

Winter 2018

FAMILY MATTERS



Family Investors Company

Holiday Hours

The Family Investors Company office follows the schedule of the New York Stock Exchange. Our office will be **Monday, January 15th** for Martin Luther King Day. The office will be **closed on Monday, February 19th** in observance of Presidents' Day. It will also be **closed on Friday, March 30th** in observance of Good Friday. A sign will always be posted on the office door as a reminder.

Message from the President

Each January, we resolve to make positive change and do away with old habits. Along with health and fitness, financial resolutions are usually at the top of the list of improvements most people want to see happen in their lives. Revisiting your financial plans on a regular basis and taking full advantage of all the resources and expertise the Family Investors team has to offer can help keep you in optimal financial shape. It is of particular importance at this point in time due to the changing financial market conditions.



Peter Chemidlin

Success in long-term investing is about thinking ahead and not being caught off guard by the inevitable market corrections when they come. At Family Investors we spend a lot of time providing prospective to our clients and talking about the expected volatility of various asset classes. While you should avoid panicking over short-term movements in the value of your long-term investments, this is a good wake-up call to re-examine your tolerance for risk and review your goals with your financial advisor.

We would also like to reinforce the importance of not only executing all necessary legal documents, but also have them updated regularly. An out-of-date estate plan, especially beneficiary designations that have not been updated, is one of the most common mistakes seen when creating a comprehensive financial plan.

Our ability to maintain an unwavering focus on the needs of our clients is the core of Family Investors consistent success. We understand that our client relationships are built on a foundation of trust and integrity, and we work diligently to ensure those interests remain at the forefront as we navigate the industry changes together.

Enjoy the start of a New Year, make the most of it. What happened last year cannot be changed. Let the beauty of time and the wonder of compounded rates of return work for you. Best wishes for a healthy, happy and prosperous new year.

December 2017 - MSRB Rule G-10

Family Investors Company is registered with the Municipal Securities Rulemaking Board ("MSRB") and the Securities and Exchange Commission, the MSRB website address is <http://www.msrb.org/>, and for information describing the protections that may be provided by MSRB rules and how to file a complaint with an appropriate regulatory authority please visit [Information for Municipal Securities Investors on the MSRB website](#).

If you have any questions please feel free to contact us directly at 908 322-1800.

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Family Investors Company

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Mutual Fund Facts

According to a report published by the Investment Company Institute (ICI) in October, 2017, in mid 2017 the “typical”: mutual fund owning head of household:

- was middle-aged, employed, educated, married or living with a partner, and shared investment decision making with his or her spouse or partner;
- had \$100,000 in household income and \$200,000 in household financial assets;
- owned investments other than mutual funds, including individual stocks, and had more than half of the household’s financial assets (excluding the primary residence) invested in mutual funds;
- had \$120,000 invested in three mutual funds, including at least one equity fund;
- owned mutual funds inside an employer-sponsored retirement plan, such as a 401(k) plan, 403(b) plan, 457 plan, SEP IRA, SAR-SEP IRA, or SIMPLE IRA;
- owned mutual funds outside employer-sponsored retirement plans, primarily purchased through investment professionals (e.g., registered investment advisers, full-service brokers, independent financial planners, bank or savings institution representatives, insurance agents, or accountants); and
- was confident that mutual funds could help him or her reach financial goals.

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.

The IRS tax deadline for your 2017 taxes is Tuesday, April 17, 2018.

Veterans are eligible for a \$3,000 exemption on their New Jersey Income Tax Return if they are a military veteran who was honorably discharged or released under honorable circumstances from active duty in the Armed Forces of the United States by the last day of the 2017 tax year. The income may be earned income, such as salaries and wages, or it may be unearned income, such as interest and dividends. The statute does not cite any income limitations. Please check with your tax professional to see if you qualify.

Investment Advice

STEVE GOLDBERG

As we begin 2018, now may be a good time to **REVIEW YOUR 401K**. Are you properly diversified? Last year we saw major movements in the market and now more than ever it is very important to rebalance your portfolio to ensure you are properly diversified based on your time horizon and risk tolerance. One of the services we provide to all our clients is to review your 401K choices annually. Contact your account executive and have them work with you to rebalance your choices. Are you in the best funds available for you?

Now is **not the time to decrease** the amount you put away each paycheck. The markets have provided a great buying opportunity. Are you taking advantage of it? Make sure you are using all of the tools available to you. Contact your Human Resources Department to ascertain you are contributing the correct percent of your salary each pay period. Your Family Investors Company representative can work with you to confirm you are maximizing out your 401k investments.

If you are a business owner, this is a great time to review your company’s 401(k) plan to confirm you are not paying too much in administrative costs. Family Investors Company would be happy to review your plan to ensure it is the most cost effective. Contact our office or your representative. We are here to assist you.

Winter is especially difficult for hospitals to maintain their blood supply. Please consider donating blood if you are able. By doing so, you are giving the gift of life! For those in our office area, contact Overlook Hospital at 908.522.2000.

INSURANCE MATTERS by Steve Goldberg

Happy 2018! I hope you and your family had a good 2017 and a happy and healthy holiday season.

The beginning of a new year is always a good time (there never is a bad time) to plan for future financial success. And a major part of that process is planning for long term care. The financial, psychological, and emotional impact of a parent or loved one needing long term care can be devastating to a family. As a member of the “sandwich generation” who has had to help my wife take care of her mother who needed long term care while taking care of my own family, I know the toll that it can take. Most people I know would like to make it easier on their own children if they should need long term care in the future.

I will be presenting a seminar **Tuesday, March 6 at noon and Thursday, March 8 at 7PM** on the many factors influencing family decisions as it pertains to long term care...What is the cost? Where is the best place to receive long term care? How will I be able to pay for it? What help is out there to help me with my decision? Please look under the heading “Future Happenings” for further information. I look forward to seeing you.

As always, if you ever have any questions pertaining to long term care or life 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 2018.

INFORMATION

As usual, 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.

Tax Tips: You can deduct medical and dental expenses for you, your spouse and your dependents after your total medical expenses exceed 10 percent of your adjusted gross income (AGI). If you or your spouse is age 65 or older, you can deduct total medical expenses that exceed 7.5 percent of your AGI.

2017 medical expense deductions include the following:

- Preventative care
- Treatment
- Surgeries
- Dental and vision care
- Psychologists and psychiatrists visits
- Prescription medications and appliances
- Travel expenses for medical care

Any medical expenses that you are reimbursed for are considered nondeductible. Additionally, you cannot deduct cosmetic procedures, non-prescription drugs (insulin is excluded) and general health items. You can only deduct the expenses during the tax year that they occurred.

Congratulations!

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

Tidbits

You have until April 17th to contribute to your 2017 IRA account.

Our office is open on Saturdays by appointment only.

2018 IRA Contribution Limits

The 2018 IRA contribution limits will remain the same as in 2017. 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.

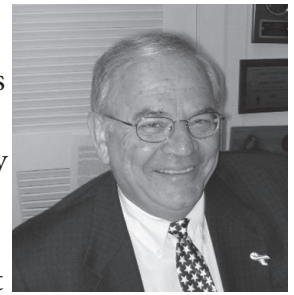
2018 Social Security Benefits

Social Security benefits will increase 2.0% in 2018. A retired worker who currently receives \$1,377 (before COLA) will receive \$1,404 after COLA.

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: lynnngalgano@familyinvestors.com to request this service.

MESSAGE FROM JOSEPH P. CHEMIDLIN

As many of you already know I will begin the transition into retirement from Family Investors Company December 2017. After over 50 years with the company it has truly been a remarkable life's journey I value having shared with all of you. I am truly blessed to have had so many years with so many wonderful clients that I am fortunate enough to also call friends. I imagine I will miss the daily personal interaction I have had with all of you. I am excited for what the retirement years hold in store for Valerie and I, our children and grandchildren and am expecting that relaxation will come easily knowing how confident I am that your investments will continue to be handled in the highest professional manner. Wishing you all a very Happy, Healthy and Prosperous New 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, March 6th at Noon or Thursday, March 8th at 7PM** to get the facts and have your questions answered. Please call the office in the event of inclement weather for a reschedule date. 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.

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:

Investment: An investment is an asset or item that is purchased with the hope it will generate income or will appreciate in the future. In an economic sense, an investment is the purchase of goods that are not consumed today but are used in the future to create wealth.

P/E Ratio: this measure reflects how much you pay for each dollar that company earns. A company often reports profits on a per share basis. So, a company might say that it earned \$5 per share. If that company's stock is selling for \$75 per share, you divide \$75 by \$5 to come up with a PE of 15. The higher the PE is, the more there is expectations of higher earnings.

Deferred Compensation: An arrangement in which a portion of an employee's income is paid out at a date after which that income is actually earned. Examples

of deferred compensation include pensions, retirement plans and stock options. The primary benefit of most deferred compensation plans is the deferral of taxes.

Debt/Equity Ratio: Is the measure of a company's financial leverage. Debt/Equity ratio is equal to long term debt divided by common shareholders' equity. Typically data from the prior fiscal year is used in the calculation. Investing in a company with a higher debt/ratio may be riskier, especially in times of rising interest rates, due to the additional interest that must be paid out of the debts.

Flexible Spending Account: A benefit offered to an employee by the employer which allows a fixed amount of pre tax wages to be set aside for qualified expenses, such as child care or uncovered medical expenses. The amount set aside must be determined in advance and employees lose any unused dollars in the account at year end.

FAMILY CHATTER

Peter Chemidlin and wife, Joan, enjoyed having their children, Tighe and Morgan, home from college for the Christmas holidays. Peter continues to play basketball with the Fanwood-Scotch Plains Y League.

Darraugh Valli and husband, Peter, are delighted to have their twins, Micaela and Sean, home from college for the holidays. All 4 took a trip to Florida to be with family members. **Joe Chemidlin** and wife, Valerie, entertained 19 family members for Thanksgiving Day...and then proceeded to have their entire family (30 members) to their home over the Christmas holidays.

Janet Lesce enjoyed the holiday season with family and friends. **Edna Trujillo** and husband, Luis, welcomed Edna's parents visiting from Puerto Rico for some relaxation after the devastating hurricane. **Lynn Galgano** enjoyed visiting her daughter Elisabeth at Colgate University for Parent Weekend and to see her Dance as a part of Colgate's bi-annual Dancefest. She also made several visits into New York City to visit her daughter Emma who relocated there in August for her new job with Blackrock. Lynn is looking forward to having her daughters home with her to celebrate the holidays.

Steve Goldberg greeted more than 300 children as Santa at the Scotch Plains Holiday Celebration on December 3rd. He and wife, Pat, enjoyed many Saturdays babysitting their grandson, Ryan.