

Summer 2017

FAMILY MATTERS



Family Investors Company

THE LIGHTER SIDE

Life always offers you a second chance. It's called tomorrow.

If only common sense were more common.

The richer you get, the more expensive happiness becomes.

To thrive in life you need three bones: A wish bone, A back bone and A funny bone.

Sometimes you succeed... Other times you learn.

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INFORMATION

Bankrate.com has a section entitled "Safe and Sound Star Ratings" which will give you a star rating on the bank you use or you are considering doing business with.

Bankrate.com's Safe & Sound Ratings provide a star rating system to evaluate the current financial status of financial institutions. The information gathered about banks, credit unions and thrifts is updated as set forth in the Terms of Use of Safe & Sound Ratings and Reports. To understand more about the banks or the bank ratings system, please review the Terms of Use of Safe & Sound Ratings and Reports and Research Methodology.

The Safe & Sound Ratings information is grouped by categories of banks, thrifts and credit unions. You can search for financial institution ratings by using the drop down menus above and clicking on "See Results." This info is available at: <http://www.bankrate.com/rates/safe-sound/bank-ratings-search.aspx>

We cannot stress enough how important it is to have a will. If you die without a will, (die intestate), your assets will be distributed according to the probate laws in your state. During probate — a process that usually takes a few months to about a year — a judge in your local probate court will appoint an executor whose job it is to inventory your property, have it appraised, pay your debts and taxes, and distribute what's left according to your state's laws. And we all trust our lawmakers implicitly to make the best decisions for us and our families, right? No? Then you might want to get your affairs in order.

Contact your representative. Family Investors Company can recommend a local attorney to help you with your will, a medical power of attorney and assist you in setting up a trust (if necessary). For Family Investors Company clients, the initial consultation is free and you are under no obligation to use the services this attorney provides.

Fanny Wood Day

Fanwood's 22nd annual **Fanny Wood Day** street festival will be held on Martine Avenue and South Avenue from 10AM until 5PM on **Sunday, September 17th**. (No rain date) There will be family entertainment, children's rides, food vendors, crafters, and local business displays. Stop by and say "Hi" to us at the Family Investors Company display and enter our contest. (We LOVE seeing you in your Family Investors Company tee shirt.)

Did You Know...

- In a Federal Reserve study, consumers used cash for two-thirds of transactions smaller than \$10 and for half of all payments of less than \$50. Merchants are legally permitted to refuse plastic for transactions of less than \$10, and they may provide a discount to customers who pay with cash.

Compliance Matters

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.

SHORT AND LONG TERM CAPITAL GAINS

A capital gain is the profit when you sell a capital asset, which is property such as stocks, bonds, mutual fund shares or property. The profit is your gain over the basis paid. The basis is typically defined as the original price plus any related transaction costs.

What's the Difference Between a Short-Term Gain and a Long-Term Gain? A big difference. The law divides investment profits into different classes determined by the calendar. Short-term gains come from the sale of property owned one year or less; long-term gains come from the sale of property held more than one year.

What Is the Holding Period? That's the period you hold the property before you sell it. When figuring the holding period, the day you buy property does not count, but the day you sell it does. So, if you bought a stock on April 16, 2013 your holding period began on April 17. Thus, April 16, 2014, would mark the end of the first year. If you sold on that day, you would have a short-term gain or loss. A sale on April 17 would produce long-term results, though, since you would have held the asset for more than one year.

How Much Do I Have to Pay? The tax rate you pay depends on whether your gain is short-term or long-term. (Listed is the 2017 tax rate—for informational purposes only. Please check with your tax professional).

Marginal Tax Rate (Tax Bracket)	Long-Term Capital Gains Tax Rate
10%	0%
15%	0%
25%	15%
28%	15%
33%	15%
35%	15%
39.6%	20%

INSURANCE MATTERS by Steve Goldberg

Welcome to summer!!! I hope you are ready for the beach and barbecues and all the other fun stuff that summer has to offer. And the best way to kick off the season is to talk about life insurance, of course

Buying term life insurance has never been easier. I recently had the opportunity to speak about life insurance to a married couple in their 30s who have a young daughter. We determined that there was a need for \$1,000,000 of 30 year level term insurance for each of them. This is where the fun part kicks in. I was able to submit the initial application online. A few days later they were contacted by the insurance company to get additional information. Two days later the husband was approved at the best underwriting rate and a few days after that the wife was approved for the same rating as well. There was no medical exam and no blood taken either. How easy was that? For about \$5 per day, the couple now has enough life insurance to protect their family for the next 30 years.

The most important part of the life insurance discussion is determining the need. How much is needed? Is permanent or term the best way to go? What should my beneficiary designation look like? If you would like a free, no obligation review of your current life insurance program or are looking to learn more, please feel free to give me a call in the office. I am always happy to help. Enjoy your summer!!

Investment Idea

DARRAUGH A. VALLI, VP

Playing it too “safe” may be risky. Many risk-averse investors are taking on more risk than they realize by staying on the sidelines. Investing in primarily lower risk/lower reward investments like savings accounts, checking accounts, and CDs may not provide you with the growth you need to meet your goals. A one-year bank CD, for example is currently earning about 1.4%. However, once you factor in taxes and the 2.20% inflation rate (data as of April 2017, source inflationdata.com), your net return might actually be negative.

To reach your goals you may need to take some risk. Now is the time to sit down with your investment representative and review your cash positions. Staying on the sidelines and doing nothing may not be as safe as you think, call our office today.

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 programs, please contact the office and let us know what you would like to see presented.

Holiday Hours

The Family Investors Company office follows the schedule of the New York Stock Exchange. Our office will be **Monday, September 4th** in observance of Labor Day. The office will close at 4PM on **Friday, September 1st**. For the convenience of our clients, the office is open BY APPOINTMENT ONLY on Saturdays and in the evening. We know how hard you work at your job during normal business hours and we are here to assist you.

Roth IRA

With a Roth IRA, the after-tax money you contribute grows tax free and provides tax-free income to you when you reach retirement age. If a 25-year-old contributes \$5,000 each year until he/she retires and makes an average annual return of 8% on her investment, he/she'll have \$1.4 million saved by the time he/she retires at age 65.

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

UTILITY COMPANY SCAMS

Don't Fall for Utility Company Scams. Do not fall for telephone calls informing you your electric, gas or water will be cut off if you do not make payment immediately by credit card to the caller. These scammers can manipulate Called ID to lead you to believe the call is genuinely from the utility company. No utility company will immediately disconnect your service via a telephone call. If you get a call like this, immediately contact your local law enforcement.

We cannot stress how important it is to limit your personal information on social media. We again urge married women with adult children not to use their maiden name on Facebook. Many credit card companies request the mother's maiden name when the cardholder calls. Keeping your maiden name on Facebook, etc. can invite trouble.

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:

Accrued Interest: The interest due on a bond since the last interest payment was made. The buyer of the bond pays the market price plus the accrued interest.

Basis Point: One gradation on a 100-point scale representing 1%, used especially in expressing variations in the yields of bonds. Fixed income vary often and slightly within one percent and the basis point scale easily expresses these changes in hundredths of 1%. For example, the difference between 6.25% and 6.3% is 5 basis points.

Capitalization: Total amount of the various securities issued by a corporation. Capitalization may include bonds, debentures, preferred and common stock, and surplus. Bonds and debentures are usually carried on the books of the issuing company in terms of their par or face value. Preferred and common shares may be

carried in terms of par or stated value. Stated value may be an arbitrary figure decided upon by the director or may represent the amount received by the company from the sale of the securities at the time of issuance

Delayed Opening: The postponement of trading in an issued on a stock exchange beyond the normal opening of a day's trading because of market conditions that have been judged by exchange officials to warrant such a delay. Reasons for the delay might be an influx of either buy or sell orders, an imbalance of buyers and sellers, or pending corporate news that requires time for dissemination.

Manipulation: An illegal operation. Buying or selling a security for the purpose of creating false or misleading appearance of active trading or for the purpose of raising or depressing the price to induce purchase or sale by others .

FAMILY CHATTER

Darraugh Valli and husband, Peter, are especially proud of twins Micaela and Sean. Micaela graduated from Scotch Plains, /Fanwood High School and will be attending Villanova University in the fall. Sean, a graduate of Union Catholic High School, will be attending Marist College. Congratulations to both! **Edna Trujillo** and husband Luis Guzman, spent Mother's Day visiting family and vacationing in Puerto Rico. Best wishes to their daughter, Andrea, upon her engagement to Stephen Rubino. **Steve Goldberg** was installed as the 2017/2018 President of the Fanwood/Scotch Plains Rotary Club, as well as Lieutenant Governor of Rotary District 7510. Family Investors Company is very proud of Steve for his commitment to local community organizations! **Janet Lesce** attended graduation ceremonies at Oberlin College as daughter, Caroline, received her Bachelor's Degree. Congratulations Caroline! Daughter Grace had a successful freshman year at Marymount University. Janet and her girls also enjoyed a visit from Janet's dad who lives in Florida. **Lynn Galgano** and her family spent Memorial Day weekend in Ithaca, NY celebrating daughter, Emma, graduating from Cornell School of Engineering. Congratulations Emma! In July, Emma will begin working in portfolio analytics at Black Rock.