

Winter 2019

FAMILY MATTERS



Family Investors Company

THE LIGHTER SIDE

Positivity, confidence and persistence are key in life so never give up on yourself.

There are lots of people who mistake their imagination for memory.

People are prisoners of their phones... that's why it's called a "cell" phone.

Life is like riding a bicycle. To keep your balance you must keep moving.

2019 Retirement Account Contribution Limits

The 2018 IRA contribution limits were increased for 2019 to \$6,000.00. The additional catch-up contribution limit for individuals aged 50 and over remains the same at \$1,000.

The contribution limit for employees who participate in 401(k), 403(b), most 457 plans, and the federal government's Thrift Savings Plan is increased from \$18,500 to 19,000. If you are over 50 years old the catch up remains \$6000.

Message from the President

We all take stock at this time of year regarding our personal feelings on faith. On the heels of celebrating our respective holidays, beliefs or just enjoying the time with family and friends the concept comes to the forefront of most our minds.

At Family Investors I am always inspired by your continued belief in our ability to serve you to the level you expect and hopefully beyond. We work hard to maintain your trust and confidence in us. Your continued faith is paramount to our success.



What exactly an investor should do when the market behaves erratically depends on their time frame, risk tolerance and working closely with your financial advisor being sure to keep them aware of your goals and concerns. This is a good time to consider reviewing your portfolio and financial planning goals, making changes to the investments if the two are out of line. The biggest mistake investors make is fleeing the market at the wrong time. Regardless of the type of market we are having you should hold tight, don't let emotional reactions to short-term events, market volatility or administration's policies influence your decisions. Stay with the basics of regular savings, diversification, periodic rebalancing and tax-loss harvesting if the opportunity presents.

We encourage you to revisit your financial plans on a regular basis with the intention to make positive adjustments to better your financial standings. The new year is a great time to refine your goals, review last year's spending, insurance coverage and be sure estate documents are in order, including health care directives and powers of attorney. Wishing you a happy and prosperous New Year.

Volatility

In the securities markets, volatility is often associated with big swings in either direction. For example, when the stock market rises and falls more than one percent over a sustained period of time, it is called a 'volatile' market. Market volatility can be seen through the VIX or Volatility Index. The VIX was created by the Chicago Board of Options Exchange as a measure to gauge the 30-day expected volatility of the U.S. stock market derived from real-time quote prices of S&P 500 call and put options. It is effectively a gauge of future bets investors and traders are making on the direction of the markets or individual securities. A high reading on the VIX implies a risky market.

Individual investors should not react in a purely emotional manner in times of market volatility. Family Investors Company are, for the most part, long-term investors. Market downturns can be a benefit if an investor is reinvesting fixed income dividends in equity funds. Keeping focused on your correct asset allocation, based on your age, your risk tolerance and your investment goals will help you remain calm in market downturns.

If you have any concerns, contact your representative to review your portfolio and reaffirm your present financial situation, your investment objectives and your time horizon. We are here to assist you.

Mutual Fund Facts

- In a report published by the ICI (Investment Company Institute) in September 2018, the ICI found that younger 401(k) plan participants have large allocations to target date and other types of balanced funds, according to a new joint study released today by the Investment Company Institute (ICI) and the Employee Benefit Research Institute (EBRI). At year-end 2016, 64 percent of 401(k) participants in their twenties held target date funds, compared with 45 percent of 401(k) participants in their sixties. Target date funds are a popular choice for 401(k) plans' investment lineups.
- Also in a report dated September 2018, the ICI found that US household activity in the stock market has undergone a transformation over the past three decades. The old idea that investing in the stock market is just for the wealthy is vastly out of date. In the late 1980s, less than a third of US households held stocks. Now, a majority do. This growth in stock-owning households has occurred across all income quintiles. In fact, the most rapid growth has taken place among lower-income Americans: today nearly four in 10 stock-owning households have annual incomes of less than \$68,000. Stock ownership comes in many forms—directly, through a brokerage account, or indirectly, through mutual funds, exchange-traded funds (ETFs), closed-end funds, and other managed accounts. And the rapid growth in retirement savings accounts such as 401(k) plans and individual retirement accounts (IRAs) has fueled this trend. The Federal Reserve Board Survey of Consumer Finances reports that a majority (52 percent) of US households owned stocks in 2016, up from about 32 percent in 1989 (Figure 1). This means that 65.4 million US households owned stocks, directly or indirectly through funds.

How to Invest on a Budget

FINRA (Financial Industry Regulatory Authority) has some advice for those who think they have insufficient funds to invest.

1. Start with a Tax-Advantaged Retirement Account such as an IRA or your company's 401(k). **2.** Make investing part of your lifestyle—just as you pay your rent or your Netflix bill. **3.** Establish an emergency fund—you never know when unexpected expenses will arise and you will need readily available funds. **4.** Don't ignore high interest debt—but sometimes it will make sense to invest when carrying some debt such as a mortgage or student loans.

Contact our office if you would like to get started on investing for your future.

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: **1-800-289-9999** 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.

WILLS

Do you have a will? According to many surveys a large percentage of Americans do not have a will or a will that is up to date.

People can write their own wills, but could risk botching legal language or forgetting key provisions. When major life events occur, such as buying a home, getting married, moving out of state or having kids, wills have to be updated, not only for assets but for guidance as to how surviving family members should be cared for (36 percent of parents with children under 18 had wills, according to the Caring.com survey).

Family Investors Company clients can meet with a respected attorney for a consultation free of charge to discuss the importance of a will. Contact your representative.

INSURANCE MATTERS by Steve Goldberg

Happy 2019! I hope you and your family had a good 2018 and a happy and healthy holiday season. It was another relatively eventful year for my family with the highlight being the birth of my granddaughter Molly on October 30. She joins her 2 year old brother Ryan to make for lively days at my son Andrew and daughter-in-law Jodi's house. My daughter Melissa is now halfway finished with law school with a great internship lined up for this coming summer. I have a brand new stent in my main artery leading to my heart and I feel great. My wife Pat continues to put up with me while enjoying her work as a substitute pre-school teacher. I'm looking forward to a great 2019.

There is some exciting news in the world of life insurance. I know that using the words life insurance and exciting in the same sentence is pretty unusual. However, Banner Life recently introduced a term policy with a level premium for 40 years. Now that is exciting!!!! Term policies were previously available with a maximum of 30 years with level premiums. This new policy will allow a 35 year old to be able to get relatively inexpensive term life insurance with a premium that will not change until the age of 75. Although I still recommend getting some permanent life insurance, this will make it easier for new parents to have peace of mind that their families are protected for an even longer time.

If you would like some more information about this new innovation in life insurance, or if you have any other questions pertaining to life or long term care insurance, please feel free to give me a call in the office. I am always happy to help. Once again, please accept my best wishes for a happy, healthy and prosperous 2019.

Information

Enclosed with this edition of the newsletter 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 and review your investment portfolio, call and schedule an appointment. There is no fee for this service.

Even if you are not a client, a representative will be pleased to meet with you and perform this service.

CONGRATULATIONS

The winner of the Client Appreciation Contest in the Fall issue of the newsletter was Regina Iaione. Thank you to all who participated in the contest. We enjoy your feedback.

Pictured is Regina Iaione with FIC President, Peter J. Chemidlin.



You have until April 15th to contribute to your 2018 IRA account.

Holiday Hours

The Family Investors Company office follows the schedule of the New York Stock Exchange. Our office will be closed on **Monday, January 21st** for Martin Luther King Day. The office will be closed on **Monday, February 18th** in observance of Presidents' Day. It will also be closed on **Friday, April 19th** in observance of Good Friday. A sign will always be posted on the office door as a reminder.

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

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.

Thank You

Thank you to all our clients and friends for your kindness and all the delicious treats brought to our office during the holidays. We truly appreciate you taking time out of your busy schedules to remember us.

2019 Social Security Benefits

Social Security benefits will increase 2.8% in 2019. For the average retired worker it should translate into about \$40 extra per month in 2019, or close to \$480 for the year.

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.

INVESTMENT HINT PETER J. CHEMIDLIN, PRESIDENT

If you are still working and unhappy with the selection of investments offered by your 401k plan, and want to establish more control over your financial future, consider an in service distribution of fully vested monies (if your employer sponsored plan allows it). In most instances, you must be age 59 1/2 to take an in service distribution.

You can benefit in several ways:

Control—you make the decisions about how you want to be invested and have control about withdrawals;

Diversification—you are not limited to the investments offered by your employer's plan;

Beneficiary Options—A non-spouse beneficiary can stretch an inherited IRA over their lifetime. Most employer sponsored plans do not allow this option.

It is of utmost importance to check with your plan administrator before taking an in service distribution as it may affect your ability to contribute to your company's plan.

If your plan allows it, and you may want to consider this option, contact your representative

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 2017.

The IRS tax deadline for your 2018 taxes is Tuesday, April 15, 2019. Since Patriots' Day is the April 15th, residents of Maine and Massachusetts will have an additional day.

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:

Capital Gains Distribution: A payment to investment company shareholders of profits realized on the sale of its securities. Equity funds usually pay out these amounts once a year, usually in December, while bond funds often include capital gains in their monthly distributions. Many funds allow automatic reinvestment of capital gains instead of distribution. In general, capital gains distributions reduce the value of the fund. Also, these distributions are taxable income to the recipient, so funds that allow reinvestment instead of distribution are sometimes preferred by investors in high tax brackets.

Dematerialization: The movement from the use of physical stock certificates to an all electronic system of bookkeeping.

Realized Profit: A capital gain or loss that is realized, for example, a capital gain or loss on a completed transaction. In most cases, the realization of profit is a taxable event.

Wraparound Loan: A technique which permits an existing loan to be refinanced at an interest rate between the original loan rate and the currently prevailing market rate.

Diversified Investment Company: A mutual fund or unit trust that invests in a wide variety of securities and is allowed to have no more than 5% of its assets in a single company or to have 10% of a company's voting shares

FAMILY CHATTER

Congratulations to **Peter Chemidlin's** son, Tighe, on his graduation from Virginia Tech! Peter and wife, Joan, enjoyed a visit to Sedona, Arizona. **Darraugh Valli**, husband Peter and children Micaela and Sean, took a small vacation to Florida to visit family members. **Janet Lesce** enjoyed spending the holidays with family in Connecticut. Daughter Caroline spent part of the holidays in Birmingham, Alabama with friends and daughter Gracie went to Key West, Florida on a training trip with her college swim team. **Lynn Galgano** had her daughters home for the holidays and enjoyed celebrating and spending time with them.