

Spring 2018

FAMILY MATTERS



Family Investors Company

THE LIGHTER SIDE

There are many people who mistake their imagination for memory.

Tact is the ability to describe others as they see themselves.

Experience is a funny thing—you don't always have it when you need it.

A sense of humor is a major defense against minor troubles.

The desire to seem clever often keeps us from being so.

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What is a CLUE Insurance Report?

A CLUE Report is a document that shows the seven-year history of loss associated with a person and a piece of property, such as a house or a car. Insurers use a CLUE report to determine the risk of insuring that property. Similarly, sellers or buyers may run the report to learn of any undisclosed damage and to determine an appropriate price for the car or home, in the event it's being sold.

CLUE stands for Comprehensive Loss Underwriting Exchange. It's a database of loss information offered in response to the Fair and Accurate Credit Transactions Act (FACT Act). Insurers and individuals can use a CLUE report to learn about the seven-year loss history of a piece of property, such as a house a car. The report includes: the owner's name and address, their social security number, the insurance company's name, the insurance policy number, the claim number, the date of loss, the loss type, the amount paid out by the insurance co.

If you're applying for homeowners insurance, the insurance company will run a CLUE Personal Property report to determine the level of risk they would be taking to insure your home. Similarly, if you're buying a home, you can run a CLUE report to find out about any past damage the current owners didn't disclose.

Volatility

In the first quarter of 2018 we have seen an increase in market volatility. There are no real secrets to managing volatility. Most investors already know that the best way to navigate a choppy market is to have a good long term plan and a well-diversified portfolio, but sticking to these fundamental beliefs is sometimes easier said than done. When put to the test, you sometimes begin doubting your beliefs and believing your doubts, which can lead to short term moves that divert you from your long term goals.(source: Franklin Templeton)

Now may be a great time for a portfolio checkup!

Is your portfolio as diversified as you think? Meet with your representative to find out. Your portfolio's weightings in different asset classes may change over time as one investment performs better or worse than another. Together with your representative, you can re-examine your portfolio to see if you are properly diversified. You can also determine whether your current portfolio mix is still a suitable match with your goals and risk tolerance.

Mutual Fund Facts

- According to a report published by the ICI (Investment Company Institute) March 2018, shows that employers are using a range of plan features to boost their employees participation in 401(k) accounts. Large plans have ramped up target date funds and most plans are offering employer contributions and loan features.
- In another March 2018 report, the ICI dispelled the media notion that in cases of market turmoil, mutual fund investors would redeem their holdings en masse. Despite plenty of opportunities, this just has not happened.
- In another March 2018 report, the ICI stated that nearly 44 million households save for retirement through IRA (Individual Retirement Accounts).

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 2018 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

New Tax Laws and the Effect on 529 Plans

529 Plans are tax-advantaged investment accounts originally designed to help pay for a child's college education. With the new tax bill signed by President Trump, parents who send their children to private elementary and secondary schools, 529 Plans may be used for up to \$10,000 per year from a 529 Plan for K through 12 tuition expenses for private and religious schools. Previously, only Coverdell Accounts were able to be used for elementary and high school expenses. Those who own Coverdell Accounts and want to transfer the assets to a 529 Plan can do so with no tax consequences. However, moving from mutual fund family to another may incur a new sales charge.

Question: Am I hurting my grandchild's eligibility for financial aid by putting money into a 529 Plan for him/her? Owning a 529 Plan for a grandchild (or other relative) will not affect their eligibility for need-based financial aid, but actually using the account could have a negative impact in the subsequent year. The value of assets owned by a non-parent is not reportable on the FAFSA financial aid application.

However, if the student receives any type of financial support, that support is reportable on the following year FAFSA as student income. Most financial aid offices interpret the rules as requiring distributions from non-parent owned 529 Plans to be included as student income, even when the distribution is not reportable for federal income tax.

If the non-parent were to use the 529 funds only to pay for the final year of college, then the income rule would not make any difference, since the student would not be applying for financial aid the following year. (Assuming the student is not going to graduate school).

INSURANCE MATTERS by Steve Goldberg

Happy Spring! Didn't we have a beautiful winter here in the paradise we call New Jersey? As I write this column, we are waiting for another storm to hit tonight and tomorrow. For those of you in points south and Florida, you missed a grand old time full of nor'easters, near hurricane force winds, power outages, downed trees and copious amounts of snow. I'm sure you missed it! This love of the change of seasons is vastly overrated!

When a storm is forecast, everyone runs out and prepares. Supermarket shelves are bereft of bread, milk, eggs and other staples. Generators are gassed up and ready to go. We all regale in getting ready for the "big one." But how much preparation have we done for the "big one" as it applies to our financial lives...the need for long-term care insurance and how we are going to pay for it. I bet you were wondering where all this was going to lead.

Planning for long-term care is not only planning on how to pay for it. It involves many other factors: where we prefer to receive care, where we plan to be living at the time, where our children will be, how our spouses will be involved, how we can manage our finances and many others.

I spend a great deal of time with professionals in the long-term care field, including representatives of nursing homes and assisted living facilities, home health care agency owners, as well as professionals who deal with the needs of our senior population. This allows me to be a resource for our clients when it comes to any questions they have regarding long-term care.

If you have any questions, or would like further information on planning for long-term care, please feel free to contact me at the office. I am always happy to help you and assist you in feeling confident about your long-term care needs.

Your Will

When did you last update your will? Have your personal circumstances changed? Children? Grandchildren? A favorite charity?

We are here to assist you. We can suggest an attorney who would be pleased to meet with you at the Family Investors Company office for a free, no cost or obligation consultation.

If this is something for which you would like more information, please contact your representative.

Getting On in Age

We urge clients who are getting on in years to meet with their representative, and if you are comfortable with it, to have one or more of your children attend the meeting with you.

Giving your heirs some information will make it much easier for everyone involved should the inevitable occur.

Personal Info

We urge all clients and friends to gather together all their investment account numbers, insurance policy numbers, passport numbers and any other pertinent personal information and scan it to a thumb drive or CD. Keep the CD or thumb drive in your safety deposit box.

Holiday Closings

Our office follows the business schedule of the NYSE and will be **closed** on **Monday, May 29th** and **Wednesday, 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

Savings Bonds

If you have savings bonds and are wondering what they are worth, Family Investors Company will be happy to provide you with the current value of your bonds.

Make copies of the bonds, or bring the bonds in when you meet with your representative. This is a free service provided to clients.

Newsletter

If you would like to sign up for the Family Investors Company "email Blast," (email sent with important and timely information) please send an email to: info@familyinvestors.com

SAFEGUARD YOUR PRIVACY!

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

INVESTMENT IDEA

MATTHEW P. CHEMIDLIN

What is a 401(k) Plan? Back in 1978, Section 401(k) of the Internal Revenue Code was established and authorized the use of a defined contribution plan that allows an employee to make pre-tax contributions to the plan. Normally, the employee 401(k) contributions are automatically deducted from their paycheck each pay period. By definition, the money is taken out before the employee's paycheck is taxed. The employee's contributions are invested into one or more funds provided by the plan.

Benefits of a 401(k) plan are: automatic savings on a pre-tax basis; easy diversification; employer matching possibility; portability and self-direction.

Consider a 401(k) Plan review with you representative to: ascertain whether you may be able to save more; your diversification can be improved; you may improve your company match; and you understand all the options within your company's 401(k) Plan.

Contact your representative for a no cost review of your plan which takes into consideration your time horizon, your risk tolerance, your investment objectives and your financial status.

Beneficiary Update

Who have you named as your beneficiaries on your IRA, 401K, and insurance policies? With today's busy lifestyle, we don't always keep up with the housekeeping of those accounts. If your personal circumstances have changed, have you changed your beneficiary(ies)? Have you gotten divorced? Has your spouse died?

We are here to help you go through all your investments and life insurance to ascertain who your beneficiaries are and what percentages you have decided upon. Please call your representative to schedule an appointment to review your accounts.

We are sad to announce the passing of Jean Steinman, who was a 'behind the scenes' "Family" associate for many years. (Picture of Jean Steinman and the Chemidlin men. Circa 2000)



FAMILY CHATTER

Peter Chemidlin was recently installed as President of the Fanwood Community Foundation. Peter is carrying on a tradition begun by his father, Fred J. Chemidlin, Jr., who was an original founder of this Foundation. **Darraugh Valli** is proudly celebrating her 18th year with Family Investors Company. Darraugh is so appreciative of her clients and Family Investors associates for making her time her so enjoyable. **Matthew Chemidlin** is wondering where the years have gone. Youngest child, Scott, has gotten his driving learner's permit. Scott is also training hard for his high school track team. **Edna Trujillo** is busy preparing with daughter, Andrea, whose wedding will be in May. Andrea is marrying Stephen Rubino. We wish our best to the happy couple. **Janet Lesce** enjoyed Spring Break with daughters, Caroline and Grace, who were home from college. They also traveled to Connecticut to visit family. **Steve Goldberg** and wife, Pat, are busy chasing after grandson, Ryan, and enjoying every minute of it. Their daughter Melissa, will be clerking for a federal judge this summer. Steve, as president of the Fanwood/Scotch Plains Rotary Club was pleased with the club's successful Casino Night which raised funds for the club's charitable endeavors. **Lynn Galgano** enjoyed skiing and snowshoeing in Vermont over a long weekend. However, Lynn is anxiously awaiting the warmer weather.