

Spring 2016

FAMILY MATTERS



Family Investors Company

THE LIGHTER SIDE

A great attitude becomes a great mood, which becomes a great day, which becomes a great year, which becomes a great life.

In the end, only 3 things matter: how much you loved, how gently you lived and how gracefully you let go of things not meant for you.

Your mind is a garden, your thoughts are the seeds. You can grow flowers or you can grow weeds.

We do not remember days. We remember moments.

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SPRING CLEANING

It's that time of year when we begin to clean our homes after a long winter of snow and ice. It's time to open the windows and let the fresh air in. Time to clear the clutter out of your home and dust away the cobwebs from things you no longer use.

If you have not done so already, it's also time to meet with your representative to "clean up" your investments to simplify your life. Have your investment objectives changed? Have you gotten married? Have you celebrated the birth of a new family member? If so, a thorough review of your investment portfolio is in order. Do you know who your IRA beneficiaries are? Have you gotten divorced and not changed your beneficiaries?

Call your representative today to schedule an appointment for a thorough "Spring cleaning" of your investments and a reaffirmation of your investment goals, objectives, risk tolerance and time horizon.

FUTURE HAPPENINGS

Family Investors Company is pleased to offer our Spring program schedule: On **Wednesday, May 11th, at 12 Noon, Darraugh Valli, VP, Steve Goldberg and Anthony Cavallo, JD, CPA**, will present **"Personal Financial Checklist"** As we get older, our lives get ever more complicated. We accumulate clothes, furniture, equipment, tools and lots and lots of paperwork. We are often great at organizing our home, but we tend to avoid or neglect organizing our personal files and finances.

Fortunately, there are many simple tasks that you can do to keep your personal affairs in order so that you can deal with them easily and effectively and avoid surprises.

Topics include:

Financial Paperwork Organization, Medical Expense Tracking, Budget Management, Life Changing Events, Estate Planning.

This session will be held at the Fanwood/-Scotch Plains YMCA, located at 1340 Martine Avenue in Scotch Plains. Admission is free, but a reservation is required. To reserve your seat, please call the office at 908.322.1800 or email: lynngalgano@familyinvestors.com

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Mutual Funds: Facts and Fancy

- According to a report published by the ICI (Investment Company Institute) in February 2016, the majority of IRA withdrawals made in 2014 were made by retirees. Most of these withdrawals were RMDs (required minimum distributions) which traditional IRA owners are required to take beginning at age 70 1/2.
- In the same report, the ICI found that most traditional IRA households with rollovers had multiple reasons for moving their assets. When asked their primary reason for moving their assets, respondents most commonly mentioned these three: to obtain more investment opportunities, not to leave assets with their former employer and to consolidate assets.
- Also from the report, more than 40 million US households owned IRA accounts in 2015.

Compliance Facts

DARRAUGH A. VALLI, VP

SEC Regulations require that we inform our clients of the Family Investors Company privacy policy with regards to their personal information. A copy of the 2016 Family Investors Privacy Policy is enclosed with this newsletter. Please be advised Family Investors Company does not disclose your confidential information to anyone (other than necessary information sent to our clearing agent).

When you receive a request to complete a new Client Information Form, please know we are **required** by our regulators to obtain this information to provide you with suitable financial products or services and to affirm the products you currently own are proper for your risk tolerance and investment time horizon. This information is NOT shared. We take precautions to protect personal information at all times and we will remain vigilant in protecting that information. **SAFEGUARD YOUR PRIVACY!**

TIDBITS

A good life is when you assume nothing, do more, need less, smile often dream big, laugh a lot and realize how blessed you are.

According to bankrate.com, if you are on the verge of a new purchase such as a home or a car, be cautious if signing up for a new checking account. Some banks and credit unions vet new customers by pulling a credit report from a major credit bureau which could shave a few points off your credit score and trigger questions from lenders.

While a few points may not seem like a big deal, and it usually isn't, even a slight drop in your credit score could have a big impact when applying for a mortgage or auto loan or lease.

Investment Idea

MATTHEW P. CHEMIDLIN

In this, the year of a presidential election, the talk is taxes, spending and the deficit. However, both the President of the United States and your family need a sound financial plan. The economy will have a big role in what happens this November. Deficit spending will have our children or grandchildren footing the bill for spending money the government does not have.

On a personal level, making a sound basic spending plan for the finances of a family shows us that we should always strive to: Balance our budget, Curb our spending, Reduce our debt, Invest for our future Prepare for any financial disasters.

Keep your family finances simple—don't spend what you don't have! Let us help in you in preparing your Net Worth statement to track your monthly income and monthly expenses. Call your representative today!

SPOTLIGHT

Luis A. Guzman joined Family Investors in June of 2015 as an account executive. Luis has a Masters of Accounting from George Washington University, a Masters in Taxation and Masters in Financial Planning from Bentley University. Additional Certificates are CPA (Florida and Puerto Rico) and CMA. Currently works as a tax professional for a major pharmaceutical company for over 25 years. Prior to his current employment he was a college professor at the University of Puerto Rico, Financial Analyst for Hewlett Packard and worked in the tax department for Deloitte.



Our firm welcomes Luis, and he is looking forward to continue the Family Investors Company tradition of servicing our clients financial and investment needs.

CHANGES IN SOCIAL SECURITY STRATEGY

One change applies to Social Security's "file and suspend" strategy, which allowed couples to maximize their combined benefits by having one spouse file for Social Security upon reaching full retirement age (currently 66), then immediately suspending the benefits. This allowed the other spouse to claim a spousal benefit while their deferred Social Security grew 8 percent per year until age 70. The file-and-suspend strategy will no longer work after **May 1, 2016**. At that time, a person must file for Social Security and actually receive benefits in order for a husband or wife to get a spousal benefit. However, for those who are at least 66 or who will turn 66 by April 30, 2016, there is still an opportunity to get in under the old file-and-suspend system. Those who do squeak in under the deadline will be grandfathered in under the old file-and-suspend rules.

Another change will eliminate "restricted applications," a mechanism that allows persons who are between full retirement age and age 70 to file an application to claim spousal benefits but defer collecting their own benefits; upon reaching 70, they change from receiving spousal benefits to receiving their own (larger) benefits: In the future, when a spouse files anytime after age 62, he or she will fall under the "deemed filing" rule, which already applies to people who are not at their full retirement age. With the elimination of restricted applications and the introduction of deemed filing for all ages, a spouse can only receive the larger of either their spousal benefit or their own benefit. They can't change their choice either, which means no deferring benefits until age 70 and then switching options for a larger monthly check. However, those who will turn 62 by the end of the year will be grandfathered in under the old rules for restricted applications.

Tax Freedom Day

Tax Freedom Day is the day residents have worked long enough to pay off their federal, state and local taxes for the year. The later in the year "tax freedom day" falls, the more days you must work to pay off your taxes.

Historically, New Jersey's tax burden has gone up and down following the national average, though the gap between the two has been widening. The Tax Foundation won't release its Tax Freedom Day projection for 2016 for a few more weeks, but with no tax cuts on the table for Christie's budget proposal, it'll likely fall near 2015's estimate of May 13.

New Jersey and Connecticut have the latest tax freedom day in the country according to The Blaze.

Email Addresses

Email addresses are no longer available in the Market Report or on the Family Investors Company website. The email addresses which have been published in the past are, however, still valid. When in doubt, you can always email: info@familyinvestors.com

Holiday Closings

The Family Investors Company office follows the schedule of the New York Stock Exchange. Monday, **May 30th and Monday, July 4th**. A sign is always posted on the office door to remind clients. The office closes at 4PM on Fridays of long holiday weekends.

The office is open on Saturday by appointment only.

Rest in Peace

Rest in Peace, William F. O'Brien, father of **Darraugh Valli**. "Bill" passed away peacefully, surrounded by family on March 14th.

You can receive "Family Matters" via email or online at our website. We would be happy to send it to you quarterly as soon as it becomes available. Please email us at: info@familyinvestors.com to request this service.

INSURANCE MATTERS by Steve Goldberg

You may not be aware, but life insurance is not only for young families. There are many uses for life insurance at various stages of life. Estate liquidity, wealth transfer and pension maximization are several uses of life insurance in the later years. I will discuss one strategy that can potentially reduce your taxable estate while enabling you to leave a larger legacy to your heirs.

When many of our clients reach the age of 70 ½, they are in a quandary as to what to do with their Required Minimum Distributions (RMDs) from their retirement accounts. They are receiving sufficient income from other sources and would not take the distributions if they were not required.

Here is a suggestion for RMD recipients who are in reasonably good health and do not need the income from their RMDs. Use your required minimum distributions to purchase life insurance through an irrevocable life insurance trust. This will create a significantly larger legacy while actually reducing the taxable estate by having the life insurance trust purchase and own the policy. Any funds gifted to an irrevocable life insurance trust are not included in your taxable estate.

If you would like more information on this life insurance strategy for estate planning, would like to discuss any other uses of life insurance, or would like to review your current life insurance program, please feel free to give me a call in the office. I am always happy to help and look forward to serving you with your insurance needs.

HOW WELL DO YOU KNOW YOUR MONEY?

Can you answer these questions about US money? 1. What percentage of paper money printed each year are \$1 bills? 2. In what year did the motto "In God We Trust" first appear on paper money? 3. What president is on the \$100 bill? 4. Every piece of paper money, no matter what denomination weighs how much? 5. According to the Federal Reserve, what is the lifespan of a \$50 bill? Answers: 1. 50% 2. 1957 3. None. Benjamin Franklin is on the bill and he was never president. 4. 1 gram. 45¢ bills would weigh 1.5 grams. Source: [federalreserveeducation.org](http://www.federalreserveeducation.org)

INVESTMENT TERMS

You hear investment terms on television and read them in print media and on the internet. But what do they mean? Here is a primer of some common investment terms:

Capitalism: An economic system characterized by the following: private property ownership exists; individuals and businesses are allowed to compete for their own economic gain; and free market forces determine the prices of goods and services. Such a system is based on the premise of separating the government and business activities. Capitalists believe that markets are efficient and thus function without interference, and the role of the government is to regulate and protect.

Monetary Policy: The regulation of the money supply and interest rates by a central bank, such as the Federal Reserve Board in the U.S., in order to control inflation and stabilize currency. Monetary policy is one the two ways the government can impact the economy.

By impacting the effective cost of money, the Federal Reserve can affect the amount of money that is spent by consumers and businesses.

Demand: The amount of a particular economic good or service that a consumer or group of consumers will want to purchase at a given price. The demand curve is usually downward sloping, since consumers will want to buy more as price decreases. Demand for a good or service is determined by many different factors other than price, such as the price of substitute goods and complementary goods. In extreme cases, demand may be completely unrelated to price, or nearly infinite at a given price. Along with supply, demand is one of the two key determinants of the market price.

FAMILY CHATTER

Peter Chemidlin, wife Joan, and children Tighe and Morgan (on break from their respective colleges) vacationed on the Riviera Maya in Mexico. Time really does go quickly as **Darraugh Valli** has found out. She has been busy visiting colleges with twins, Micaela and Sean, who are juniors at Scotch Plains/Fanwood High School. Good Luck in your new home to **Joe Chemidlin** and wife, Valerie, who moved to Belvidere, NJ. **Matthew Chemidlin**, wife, Janice, and children Angela and Scott visited family and vacationed in Bradenton, Florida. **Janet Lesce** has been busy looking at colleges with daughter, Grace, a senior at Scotch Plains/Fanwood High School. **Steve Goldberg** has been selected to continue his role as Assistant Governor of Rotary District 7510 for 2016-17. He will be serving as President-Elect for the Fanwood Scotch Plains Rotary Club as well. Congratulations to **Lynn Galgano's** daughter, Elisabeth, a senior at Governor Livingston High School, who was accepted at Colgate University as a member of the Class of 2020. Lynn and Elisabeth will explore the Hamilton, NY area on Accepted Students' Day.