



## THE LIGHTER SIDE

They always say time changes things, but actually you have to change them yourself.

*Much learning does not teach understanding.*

Take rest—the field that has rested gives a bountiful crop.

*To be kind is more important than to be right. Many times, what people need is not a brilliant mind that speaks but a special heart that listens*

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## SPOTLIGHT



Edna joined Family Investors in 1998. Prior to that, Edna worked at Delloitte and Touche as a senior auditor. She was then recruited by Bank of America to become an internal auditor. She then went on to become a senior financial analyst at American Home Products. Edna’s main responsibilities at Family Investors include the processing of financial and accounting data, financial reporting to management and to investment company regulatory agencies.

Edna lives in Westfield, with her husband. She proudly has two daughters, who, since graduating college, are pursuing their individual careers.

## Congratulations

Congratulations to Steve Goldberg! Steve was honored to receive the prestigious Paul Harris Fellowship Recognition at the Fanwood—Scotch Plains Rotary Club Installation Dinner. Steve received this honor for his work on the Nepal Benefit Concert and also for helping grow the membership in the Rotary Club. Steve is also the President Elect of his Rotary Club for the 2016-2017 year.

Steve joins the ranks of other Paul Harris Fellowship recipients including former President Jimmy Carter, former Russian president Boris Yeltsin, astronaut James Lovell, Family Investors Company founder, Fred J. Chemidlin and Vice President Joseph P. Chemidlin.

Family Investors Company is proud of Steve and his community involvement.

## Did You Know?

Although you may be on the FCC’s “Do Not Call” list, this does not stop political calls from coming to your home.

If you become a new parent, getting your child a Social Security number can be done at birth when completing the birth certificate. You will need to provide both parents’ Social Security numbers. Social Security will assign your new baby a number and mail the card to you.

## FUTURE HAPPENINGS

There are no programs planned for the summer season. Be sure to check back in our Fall issue for upcoming events and seminars.

If you have any suggestions for our Fall season, please contact the office and let us know what you would like to see presented.

# Mutual Funds: Facts and Fancy

- The combined assets of the nation's mutual funds increased by \$96.31 billion, or 0.6% to \$15.82 trillion in April, according to the Investment Company Institute's (ICI) official survey of the mutual fund industry.
- Bond funds had an inflow of \$19.06 billion in April, compared with an inflow of \$21.37 billion in March. Taxable bond funds had an inflow of \$13.49 billion in April, versus an inflow of \$15.95 billion in March. Municipal bond funds had an inflow of \$5.58 billion in April, compared with an inflow of \$5.41 billion in March.
- According to the ICI, the combined assets of all Section 529 plans—"qualified tuition programs" designed to help save for higher education expenses—were \$253.2 billion at year-end 2015. At the end of December 2015, prepaid plans accounted for \$23.4 billion, while savings plans held another \$229.8 billion.

## Compliance Facts

DARRAUGH A. VALLI, VP

**FINRA** (Financial Industry Regulatory Authority) regulations require Family Investors Company (and all broker/dealers) to have up-to-date information on their clients in order to recommend the appropriate investment products based on factors such as current investment holdings, time horizon, risk tolerance, age, income, etc. In other words, we, as financial professionals, are required to **know our client(s)**.

When Family Investors Company asks you to update your Client Information Form, please know that it is because we are required to do so.

We ask that you inform your representative of any material changes to your financial circumstances (i.e. marriage, birth of a child, divorce, death of a spouse, loss of job) as soon as reasonably possible.

## Investment Idea

PETER J. CHEMIDLIN, PRESIDENT

An inherited traditional individual retirement account, or traditional IRA, can be tricky and one wrong decision can lead to expensive consequences. Beneficiaries should do nothing until they meet with a financial professional.

The money in an inherited IRA must be taken out eventually, except in some cases when the beneficiary is the spouse of the deceased.

Non-spouse beneficiaries have 2 options for liquidating the account: They can choose to take distributions over their life expectancy, known as the stretch option, which leaves the funds in the IRA for as long as possible, or they must liquidate the account within 5 years of the original owner's death.

Circumstances are different if the deceased was already taking RMDs (Required Minimum Distributions) from the account, or if the deceased had not yet reached age 70 ½.

Your financial representative can assist you in making the decisions best suited for your financial needs. Contact our office.

## 3 Tips From the Rich

According to Money Magazine, these tips from the rich can help you build wealth:

1. Focus on building wealth slowly, not getting rich quick;
2. Get with the basics not fancy-schmancy investments;
3. Ride the market, don't try to outguess it.

## Speakers

Family Investors Company representatives are available to speak on various financial topics to your club or organization. There is no charge for this service. As you plan your company's or your organization's itinerary for the upcoming year, contact the office for more information and availability.

# CREDITKARMA.COM

Credit Karma is a free credit and financial management platform for US consumers available on the web and major mobile platforms. Founded in 2007, it provides free weekly updated credit scores and credit reports from national credit bureaus TransUnion and Equifax, alongside daily credit monitoring from TransUnion.

Credit Karma also provides credit tools, such as a Credit Score Simulator, which simulates the effect of potential financial actions on a user's credit score; and tailored financial recommendations based on each individual user's credit profile.

In addition to its free credit reports and tools, Credit Karma offers a My Spending Tool through account aggregation service Yodlee, which allows users to track their credit card, loan transactions and balances in Credit Karma's interface. Credit Karma also hosts user forums for credit advice and provides calculator tools for debt repayment, amortization, home affordability and simple loans

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## IRS TAX SCAMS

Don't Fall for Tax Scams. The IRS will not call you to demand immediate payment, nor will it call about taxes owed without first mailing you a bill. Beware of threatening phone calls from someone claiming to be from the IRS. If you have no reason to believe you owe taxes, report the incident to the Treasury Inspector General for Tax Administration (TIGTA) at 1-800-366-4484.

## Fanny Wood Day

Fanwood's 21st annual **Fanny Wood Day** street festival will be held on Martine Avenue and South Avenue on **Sunday, September 18th**. (No rain date) There will be family entertainment, children's rides, food vendors, crafters, and local business displays. Stop by and say "Hello" to us at the Family Investors Company display and enter our contest. (We LOVE seeing you in your Family Investors Company tee shirt.)

## Paper Checks

According to National Automated Clearing House Association, or NACHA, the most effective way for consumers to safeguard bank checking account numbers is to stop using paper checks. Since money transferred electronically passes through fewer hands than a paper check, electronic payments can be a safer option for consumers. Online banking also can save you money by not paying postage.

## Email Addresses

Email addresses are no longer available in Family Matters 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](mailto:info@familyinvestors.com)

Our office follows the schedule of the NYSE and will be closed on **Monday, September 5th** in observance of Labor Day. The office will close at **4PM on Friday, September 2nd**.

The office is open on Saturday by appointment only.

## Client Appreciation Contest Winner

Congratulations to Anne Gremegna, winner of the Client Appreciation Contest from the Spring newsletter. Be sure to complete and send in the Word Search Game Client Appreciation Contest in this season's issue!

*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](mailto:info@familyinvestors.com) to request this service.*

## INSURANCE MATTERS by Steve Goldberg

Recently the **Genworth 2016 Cost of Care Survey** was released online. And guess what? Long term care services in New Jersey are more expensive than the national average. Such a surprise!!!

Let's take a look at some of the numbers. Nationally, the median monthly cost of a home health aide (based on an average of 44 hours per week) is \$3,861. The monthly medians for an assisted living facility and a semi-private nursing home room are \$3,628 and \$6,844 respectively. The corresponding numbers in New Jersey are \$4,195 for a home health aide, \$4,950 for an assisted living facility, and \$9,885 for a nursing home semi-private room. For a comparison, the median costs in North Carolina (seemingly New Jerseyans' favorite retirement destination) are \$3,432, \$3,000 and \$6,570, **all below** the national average.

If you would like to see the cost of long term care services in any other state, please go to:

[www.genworth.com/about-us/industry-expertise/cost-of-care.html#](http://www.genworth.com/about-us/industry-expertise/cost-of-care.html#)

Planning for long term care is a vital part of any sound financial plan and Long Term Care Insurance is an important way to ease the financial burden of paying for those services for many of our clients. If you would like further information on the costs of various long term care services or would like to know more about Long Term Care Insurance, please feel free to give me a call in the office. I am always happy to help give you peace of mind.

### 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:*

**Automatic Transfer Service:** ATS. A savings account which allows the account holder to automatically transfer funds to a checking account. An automatic transfer service account can transfer funds to ensure that a checking account maintains a minimum balance, or to ensure that enough funds are available to cover a check.

**Boomeromics:** A term used to describe an investment strategy whereby stocks are chosen based on the spending patterns of baby boomers.

**Cash Flows from Investing Activities:** An accounting of funds relating to a company's investments, reported on the cash flow statement of the company's annual report. This number shows how much money the company has received (or lost) from its investment activities. It includes money the company has made (or lost) by investing excess cash in different investments (stocks, bonds, etc.), money the company has made

(or lost) from selling subsidiaries and all the money the company has spent on its physical property such as plants or equipment.

**Dividend Irrelevance Theory:** A postulation that the dividend policy of a company should have minimal effect on the investment decisions made by an investor because the payment or non-payment of a dividend will not necessarily impact the net return to the investor. The assumption is that dividends not paid are reinvested by the company to generate more profit, thus higher stock values.

**Flex Cap Fund:** A type of mutual fund that is not restricted to market capitalization when the manager chooses to invest. This gives the fund manager much greater flexibility in methods for diversifying the fund's portfolio. Size of the company is not an issue for the equity to be purchased.

### FAMILY CHATTER

Congratulations to Vice President **Joe Chemidlin**, who celebrated 50 years of his association with Family Investors Company. Joe was honored at a company dinner to celebrate this milestone. **Peter Chemidlin** is again playing softball in the St. Bart's Oldtimers league. **Darraugh Valli**, after a busy school year and sports with her twins, is looking forward to spending time at the Jersey shore in August with family and friends. Congratulations to **Matt Chemidlin** and wife, Janice, who celebrated their 20th wedding anniversary on May 11th. To revel this happy occasion, Matt and Janice took a cruise to the Caribbean and visited, Jamaica, Cozumel and Haiti. **Steve Goldberg** and family enjoyed a nice week in Wildwood Crest. Steve also organized a very successful Friday night Woodstock-themed party at the annual Rotary District 7510 Conference held at The Inn at Pocono Manor. **Lynn Galgano** has been enjoying having both her daughters home for the summer. Elisabeth graduated from Governor Livingston High School in June and will be getting ready to attend college in the fall. Emma is working for Black Rock in portfolio analytics for the summer. They are looking forward to spending some "Girls Time" at the Jersey Shore during the summer. **Janet Lesce**'s daughter Grace was the proud recipient of the George Bryan Memorial Scholarship award at Scotch Plains-Fanwood High Schools recent Senior Awards night and is enjoying having her daughter Caroline home from college for the summer.