 10% for 75 years is \$254,379.00. This is a game changer. If this conscious train of thought went into every purchase decisions we made, we'd have a very different outcome.

I do this very example for kids whenever I get the chance. Here is my example for a teen just getting a job and the control of some money. If the kid saves \$20.00 a week from age 16-65 what does it mean long term? Here is the math - $\$20.00 \times 52 = \$1,040.00/\text{year}$ for 49 years at 10% grows to \$1,209,424.00. Not bad, a cool million for \$20.00/week. Most kids spend more than this on pizza and music or jeans with holes in them. Now let's say they didn't do this now and waited 5 years to do it. It is all the same math, but for 5 years less. \$1040.00 for 44 years grows to \$764,621.00. They "lost" almost \$500,000 by waiting 5 years, and didn't save \$5,200.00. The cost of waiting was \$100,000.00 per year or \$8,333.00 per month. Any kid will realize they should save the \$20.00 per week to gain the \$8,333.00 per month. Don't buy a \$25,000 iPod without offsetting that purchase with an equal or larger investment when you're really young! ☺

Class Warfare *(Cont'd. from page 1)*

Throwing another wrinkle into the fold is the value of pensions. Pension plans are an area of grossly understated wealth. If you are blessed enough to have a pension plan that pays you a fixed income per month for life, that has tremendous value. Let's look at the true value of pensions and see where there is a massive pocket of wealth people pay very little attention to. If you have a pension from an employer that pays you \$2,000.00 per month, that is the equivalent of having a pile of cash or roughly \$480,000.00. With the pension you don't have the luxury of tapping into the pile of cash, but you will have the guarantee that the income will last as long as you can fog the mirror. If you didn't have the pension, you'd need a pile of money to create an income stream using 5% of the principal to equal the pension.

Some people are blessed enough to have very benevolent pensions. I regularly see pensions in the neighborhood of \$5,000.00 - \$8,000.00 per month. These pensions come mostly from government employment benefits of one form or another. Sometimes from multiple pensions when a job allows for 20 years and out, young aggressive people can get 2 pensions from 2 employers before a "normal" retirement age.

Think of those pensions in terms of the cash needed to replicate them. If you have a pension of \$5,000.00 each month payable to you for your life and your spouse if you happen to predecease him/her, that document is worth a cool \$1,200,000.00. This puts the average municipal employee who put in a long number of years of service into the "rich" category. Take this pension and add in social security (even if it's reduced as some pensions do) and whatever other assets the person has from savings or investments and suddenly you have a very different scenario of where the money is.

We see pensions becoming a thing of the past and the current generation of retirees who have pensions are blessed indeed. Most employers have gotten rid of pension plans in the past few decades and the only ones left are now mostly state, federal and municipal employers. This is currently under siege, and I suspect they'll only last 10-15 more years before they're phased out entirely.

We see three clear and distinct classes of people today. Those individuals who are really rich and have accumulated millions or tens of millions as the rich category. These people are typically self-employed or have big jobs and live simple lives. They save and invest well over the years. Those people who are truly average and end up with a house and some savings and social security are the average people in our world. Lastly, we have those who end up just like the average person, but happen to have worked for the government in one form or another and have the pension. The pension is a true gold mine. ☺



Money Quiz

This month's challenge is to tell me, after the last 2 recession in the past 25 year, not including the most current, how many months after the recessions ended did the Fed begin raising interest rates? This recession began on 12/31/07 and ended on 06/30/09, ending 21 months ago. This may clue us in on when rates may begin to rise again. I'm looking for the number of months after each recession ended that the Fed raised rates. Last month's quiz was won by Rachel Miniko. Nevada had the most real estate depreciation while North Dakota had the most appreciation in the past 5 years. The winner will enjoy a meal on us at Ruby Tuesday. ☺ 03/28/11: 9

Smart Behavior Online

Today's technology is a game changer for sure. We all use it on a daily basis but we also need to be aware of how this technology can be manipulated. For those of us who use social media sites and have an online presence, a dangerous tracking system can expose us to nut cases. Many smart phones today have a GPS device within that actually puts a geographic stamp on every photo taken. This allows you to see where you were when each picture was taken in the event your memory isn't what it used to be or you are out of film in your memory! ☺

This is a wonderful tool and can do a lot of great things. There is a real downside to this technology as well. If you take a picture and post them online to a social media site such as Facebook or Twitter, the locations of your pictures can be tracked by anyone smart enough to do it. This is downright scary, especially for our kids. I know many of our children post hundreds, if not thousands, of pictures of their lives online showing virtually every aspect of their lives. This can be manipulated in a very negative way by nut jobs if they're so inclined. Pictures with GPS stamps on them can be decoded and viewed by anyone, strangers included.

If you put pictures online that have these GPS stamps, your entire life can be mapped. It can even be time stamped. Someone can go online, look at your pictures and see when you were at every place you've taken a picture. This will tell anyone on the planet where you live, work, go to school, church, etc. I don't think this is information you want the world to have so be very, very careful what you post online and decide if you want your Smartphone to be putting the GPS time stamp on your pictures. This is true of most new smartphones and cameras today. Another basic question is how much of one's life should be posted online for anyone to view! ☺

Why Retirement ?

And They Ask: "Why Do I Like Retirement?"

Question: How many days in a week?

Answer: 6 Saturdays, 1 Sunday

Question: When is a retiree's bed time ?

Answer: Three hours after he falls asleep on the couch.

Question: How many retirees to change a light bulb?

Answer: Only one, but it might take all day.

Question: What's the biggest gripe of retirees?

Answer: There is not enough time to get everything done.

Question: Why don't retirees mind being called Seniors?

Answer: The term comes with a 10% discount.

Question: Among retirees what is considered formal attire?

Answer: Tied shoes.

Question: Why do retirees count pennies?

Answer: They are the only ones who have the time.

Question: What is the common term for someone who enjoys work and refuses to retire?

Answer: NUTS!

Question: Why are retirees so slow to clean out the basement, attic or garage?

Answer: They know that as soon as they do, one of their adult kids will want to store stuff there.

Question: What do retirees call a long lunch?

Answer: Normal.

Question: What is the best way to describe retirement?

Answer: The never ending Coffee Break.

Question: What's the biggest advantage of going back to school as a retiree?

Answer: If you cut classes, no one calls your parents.

Question: Why does a retiree often say he doesn't miss work, but misses the people he used to work with?

Answer: He is too polite to tell the whole truth.

And, my very favorite....

Question: What do you do all week?

Answer: Monday through Friday, NOTHING...Saturday & Sunday, I rest. ☺

Inspirational Quotes

- If you want to be happy, set a goal that commands your thoughts, liberates your energy, and inspires your hopes. ~ Andrew Carnegie
- A fool flatters himself, a wise man flatters the fool. ~ Robert Bulwer-Lytton
- A poem begins in delight and ends in wisdom. ~ Francis Bacon
- Adopt the pace of nature; her secret is patience. ~ Ralph Waldo Emerson
- Be happy, it's one way of being wise. ~ Sidonie Gabrielle Colette
- Discipline is the bridge between goals and accomplishments. ~ Jim Rohn
- From the errors of others, a wise man corrects his own. ~ Publilius Syrus
- It's not what you look at that matters, it's what you see. ~ Henry David Thoreau



**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 that can be trashed 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 in our yard.

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, same place - 615 Plymouth Road in Harwinton. 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 is mind boggling. Challenge you teens to come and solve the riddles to find those hidden eggs. We're doing a food drive this year too, so please bring a non-perishable food item with you. ☺

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