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Advocates for financial peace of mind

Books on a Shelf

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Sometimes life presents us with moments that make us scratch our heads. (For some of us, this happens more often than for others!) Our recent head-scratching moment occurred in the office of a business teacher at a New Haven high school.

The purpose of our visit with the school was to discuss the creation of a financial literacy program for the students, focusing on careers, budgeting, banking, borrowing, investing, and goal setting. This particular teacher conveyed sincere passion for the subject matter and for our desire to help the kids.

In this school, ranked 5th lowest academically in Connecticut, a total of 18 students out of 1,100 take the elective personal finance course. For non-math types that means over 98% of the kids at this high school are not taught the basics of personal financial management. Sadly, this statistic is not unique to this school.

The head-scratching moment occurred when we noticed a row of books sitting on a shelf over the business teacher's shoulder. There sat rows of brand new books titled "Personal Finance for Teens", each never having been taken off the shelf after their arrival and unwrapping. Sadly, as the course is an elective, few choose to take it.

To our chagrin, the movement to teach our young adults and children about money is a complicated movement. We at FFA have spent several months digging into the workings of the CT government and the CT school systems and we come away dazed but not beaten. The hands of many federal and state government agencies and nonprofit groups are all over the financial literacy movement, with no central coordination and no point person to lead the battle. This tangled web has not been able to provide consistent and meaningful financial education to those that need the help the most, our children.

So, in an effort to do our part, we will continue to slog on, convinced that our mission to teach kids vital personal finance skills is not a fruitless mission. By the time of our next commentary, we will have some classes under our belt and will share the highlights. Suffice it to say, we at FFA are on a mission that we believe is far too long overdue.

Stepping from the Abyss

What a difference a year can make. A year ago we were discussing the potential collapse of the global financial system. Bailouts, bankruptcies, takeovers, crashes, and stuttering traders, politicians, and newscasters were the fare of the day. Hank Paulson and his den of thieves became household names.

Fast forward and now we have just closed the best quarter in the market in 11 years with the Dow Jones Industrial Average gaining 15%. Combined with last quarter's gain of 11%, clearly good times are here again. The legislators prefer chocolate over mustard. In further proof that the bulls have the moment, since the recent market low in early March, the Dow has gained over 3,000 points or +48 %.

However, it is our duty to report both sides of the numbers, no matter how often we are called party poopers. While the Dow returns noted above are cause to celebrate, it remains a fact that the Dow is down over 31% since its peak, a stunning loss of over 4,400 points. Other stock index measurements show greater losses. Investors remain stunned, yet continue to chase hope as evidenced by the staggering amounts of money flowing into mutual funds in 2009.

The More Things Change...

In further proof that the financial industry continues to ignore reality, The Hartford just announced a one-year pay package of \$8.4 million for its new chairman. This is the same company who just last year took TARP money to the tune of \$3.4 billion.

This is the same company whose share price a mere two years ago topped \$93 per share; today, at \$27 per share and after recovering 645% (yes, 645%) from \$3.62, shareholders need to earn a mere 244% to breakeven.

This is the same company who has negative numbers across the board on any financial measurement that is significant.

This egregious pay package is occurring in a time of supposed fiscal prudence and responsibility. This pay package violates common sense. Sadly, this pay package is merely a smaller one among many, many others too lengthy to list here. If you are a Hartford shareholder, speak up and let your voice be heard. Write a letter to the editor. Do something to at least let them know they are being watched. If Congress won't do it, take matters into your own hands.

In Closing

Some clients have told us that they have empathy for us in our positions as financial advisors during these harsh economic times. While we are grateful for the concern, our belief is this time is the greatest time ever to be a financial advisor. Our country has taken a massive

economic hit and our country is merely the sum of its parts, meaning we the citizens. We believe that FFA can play an important role in helping clients and fellow citizens climb out of this mess.

So, in closing, while empathy is always appreciated...we consider ourselves to be the luckiest couple on the planet for a multitude of reasons, the Great Recession being just one example amongst many!

As always, we remain deeply grateful for your interest, trust, and confidence.

Berthann & Craig