

Winter 2016

FAMILY MATTERS



Family Investors Company

THE LIGHTER SIDE

You can run with a lie. But you can't hide from the truth. It will catch you!

The most important gifts you can give are your love, your time and your attention. Slow down, take time to smile and enjoy loved ones...life goes by way too fast.

Never underestimate the healing power of singing in a car really loud....by yourself!

LISTEN and SILENT are spelled with the same letters.

MESSAGE FROM THE PRESIDENT

The past year has garnered a lot of attention for Family Investors, and for all the right reasons. Family Investors was recognized for 2015 as one of the top family run businesses in New Jersey and for the expertise and commitment to community of its professionals. Additionally, Family Investors was featured in the New Jersey Monthly magazine for our accomplishments at the 2015 New Jersey Family Business of the Year Awards.



As we look forward to a new year, it is necessary to reflect on a past we cannot change in order to make adjustments for a future we can. The start of a new year is always a good time to revisit your financial plan, portfolio diversification, risk tolerance, retirement and wealth transfer strategies and goals. This is also the time to verify that your beneficiary and power of attorney information, insurance policies and wills are all in good order.

As you consider these items and what they mean to you in 2016, I encourage you to take full advantage of the breadth of Family Investors resources, and the expertise of our team of professionals to help answer those questions and offer quality solutions tailored to your needs and goals. "People don't plan to fail but they do fail to plan." Don't wait until the page turns on a calendar to change the things you know you should today. Best wishes for a happy, healthy, and prosperous 2016!

Family Investors Company is proud to have been a finalist in the New Jersey Family Business of the Year.

FUTURE HAPPENINGS

Planning for long term care (LTC) is a vital part of any personal financial program. Please join our own **Steve Goldberg** for an informational seminar on the various aspects of LTC planning. Steve will speak about the different options for receiving LTC, their costs, and several methods to pay for services, including self-pay, Medicaid, and LTC insurance.

Come to our office on **Tuesday, February 9th at 11AM** or **Thursday, February 11th at 7PM** to get the facts and have your questions answered. Please call the office in the event of inclement weather.

Meetings and seminars are always free of charge, but a reservation is necessary as seating is limited. Please call the office at 908 322-1800 or email lynngalgano@familyinvestors.com to reserve your seat. Bring a friend to attend with you. Refreshments will be provided.

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Mutual Funds: Facts and Fancy

- According to the ICI (Investment Company Institute), the combined assets of the nation's mutual funds increased by \$692.98 billion, or 4.5 percent, to \$15.97 trillion in October, 2015 according to the Investment Company Institute's official survey of the mutual fund industry. In the survey, mutual fund companies report actual assets, sales, and redemptions to ICI.
- By law, mutual funds must pay redemption proceeds to redeeming shareholders within seven days. For this reason, they typically invest little, if any, of their assets in illiquid securities. In fact, long-standing SEC guidelines generally limit mutual funds from investing no more than 15 percent of their assets in securities that cannot be sold or disposed of within the ordinary course of business within seven days at approximately the value at which the mutual fund has valued the investment.
- Mutual funds value their portfolio holdings daily, for purposes of calculating net asset value per share—the price at which investors buy into or sell out of the fund.

Compliance Corner

DARRAUGH A. VALLI, VP

The FINRA Conduct Rule 2280 requires investment firms to annually inform clients of the availability of FINRA's Public Disclosure program regarding investment firms and individual representatives. You can check the background of the investment firms and the registered representatives with whom you do business by calling FINRA at their toll free number: **1-888 295-7422** or via the internet at **www.finra.org**

You can also find a link to the FINRA's Broker Check on the Family Investors Company website in the "About Us" section. There is also a brochure available from FINRA detailing the Public Disclosure Program. Family Investors Company urges you to take advantage of this free service.

Information

As always, enclosed with this edition of the Market Report is the Family Investors Company simplified Net Worth form. This easy to complete and understand form is an essential "report card" of your financial health. If you would like your representative to help you complete this, call and schedule an appointment. There is no fee for this service.

Those who pay themselves first each month and adhere to their financial plan are generally pleasantly surprised once the form is completed.

In 2016, the United States will have another presidential election. Politicking has already begun and potential candidates are endeavoring to raise funds for their campaigns. Are you registered to vote? Have you voted in the past elections? Do you sit on the sidelines and complain about the state of the nation and the nation's economy but do nothing to elect political candidates who may change it for the better? **Get registered and exercise your right to vote!**

The sooner you file your 2015 taxes, the sooner you will get your refund (if you are entitled to one). Don't procrastinate! You can check on the status of your federal income tax refund by calling toll-free **800.829.1040** or online at **www.irs.gov**. The IRS also has a mobile app you can download to check your refund status: IRS2GO It is available at the Apple App store, Amazon and Google Play. You will need your Social Security number, your filing status and the amount of your refund. File early and make sure your IRA is fully funded for 2015.

In the end, only three things matter...

How much you loved, how gently you lived and how gracefully you let go of things not meant for you.

Thank You

Thank you to all our clients and friends for your thoughtfulness and the wonderful holiday goodies you dropped off or sent to the office. All of us at Family Investors Company appreciate it.

Winner!

Congratulations to Gary Simonetti, winner of the Client Appreciation Contest in the Fall issue of the newsletter.

SPOTLIGHT

JOSEPH P. CHEMIDLIN, VP

Vice President Joe Chemidlin has been with Family Investors Company since 1966.



Joe lives in Lopatcong, NJ, in the Phillipsburg area, with Valerie, his wife of 55 years. They are parents of 5 children and grandparents of 15. Joe is the president of the Serra Club of Warren County, a Catholic Church organization that promotes religious vocations. He has served as District Governor of the Metuchen Diocese Serra International. He also serves on the Financial Council of St. Philip and St. James Church in Phillipsburg.

He is a past president of the Rotary Club of Phillipsburg and has received the Paul Harris Fellowship Award of Rotary International. Over 40 years ago, he founded and served as commissioner of the “Oldtimers” Softball League at St. Philip and St. James in Phillipsburg and St. Bart’s in Scotch Plains. He also started the league at St. Matthew RC parish in Edison, NJ. Joe enjoys spending time with his family at the Jersey shore every summer and visiting Valerie’s family in Ireland when he has the opportunity

FINRA’s Fraud Recommendations to Avoid

FINRA (the **Financial Industry Regulatory Authority**) reminds us even if you have never been subjected to an investment fraudster’s sales pitch, you probably know someone who has. Following the legendary Willie Sutton principle, fraudsters tend to go “where the money is”—and that means targeting older Americans who are nearing or already in retirement.

Financial fraudsters tend to go after people who are college-educated, optimistic and self-reliant. They also target those with higher incomes and financial knowledge, and have had a recent health or financial change. If you believe you’ve been defrauded or treated unfairly by a securities professional or firm, file a complaint. If you suspect that someone you know has been taken in by a scam, send a tip.

The FINRA website has links for you to file a complaint or send a tip about a fraud. Or you can call toll free: **(240) 386-HELP (4357)**

Taxes

The filing deadline for 2015 income tax returns is April 18, 2016. That’s because the traditional April 15 deadline falls on the day commemorating Emancipation Day, the anniversary of the abolition of slavery in the District of Columbia. Emancipation Day is a D.C. holiday, but the IRS treats these as federal holidays for tax-filing purposes.

Emancipation Day typically is celebrated on April 16. But that date falls on a Saturday next year, so the holiday is being celebrated on the Friday before.

Residents of Maine and Massachusetts get even more time. They have until April 19 to file their federal taxes. April 18 is Patriot’s Day, a statewide holiday in both states. The IRS has previously ruled that state residents get an extra day to file taxes if the federal deadline occurs on a statewide holiday.

Our office is open on Saturdays, by appointment only, for the convenience of our clients.

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. Our office will be closed on **Monday, January 18th** for Martin Luther King Day. The office will be **closed on Monday, February 15th** in observance of Presidents’ Day. It will also be **closed on Friday, March 25th** in observance of Good Friday. A sign will always be posted at the office door as a reminder.

Year End Statements

Year-end mutual fund statements are being sent to each mutual fund family shareholder. We ask each client to make sure they **save the year-end statements**. Most statements are easy to understand with asset allocations shown in charts or graphs.

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

Happy 2016! I hope you and your family had a good 2015 and a happy and healthy holiday season. Now that the holidays are over, it's a great time to review your current financial situation and an excellent time to take a look at your life insurance plan.

In last year's Winter newsletter column, I asked a number of questions to help you review your life insurance plan. They are the same ones to ask now. How much coverage do you have at work? Are your beneficiary designations up to date? Has there been a life event that would affect the amount of coverage you need? Is your term policy's level term period about to expire? Is this a good time to convert your term policy to a permanent policy? Do you have the right amount of coverage? Is term or permanent life insurance right for me? Do you need an Irrevocable Life Insurance Trust? These are some of many questions that can be answered with a brief review of your life insurance program. I am more than happy to offer a no-cost, no-obligation review to any of our clients.

Life insurance has many uses for personal needs, business needs, and estate/wealth transfer planning. In my next column, I will talk about some of the uses of life insurance that you may not have thought about. In the meantime, if you ever have any questions regarding life or long term care insurance, please feel free to call me in the office. I am always eager to help

I am also available to speak about life insurance to your group or organization. Please do not hesitate to call me.

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:

Intrinsic Value: The actual value of a security, as opposed to its market price or book value. The intrinsic value includes other variables such as brand name, trademarks, and copyrights that are often difficult to calculate and sometimes not accurately reflected in the market price. One way to look at it is that the market capitalization is the price (i.e. what investors are willing to pay for the company) and intrinsic value is the value (i.e. what the company is really worth). Different investors use different techniques to calculate intrinsic value.

Large Value Stock: A stock investment with a large market capitalization in which the stock's market value is less than the intrinsic value. The intrinsic value of the stock is found using various valuation theories, such as multiples and discounted cash flow.

Discounted Cash Flow (DCF): A method of evaluating an investment by estimating future cash flows and taking into consideration the time value of money.

Cash Flow: A measure of a company's financial health. It equals cash receipts minus cash payments over a given period of time, or equivalently net profits plus amounts charged off for depreciation, depletion and amortization.

Amortization: The gradual elimination of a liability, such as a mortgage, in regular payments over a specified period of time. Such payments must cover both principal and interest. Also writing off an intangible asset investment over the life of the assets.

The 2016 IRA contribution limits will remain the same as in 2015. For those under age 50, the maximum contribution you can make to a traditional or Roth IRA is \$5,500. For those age 50 and older, the maximum amount is \$6,500.00. **Social Security benefits** will not increase in 2016. With lower gas prices, etc., there will be no COLA (cost of living adjustment). For most people, Medicare Part B premiums will remain the same at \$104.90 per month. **Fund your 2015 IRA** account now!

FAMILY CHATTER

Peter Chemidlin and wife, Joan, along with friends, cruised in the southern Caribbean.. **Matt Chemidlin** and wife, Janice, and children Angela and Scott, enjoyed Thanksgiving and Christmas at home with family and friends. **Edna Trujillo** and husband, Luis, visited family in Puerto Rico and then relaxed on the beach in Naples, Florida. **Steve Goldberg** again delighted children of all ages as Santa at the Scotch Plains Business and Professional Association's Holiday Celebration on the Village Green in Scotch Plains.. Congratulations to Steve's son, Andrew, who completed his Masters Degree of Business Science in Chemical Engineering from Rutgers. Way to go, Andrew! **Darraugh Valli** spent a weekend in Gasparilla Island, Florida with all of her aunts, cousins and sister celebrating her mom's special birthday. Congratulations to **Lynn Galgano** on passing her FINRA Series 7 exam. Lynn is now a licensed registered representative! **Janet Lesce** enjoyed the Thanksgiving and Christmas holidays with family.