

Spring 2017

FAMILY MATTERS



Family Investors Company

THE LIGHTER SIDE

To succeed in life you need three things: a wishbone, a backbone and a funny bone!

The problem with having a sense of humor is often that the people you use it on aren't in a very good mood.

A best friend is like a four leaf clover—hard to find and lucky to have.

The best way to brighten your day is to make someone else shine.

Nothing is impossible. The word itself says: I'm possible.

in this issue

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

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

Insurance Matters
Steve Goldberg..... 3

Investment Terms..... 4

Family Chatter 4

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Fanwood, NJ's First "Citizen of the Month"

Congratulations to Family Investors Company President, Peter J. Chemidlin, who was named Fanwood's first "Citizen of the Month" by the Borough of Fanwood. Peter was presented with a framed print of the historic Fanwood Train Station in recognition of his many years of community service.



TIDBITS

Despite the benefits of holding a mutual fund for the long term, the average investors only holds their fund for three years.

Did you know that since insurance companies began using credit based insurance scores, rates have become more accurate and good drivers have benefited?

When doing your Spring cleaning, get rid of clutter and donate usable items (in good condition) to the Salvation Army. You can get a receipt for the donated goods and deduct their fair market value on your 2017 tax return.

Roughly 3/4 of all Americans (77%) now own smart phones compared to 35% in 2011 according to a report published 1/12/17 by Pew Research.

"Invest" vs. "Save"

Merriam-Webster's dictionary defines "SAVE" as "to put aside as a store or reserve." It also defines "INVEST" as "to commit money in order to earn a financial return." What are you doing for your financial future?

While it is important to save and have monies available in case of emergencies, it is also important to take some calculated "RISK," defined by Merriam-Webster as "a possibility of loss." While no "investment" (defined as the outlay of money usually for income or profit) is risk free, professional money management may help reduce the risk to which you are subject.

Let us help you choose suitable vehicles for your investment portfolio based on your age, your investment objectives, your risk tolerance, your cash reserves, your financial circumstances and your time horizon.

Mutual Funds: Facts and Fancy

- According to a report published by the ICI (Investment Company Institute) in February 2017, 54.9 million households owned mutual funds. In addition, 94 million individual investors owned mutual funds.
- In the same report, the ICI found that Americans invest in mutual funds because they are an accessible, professionally managed, cost-effective tool for meeting personalized goals. The vast majority of mutual fund owning households (84 %) agree that mutual funds can help them reach their financial goals.
- With the growth of 401(k) plans since the early 1990s, employer sponsored retirement plans have become the most common channel through which households own mutual funds. In mid 2016, 81% of mutual fund owning households held funds through these plans.

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 2017 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 protecting that information.

SAFEGUARD YOUR PRIVACY!

Don't Answer Calls From These Area Codes

In a scam that's making the rounds, criminals are trying to get you to call them. Here's how it works. They'll call from a number you don't recognize with a weird area code and hang up before you can answer. Sometimes they'll call several times and hang up just to pique your curiosity so you'll call back. Sometimes they wait for you to answer and then play a recording of someone that sounds like they are in trouble. Or they may text you acting like someone in trouble. All they want is for you to call or text them back. According to nationwide police departments, do not respond! But if you do—you could be charged quite a lot of money. The area code will look domestic, but it's really coming from out of the country. If you call these numbers back, you could end up paying up to \$20 for the first minute. **Here are the current international area codes within the +1 country code:**

242 Bahamas	441 Bermuda	784 St. Vincent & Grenadines	664 Montserrat
246 Barbados	264 Anguilla	473 Grenada, Carriacou, Martinique	268 Antigua
876 Jamaica	721 Sint Maarten	809, 829, 849 Dominican Republic	758 St. Lucia
345 Cayman Island	869 St. Kitts and Nevis	649 Turks and Caicos	284 British Virgin Islands
868 Trinidad & Tobago	767 Dominica	340 U.S. Virgin Islands	

Investment Idea

MATTHEW P. CHEMIDLIN

It is the duty of an investment advisor to assist clients in selecting suitable investments based on their financial objectives and risk tolerance. Unfortunately, some clients are impatient and prefer to chase short-term performance rather than wait and let the markets do the work.

This impatience is fueled by the seemingly limitless amount of information generated by the internet and other media sources. According to one well known fund company, "Researchers in the area of behavioral finance have noted that when faced with new information, investors have a tendency to do something in reaction to that information. When investors react to new information, they frequently move in the wrong direction and do the wrong thing at the wrong time."

Family Investors Company is here to assist investors in making the right decisions at the right time. Call our office.

INSURANCE MATTERS by Steve Goldberg

It is now springtime and our thoughts turn to outdoor activities, lots of family events, and the Stanley Cup Playoffs for my beloved New York Rangers. And of course it's a great time to start thinking about long term care. I think I've been in this business for too long.

Paying for long term care can cause a tremendous financial strain on a family. As I've written in the past, a stay in a nursing home can cost well in excess of \$100,000 per year while a stay in an assisted living facility has begun to approach \$100,000 per year. Home health care can cost more than \$50,000 per year as well. How is the best way to pay for it? With someone else's money, of course (preferably an insurance company's money).

There are a number of ways of using insurance to pay for long term care expenses. Traditional Long Term Care Insurance will typically cover expenses incurred at a nursing home, assisted living facility, or at home. It tends to provide the best and most versatile coverage. In addition to traditional insurance, there are many annuities that provide additional funds for long term care as well. As opposed to long term care insurance, if funds aren't used for long term care, your heirs will still inherit the funds in the annuity. In addition, there are also many permanent life insurance policies that provide accelerated benefits for long term care uses.

Planning for long term care is an important part of any financial program. It must seriously be taken into account when planning for retirement. If you would like to find out more about the various ways to pay for long term care, please feel free to give me a call in the office. I am always happy to help.

How WELL Do You Know Your MONEY?

Can you answer these questions about US money?

1. How much does \$1 million in \$100 bills weigh?
2. How much does a penny weigh?
3. How long do coins usually survive in circulation?
4. What year did "In God We Trust" begin appearing on our money?
5. What year did Abraham Lincoln begin appearing on the penny?

See answers below

Answers:
1. 20.4 pounds 2. 2.5 grams 3. About 30 years 4. 1963 5. 1909

With a College 529 Plan, you are limited to changing your investment option to twice per year. Age-based portfolios that are adjusted automatically by the fund company do not fall under this restriction.

Mutual fund choices in 401(k) plans need careful consideration based on your risk tolerance and age. We are here to help you with that decision. There is no charge for this service. Your financial health is of utmost importance to us.

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.

Holiday Hours

The Family Investors Company office follows the schedule of the New York Stock Exchange. Our office will be **closed on Monday, May 29th and Tuesday, July 4th.**

The office closes at 4PM on Fridays of long holiday weekends.

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

Beneficiaries

We cannot stress enough how important it is to review the beneficiaries on your IRAs, company sponsored retirement plans (401K, etc.) and insurance policies. Beneficiary designations in IRAs, for example, supercede what is designated in your will.

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: lynngalgano@familyinvestors.com to request this service.

INFORMATION

According to a Value Penguin 2017 report, the average credit score in the United States is 695—an all time high! Though different scoring models exist, which cause this figure to fluctuate several points, most fall between 660 and 720.

In the eyes of lenders, credit scores fall into several buckets which indicate how risky it would be to extend credit to an individual. The score can impact lending rates. The higher the individual score, the lower the quoted APR will usually be.

Credit scores typically break down in the following manner:

- 720 or more: Excellent
- 660 - 719: Average/Fair
- 620 - 659: Poor
- 620 or lower: Bad

Where does yours rank?

You may be thinking about buying a home, or already own a home, but are worried about economic uncertainty. There is a program available—Job Loss Mortgage Insurance. With this type of insurance you can insure that you will not lose your home to foreclosure, and your family will have a home while you search for employment. (Certain individuals are not eligible—retired military personnel, self-employed individuals and independent contractors).

Some exclusions apply—typically a 6 month waiting period, and a limited amount of payments—generally 1 year. Speak to an insurance professional for more detailed information.

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:

Advertorial: Magazine, newspaper or website content that looks and reads like the publication's own content but is actually a paid advertisement. Advertorial content often has the feel of an editorial in that it presents an opinion, but it may also report on product trends or the result of research studies. Advertorials can also appear in video form on websites.

All Weather Fund: A mutual fund that tends to perform reasonably well during both favorable and unfavorable economic and market conditions. This type of investment result is accomplished, in most cases, through portfolio diversification, by employing a combination of asset classes, and/or using a variety of hedging strategies.

All Cap Fund: A stock mutual fund that invests in equity securities without regard to whether a company is characterized as small, mid-size or large.

Asset Accumulation: The increase in value of financial property and investments over time through the process of saving money and earning returns. Asset accumulation is the goal of all savers and investors. It represents increasing portfolio values, net worth and savings accounts balances, as cash is saved or invested and then grows through interest earnings and investment gains.

FAMILY CHATTER

Peter Chemidlin is looking forward to softball season with the St. Bart's Oldtimers' League. **Darraugh Valli** and husband, Peter, watched daughter, Micaela's last swim meet after 10 years of competitive swimming. It was a great journey for all of them. **Joe Chemidlin** and wife, Valerie, are looking forward to the marriage of their oldest grandchild, Megan Brzozowski, on April 21st. **Matthew Chemidlin** and his family have been busy visiting colleges for daughter, Angela, a junior at Montgomery High School. Angela hopes to major in film/video editing. **Janet Lesce** enjoyed Spring Break with daughters, Caroline and Grace, who were home from college. **Steve Goldberg** and the Fanwood/Scotch Plains Rotary Club (of which Steve is heavily involved) sponsored a Read-A-thon at School 1 in Scotch Plains to raise money for Mary's Meals, a charity providing school meals to underprivileged children in many parts of the world. Keep up the good work for good causes, Steve!. **Lynn Galgano** enjoyed time with her daughters on break from college. Some of their highlights included a Broadway show, shopping and wonderful dinners together.