

Fall 2016

# FAMILY MATTERS



# Family Investors Company

## THE LIGHTER SIDE

**Life is short, live it. Love is rare, grab it. Anger is bad, dump it. Fear is awful, face it. Memories are sweet, cherish them.**

*One advantage of talking to yourself is that you know at least someone is listening.*

**Positive anything is better than negative nothing.**

*Life is really simple but we insist on making it complicated.*

**A smile is a curve that sets everything straight.**

## SPOTLIGHT



After graduating from college, Steve spent his early career as a research analyst, then as an IT professional for 2 insurance companies. Steve became a financial advisor in 1993 and joined Family Investors Company in 2000. Steve enjoys helping his clients work towards reaching their financial goals in addition to helping all of Family Investors' clients with their life and long term care insurance needs.

A native New Yorker and a Scotch Plains resident since 1986, Steve has been an active member of the Scotch Plains community for many years. Steve coached his children in various sports and also served on several township committees. A Past President of the Scotch Plains Business and Professional Association, Steve currently serves as Vice President and Scholarship Chairman. He also enjoys playing Santa Claus for the Scotch Plains Holiday Celebration which is sponsored by the organization. Steve, a multiple Paul Harris Fellow, is currently the President Elect of the Rotary Club of Fanwood – Scotch Plains. He is serving his 4th year as Assistant Governor of Rotary District 7510.

Steve and Patricia, his wife of 35 years, live in Scotch Plains along with their Pekingese named Mushi. The Goldbergs have 2 children. Their son Andrew lives in Springfield with his wife Jodi, while their daughter Melissa currently lives and works in Boston.

## in this issue

*Mutual Funds:  
Facts and Fancy*..... 2

*Compliance Facts  
Darraugh A. Valli*..... 2

*Insurance Matters  
Steve Goldberg*..... 3

*Investing for Retirement* ..... 4

*Investment Terms*..... 4

*Family Chatter* ..... 4

### Family Investors Company

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## Fanny Wood Day

Thank you to all our clients and friends who stopped by the Family Investors Company display on Fanny Wood Day. (We love seeing you in our FIC t-shirts!)

Congratulations to Dennis Pedinoff, the winner of the drawing for a 40 inch flat screen TV. Dennis' winning entry was drawn by Fanwood Mayor Colleen Mahr. (pictured FIC President Peter Chemidlin and Dennis Pedinoff)



## Holiday Giving

As the holidays approach, we urge you to take pause and to donate your time or money to make the holidays special for those less fortunate than you. Contact your church, temple or favorite local charity for ways that you can help.

# Mutual Funds: Facts and Fancy

- According to a study released on 8/4/2016 by the Investment Company Institute (ICI), **Roth IRA investors tend to be younger than traditional IRA investors.** At year-end 2014, 31 percent of Roth IRA investors were younger than 40, compared with 15 percent of traditional IRA investors. Only 24 percent of Roth IRA investors were 60 or older, compared with 39 percent of traditional IRA investors. This younger age distribution reflects in part the rules governing access to Roth IRAs, including income limits on contributions and (until 2010) on conversions, as well as prior limitations on rollovers into Roth IRAs, which have been eased recently.
- In that same study by the ICI, **Traditional IRAs are typically opened by rollovers, while Roth IRAs are more often started with contributions.** Most (85 percent of) new traditional IRAs in 2014 were opened only with rollovers and nearly half of traditional IRA investors with an account balance at year-end 2014 had rollovers in their traditional IRAs. By contrast, rollovers play a less important role in Roth IRAs—only about one in 15 Roth IRA investors at year-end 2014 had rollovers in their Roth IRAs. Rather, contribution activity plays a more important role in Roth IRAs, with nearly three-quarters (74 percent) of new Roth IRAs opened only through contributions in tax year 2014.

## Compliance Facts

DARRAUGH A. VALLI, VP

The FINRA Conduct Rule 2280 requires investment firms to annually inform clients of the FINRA's Public Disclosure program regarding investment firms and individual representatives. You can check the background of the investment firms and the representatives with whom you do business by calling FINRA at their toll free number: **1-800-289-9999** or via the internet at **www.finra.org**. Family Investors Company also provides a link to FINRA's Broker Check on our website. There is also a brochure available detailing the Public Disclosure Program. Family Investors Company urges you to take advantage of this free service.

## Investment

DARRAUGH A. VALLI, VP

Many clients have come in wanting to open 529 Plans for their children. Unfortunately, these clients are not contributing the maximum to their 401(k)s or their IRAs (or other retirement plans).

Clients should realize that THEY (not their children) come first as in retirement, no one will be giving you loans, while your children will have the advantage of getting student loans to further their education in college.

Pay yourself first! If you are not contributing the maximum to your retirement plans, hold off on contributing to a 529 Plan for your children.

## Identity Theft

If you believe someone is using your Social Security number to work, get your tax refund or other abuses involving taxes, contact the IRS immediately. To contact the IRS, call 1.800.908.4490 or visit: [www.irs.gov/uac/Identity-Protection](http://www.irs.gov/uac/Identity-Protection)

## WINNER!

Congratulations to Barbara Jacob, winner of the Client Appreciation Contest in the Summer newsletter. (pictured Darraugh Valli, VP and Barbara Jacob)

## Medical Tests/Treatments Denied?

So, your doctor ordered a test or treatment and your insurance company denied it. This is a typical cost saving method. If so, here is what you do:

1. Call the insurance company and tell them you want to speak with the "HIPAA Compliance/Privacy Officer." (By federal law they have to have one);
2. Ask for the names as well as credentials of every person accessing your record to make that decision of denial. By law, you have a right to that information;
3. They will almost always reverse the decision very shortly rather than admit that the committee is made of low paid workers looking at "criteria words," making the decision to deny your care. Even in the rare case it is made by medical personnel, it is unlikely that it is made by a board certified doctor in that specialty and they do not want you to know this!;
4. Any refusal should be reported to the US Office of Civil Rights ([hhs.gov](http://hhs.gov)) as a HIPAA violation.



## INSURANCE MATTERS by Steve Goldberg

Why do we **NEED** life insurance? There are many personal uses for life insurance. Some of them are:

- Replace lost income from the premature death of a wage owner.
- Pay off debts, mortgage, funeral expenses or prefund college.
- Provide funds for childcare or a special needs child.
- Efficiently transfer assets to children or grandchildren.
- Fund a bequest to a favorite charity.
- Equalize inheritances for heirs.
- Pay legal, administrative fees and/or taxes on and estate settlement.

There are many more personal and business uses for life insurance. But the more important question is — Why do we **BUY** life insurance? The simple answer to that is that we care enough about our loved ones (or an organization) to provide for them even when we are gone.

If you have any questions about the uses of life insurance or would like a no-cost, no-obligation review of your current life insurance program, please feel free to give me a call in the office. I am always happy to help provide peace of mind.

### SIPC

The Securities Industry Protection Corporation is a non-profit membership organization established by Congress which insures securities and cash in customer accounts up to \$500,000 (up to \$250,000 in cash) in the event of a brokerage bankruptcy. The SIPC is funded by all of its member securities broker/dealers.

While it insures the account in the event the brokerage firm runs out of funds to cover its claims, it does not insure against investment losses.

Family Investors Company is a member of SIPC. You can request an information pamphlet about SIPC from our office or visit their website at: [www.sipc.org](http://www.sipc.org) and you can download the brochure “**How SIPC Protects You.**”

**740** is the magic credit score number you need to qualify for the lowest interest rate on a new car or home.

Pay your bills on time and pay down your debt to increase your credit score! (source [bankrate.com](http://bankrate.com)).

Experts agree that 25% of take home pay is the maximum amount that should go towards housing. (This includes mortgage, property taxes and homeowners’ insurance.

If you have one, contribute to your 401(k). If you are in the 25 percent tax bracket and put \$10,000 into your 401(k), it results in a tax savings of \$2,500. The tax deferral is an immediate 25% return on your money.

***Make sure you exercise your right as an American and make sure you get out and vote on Tuesday, November 8th.***

## Thanksgiving Day

Thanksgiving Day: A thankful heart is not only the greatest virtue, but the parent of all the other virtues. ~Cicero

## Holiday Closings

The Family Investors Company office follows the schedule of the New York Stock Exchange. Our office will be **closed on Thursday, November 24th** and **will close at 1PM on Friday, November 25th**. The office will close at **1PM on Friday, December 23rd** and be **closed Monday, December 26th**. The office will **close at 4PM on December 27th, 28th, 29th and 30th**. The office will be **closed January 2nd and January 16th, 2016**.

The office is open on Saturday by appointment only for the convenience of our clients.

## Severe Weather

In cases of severe weather, the physical location of Family Investors Company may be closed, but you can always call the office and your call will be forwarded to a licensed principal representative.

*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.*

# INVESTING FOR RETIREMENT

Investing for retirement is a tricky proposition and getting personal attention is becoming very important, but that is what Family Investors Company is all about! We are a small, independent firm, that does not have an in-house line of mutual funds or investment products. **We help people** with their retirement planning, estate planning (with the assistance of an attorney if need be), minimizing taxes and other investment goals they may have. Over 90% of our business is from referrals. That is what we are especially proud of! We have been doing this for **56** years. We still like the personal touch and individual service we provide. Call our office when you need assistance.

## WHAT'S HAPPENING!

Family Investors Company is pleased to offer our Fall program schedule: On Thursday, November 10th, 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 Family Investors Company office, 265 South Avenue, Fanwood. Admission is free, but a reservation is required as seating is limited. To reserve your seat, please call the office at 908.322.1800 or email: [lynnalgano@familyinvestors.com](mailto:lynnalgano@familyinvestors.com)

**We would like to take this opportunity to wish our friends and clients a very Happy Thanksgiving and a joyous holiday season.**

## INVESTMENT TERMS

*You hear investment terms on television and read them in print media and on the internet. But what do they mean?*

**Annual Rate of Return:** The annual rate of gain or loss on an investment expressed as a percentage.

**Asset Allocation:** The diversification of investments among several asset classes, such as stocks, bonds, and short-term investments (e.g., cash equivalents). Proper asset allocation may limit risk and increase opportunities.

**Average Annual Total Return:** The yearly average percentage increase or decrease in an investment's value that includes dividends, gains, and changes in share price.

**Dollar Cost Averaging:** Investing a fixed amount of money in a specific investment at regular intervals, regardless of market conditions or prices. More shares are purchased when prices are low and fewer shares are purchased when prices are high. In a fluctuating market, the average cost per share is generally (although not always) lower than the average price per share.

**Fund Family:** A group or "complex" of mutual funds, each typically with its own investment objective, that is managed and distributed by the same company. A fund family also could refer to a group of collective investment funds or a group of separate accounts managed and distributed by the same company.

## FAMILY CHATTER

**Peter Chemidlin** and wife, Joan, went to see son, Tighe, at Virginia Tech and enjoyed a Hokies football game. **Joe Chemidlin** and wife, Valerie, spent a delightful week at the Jersey shore with family members. **Darraugh Valli** is busy visiting colleges with twins, Micaela and Sean, who are seniors in high school. **Edna Trujillo** and husband, Luis, vacationed in Naples, Florida. Edna also visited Puerto Rico to help other family members celebrate her mom's 80th birthday. **Matt Chemidlin**, wife Janice, and children Angela and Scott, enjoyed weekends at the Jersey shore and vacationed to Arizona taking in the Grand Canyon and Red Rocks. **Steve Goldberg** and wife, Pat, vacationed and visited family in Arizona to celebrate their 35th wedding anniversary. **Lynn Galgano** enjoyed several trips to the shore this summer. She was also very busy getting her two daughters off to college and will be taking several trips to visit the girls in the New York Finger Lakes Region this Fall. **Janet Lesce** celebrated her Father's 80th birthday in Florida with family. Janet has reluctantly embraced becoming an empty-nester after taking daughter Gracie to freshman year at Marymount University and daughter Caroline to senior year at Oberlin College.