

# Market Report

Family  
Investors  
Company



Winter, 2007

265 South Avenue, Fanwood, New Jersey 07023  
Phone: (908) 322-1800 Email: [info@familyinvestors.com](mailto:info@familyinvestors.com)  
Visit our website at: [www.familyinvestors.com](http://www.familyinvestors.com)

## Happy New Year to our “Family” of clients and friends!

The New Year is upon us and many have made our annual list of things to do in 2007. When you made your list of New Year’s resolutions, did you include:

1. Paying myself first each month;
2. Contributing the maximum to my 401(k) and/or my IRA;
3. Attempting to eliminate all unnecessary debt;
4. Completing the Net Worth statement included with this Market Report;
5. Scheduling my **annual** “financial health” appointment with my investment representative?

These are easy resolutions to follow with just a little discipline. Your representative is here to help you with your investment plan for a healthy financial future. Take the first steps to make 2007 a better year than 2006 and call your representative today to schedule an appointment. You are the one who can make this a truly Happy New Year. We are here to help you.

### Future Happenings

Family Investors Company is pleased to offer our Winter seminar schedule:

On Monday, March 12th, **Anthony Cavallo, JD, CPA**, will offer advice on a “**Estate and Elder Law Issues.**” Are you a member of the “sandwich” generation taking care of elderly parents and running your own household with children? Sign up for this informative course to learn the options available to you.

The seminar will begin at 7PM and will be held at the Family Investors Company office. Admission is free, but a reservation is necessary as seating is limited. Call the office at 908-322-1800 or send an email to [info@familyinvestors.com](mailto:info@familyinvestors.com) to confirm your place. Bring a friend.

### Thank You

A special thank you to our clients who dropped off goodies for the holidays. We appreciate your thoughtfulness and everyone enjoyed them.

### Holiday Hours

The Family Investors Company office follows the schedule of the New York Stock Exchange. Our office will be **closed on Saturday, January 13th and Monday, January 15th** for Martin Luther King Day. The office will be **closed on Saturday, February 17th** and on **Monday, February 19th** in observance of Presidents’ Day. It will also be **closed on Friday, April 8th** for Good Friday. The office will be **open on Saturday, April 9th** for those who need to make contributions to their IRA accounts,

### CONTENTS

Family Chatter	2
Perspectives / Information	2
Compliance Chat	2
Economic Outlook	3
Investment Idea	3
Investment Terms	4

## Perspectives/Information

**F**ICO Score—What does it mean? When you apply for credit, whether a credit card, mortgage or car loan, lenders want to know what risk they would take by lending money to you. FICO Scores are the credit scores most lenders use to determine your credit risk. You have three FICO scores—one for each of the credit bureaus—Experian, TransUnion and Equifax. Each score is based on information the credit bureau keeps on file about you. As this information changes, your credit scores change as well. Your 3 FICO Scores affect both how much and what loan terms (interest rate, etc) lenders will offer you at any given time. Improving your FICO scores will help you qualify for better rates from lenders.

**Y**our FICO Score is based on the following calculation:

- 35% Payment history
- 30% Amounts owed
- 15% Length of credit history
- 10% New credit
- 10% Types of credit used

The median FICO Score is 723. Visit [www.myfico.com](http://www.myfico.com).

On average, today's consumer has a total of **13 credit obligations** on record at a credit bureau. These include credit cards (such as department store charge cards, gas cards, or bank cards) and installment loans (auto loans, mortgage loans, student loans, etc.). Not included are savings and checking accounts (typically not reported to a credit bureau). Of these 13 credit obligations, 9 are likely to be credit cards and 4 are likely to be installment loans.

## Compliance Chat

Diana Cilluffo

**T**he NASD Conduct Rule 2280 requires investment firms to annually inform clients of the availability of the NASD'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 the NASD at their toll free number: 1-800-289-9999 or via the internet at [www.nasd.com](http://www.nasd.com). There is also a brochure available detailing the Public Disclosure Program. Family Investors Company urges you to take advantage of this free service.



### ***THE LIGHTER SIDE***

**Happiness should always  
remain a bit incomplete.  
After all, dreams are  
boundless.**

**Laughter is the sensation of  
feeling good all over and  
showing it principally  
in one place.**

**The more alternatives, the  
more difficult the choice.**

**No pessimist ever discovered  
the secret of the stars or  
sailed an uncharted land, or  
opened a new doorway for  
the human spirit.**

### ***Family Chatter***

**Fred Chemidlin** and wife, Barbara, visited the United Nations Building as part of a Rotary International project. **Edna Trujillo**'s daughter, Andrea, a junior at Scotch Plains/ Fanwood High School auditioned and was chosen as a flutist of the Regional high school band. **Matt Chemidlin**, wife Janice, and children Angela and Scott, vacationed in Virginia's Shenandoah Valley at the 4 Seasons Resort. **Bill Ahtel** spent the Hanukkah holiday with family and friends. **Darraugh Valli**, husband Peter, and twins Micaela and Sean spent the Thanksgiving holiday in the Hamptons with family members. **Peter Chemidlin**, wife Joan, and children Tighe and Morgan, visited the Statue of Liberty. Joan's family members from Iowa were in New Jersey for the Christmas holiday. Congratulations to **Emmy Salerno** and husband, Charles, whose son, John and wife Catia, are expecting a baby in April, making them 1st time grandparents. They also vacationed at the Grand Canyon, Sedona and Lake Powell in October.

**Our office is open on Saturdays from 9AM until 12 Noon.  
Additional hours are available by appointment.**

## Economic Outlook

**W**hat is your economic outlook in retirement? Conventional retirement made sense when life was short and work was physically hard. But today, with an ever increasing life expectancy and better health, retirement is primed for challenge. With the extra time you now have, perhaps you can fulfill some of those dreams you put on hold. Maybe you have a talent that just didn't pay the bills when your children were growing. Perhaps you have always dreamed of working for yourself and being able to call the shots. You might want to earn some extra money so you can indulge in your desire for exciting travel. Now is the time when you can do what you enjoy. For some, going back to school to earn a degree or just for the enjoyment of learning is a goal in itself.

**D**on't let age stop you from a fulfilling and rewarding life. If money is not a concern for you in retirement, do some volunteer work at a local hospital or nursing home. At age 65, the average man will live 19 more years, while the average woman will live 22 more years. You will spend 25% to 30% of your life in retirement. What will you do with those years? Don't retire...re-wire and make the most of them.

### Mutual Funds - Facts and Fancy

- ◆ How many people live on unearned income only without any government help? By beginning an investment plan early in life, it is possible to live well in your retirement years without any government subsidy.
- ◆ It might be wise to link your bank account with your mutual fund account. You can transfer assets, make additional investments and liquidate assets while having them transferred directly to your bank account. No lost checks to deal with.
- ◆ Many investors are looking to avoid dividends and capital gains on their investments. Is this your investment objective? We can show you funds which are "tax efficient" and endeavor for growth while keeping taxable income down.

### Investment Idea

Diana Cilluffo

**W**ith April 15th quickly approaching, now is the time to make your Individual Retirement Account contribution for tax year 2006. You need not wait until 2008 to make contributions for 2007. Since your money grows tax-deferred (traditional IRA) or tax-free (Roth IRA), investing your monies sooner rather than later is recommended. Remember, it's time in the market not timing the market that makes for successful investing.

**F**or some individuals, contributing \$4,000 or \$5,000 at one time can be a financial burden. Why not consider an automatic investment plan of at least \$50 per month to be put aside for your retirement years? If you are concerned about the volatility of the markets, consider investing your monies in a bond fund and having the dividends reinvested into an equity fund. Call your registered representative today.

---

### Year End Statements

Year-end mutual fund statements are being sent out to each mutual fund family shareholder. We ask each client to make sure they save the year-end statements as we do. Most statements are easy to understand with asset allocations shown in charts or graphs.

## Email Addresses

Email addresses are no longer available in the Market Report 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

## Your 401(k)

You earn about \$3,500 per month, and take home \$2,625 after taxes. You're not contributing to your 401(k). Here is why you should:

Contribute just 3% of your paycheck taking advantage of your employer's match. Each month you will put away \$210 toward retirement and cut your tax bill by \$26...all for only \$79 of your take home pay.

## Children & Money

One of the best methods of teaching children about money is giving them a weekly allowance. An allowance not only gives children an opportunity to practice saving and spending money, it also teaches responsibility.

You can receive the "Market Report" via email or online at our website. We would be happy to send it to you quarterly as soon as it becomes available. Email info@familyinvestors.com to request this service.

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. 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 2006.

## Children's Specialized Hospital

Family Investors Company, as part of its community involvement, hosted its' 6th Annual Open House for A Special Place from Children's Specialized Hospital in Fanwood. Darraugh (Frosty the Snowman) Valli and Steve (Santa Claus) Goldberg entertained the children while Fred Chemidlin read the story of Frosty the Snowman.



## Investment Terms

You hear investment terms on television and in the print media. But what do they mean? Here is a primer of some common mutual fund terms:

1. **After Tax Basis:** The comparison of investment returns after factoring in the tax consequences, such as comparing the return on a taxable investment with the return on a tax exempt investment.
2. **Full Disclosure:** An obligation to disclose all the facts relevant to a business transaction or a security, as required by the SEC or another government entity.
3. **Income Fund:** A mutual fund which emphasizes current income in the form of dividends or coupon payments from bonds and/or preferred stocks, rather than emphasizing growth. Income funds are considered to be conservative investments since they avoid volatile growth stocks. Income funds are popular with retirees and other investors who are looking for a steady cash flow without assuming too much risk.
4. **Monetary Policy:** The regulation of money and interest rates by a central bank, such as the Federal Reserve Board in order to control inflation and stabilize currency.