

fall 2007

MARKETREPORT



Family Investors Company

FINRA

The Financial Industry Regulatory Authority is the largest non-governmental regulator for securities firms conducting business in the United States. FINRA oversees nearly 5,100 brokerage firms, about 173,000 branch offices and more than 665,000 registered representatives.

FINRA was created in July 2007 through the consolidation of the NASD and the member regulation, enforcement and arbitration functions of the New York Stock Exchange. FINRA is dedicated to investor protection and market integrity through effective and efficient regulation and complementary compliance and technology based services.

Family Investors Company is a member of FINRA. •



Future Happenings...

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

On **Tuesday, October 16th**, "College...and How to Pay for It"

How can you accumulate assets for your children's higher education expenses? Learn about the various options available such as the Coverdell Account, the College 529 Plan and custodian accounts.

On **Wednesday, October 24th**, "Dollars and Sense."

How wise are you concerning money and investments? Join us for this informative program of how to simplify your financial life and make sense of your dollars and cents.

On **Tuesday, October 30th**, "Life Insurance...Various Types and How Much You Need."

If the unthinkable happens, will you leave your loved ones with enough funds to live comfortably? How much insurance is needed to maintain current life style? Attend this informative session.

All seminars 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** to confirm your place. Bring a friend.

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TIDBITS

■ Congress has enacted legislation to make tax-free withdrawals from a College 529 plan permanent, providing the withdrawals meet the criteria of higher education.

Happy Thanksgiving!

We would like to take this opportunity to wish our friends and clients a very Happy Thanksgiving and a peaceful holiday season.



SIPC

The **Securities Industry Protection Corporation** is a non-profit membership organization established by Congress which insures securities and cash in customer accounts up to \$500,000 (up to \$100,000 in cash) in the event of a brokerage bankruptcy. The SIPC is funded by all of its member securities broker/dealers.

While it insures the account in the event the brokerage firm runs out of funds to cover its claims, it does not insure against investment losses.

Family Investors Company is a member of SIPC. You can request an information booklet about SIPC

from our office or visit their website at: www.sipc.org



HOW LONG DO YOU NEED TO KEEP TAX RECORDS?

According to the IRS, in their **Publication 552 Recordkeeping for Individuals**, you must keep your records for as long as they may be needed for the administration of any provision of the Internal Revenue Code. Generally this means you must keep records that support items on your return until the period for that return runs out.

The period of limitations is the period of time in which you can amend your return to claim a credit or refund or the IRS can assess additional tax. Listed below, is the table that contains the period of limitations that apply to income tax returns. Unless otherwise stated, the years refer to the period beginning after the return was filed. Returns filed before the due date are treated as being filed on the due date. ●

PERIOD OF LIMITATIONS

IF you...

THEN the period is...

- | | |
|--|--|
| 1. Owe additional tax and (2), (3), and (4) do not apply to you | 3 years |
| 2. Do not report income that you should and it is more than 25% of the gross income shown on your return | 6 years |
| 3. File a fraudulent return | No limit |
| 4. Do not file a return | No limit |
| 5. File a claim for credit or refund after you filed your return | Later of 3 years or 2 years after the tax was paid |
| 6. File a claim for a loss from worthless securities | 7 years |

Savvy Shopper

If you are a savvy shopper (you look for the best bargains on quality items), the website: www.savingsdepot.com can save you money with their web-only deals.

Many of the specials offer free shipping, and free return shipping, from well known home furnishings, clothing, department and electronics stores as well as specialty store gift items.

Simply click on the link provided to go directly to the store's website and enter the **savingsdepot** coupon code provided when checking out.

Family Investors Company and its staff are in no way affiliated with www.savingsdepot.com and have not received any incentives for mentioning the website.



INVESTMENT IDEA

by Joseph P. Chemidlin

Americans worked longer to pay for government than they did to pay for food, clothing and housing combined according to www.taxfoundation.org.

Since 1986, taxes have cost more than basic necessities.

Tax Freedom Day (for many states) fell on April 30th in 2007, while NJ residents worked until May 10th. Tax Freedom Day answers the basic

question of how much Americans are paying for government.

If you would like to lower your investment income and capital gain tax liability (if this is suitable for you based on your financial situation and investment objectives), call our office and speak to your representative about tax managed equity funds and tax-free income funds. •

RMD (REQUIRED MINIMUM DISTRIBUTION)

Did you turn 70 1/2 in 2007? Your first REQUIRED MINIMUM DISTRIBUTION from your IRA account should be taken by December 31st of the year you turn 70 1/2. The date you **MUST** begin your RMD is generally April 1 of the year after you turn 70 1/2. If you turn(ed) 70 1/2 at any time in 2007, your first RMD is due April 1, 2008. However, if you wait until 2008 to take the first RMD, you also must take a second RMD by December 31, 2008.

Missing an RMD carries a big penalty — a 50% tax penalty on the amount that should have been withdrawn.

Having several IRA accounts requires keeping track of all of them to ensure you are taking the appropriate RMD amount. Each financial institution with which you have an Individual Retirement Account should send you the required paperwork concerning your RMD. While your representative will monitor the accounts you have with Family Investors Company, we do not receive information on accounts you hold with other financial institutions.

CONSOLIDATING your IRA accounts makes a good deal of sense to keep paperwork to a minimum and ensure you will not overlook any IRA accounts you may have. •

AUTO INSURANCE

When was the last time you requested multiple quotes from your insurance agent? When your bill comes do you just pay it?

If you have a good driving record and a good credit score, you may be able to save a significant amount of money by contacting your agent. •



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.

Welcome, Pat!

Pat Renner, who previously worked with Bill Achtel, has joined us in Client Services. Pat and her husband, Bob, live in Clifton. They recently welcomed their first grandchild—a baby boy, Matthew.

People don't plan to fail, but they do fail to plan.

Call your representative.

Holiday Hours

The **Family Investors Company** office follows the schedule of the New York Stock Exchange.



Our office will be **closed on Thursday, November 22nd** and will **close at 1PM on Friday, November 23rd**. The office will also be **closed on Tuesday, December 25th** and **Tuesday, January 1st**. Also, the office will close at **1PM on December 24** and **4PM on the 26th, 27th, 28th and 31st**. Signs are always posted on the front door as a reminder to our clients and friends. **Happy Holidays!**

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

Compliance Chat by Diana Cilluffo

The FINRA Conduct Rule 2280 requires investment firms to annually inform clients of the FINRA's Public Disclosure program regarding investment firms and individual representatives. You can check the background of the investment firms and the representatives with whom you

do business by calling the FINRA at their toll free number: **1-800-289-9999** or via the internet at www.finra.org

There is also a brochure available detailing the Public Disclosure Program. Family Investors Company urges you to take advantage of this free service ●

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:

IRA Rollover: A tax-free reinvestment of a distribution from a qualified retirement plan into an IRA or other qualified plan within a specific time, usually 60 days. These transfers can happen when leaving a job at an employer who offered a retirement plan such as a 401(k). The company can issue a check for the amount less 20% for taxes. To avoid this penalty, the IRA rollover must be done trustee to trustee, meaning that the check is made

payable to the new trustee or the custodian of the IRA rollover. The company will provide the check and the individual must deposit the check into the new account within 60 days.

Timing the Market: Attempting to predict future market directions, usually by examining recent price and volume data or economic data and investing on those predictions.

Waiver of Premium: An insurance policy clause or option that allows a policyholder who becomes seriously ill or disabled to not pay the premium.

Earned Income: Compensation from participation

FAMILY CHATTER

Fred Chemidlin and wife, Barbara, enjoyed their annual vacation in North Carolina's Outer Banks at Corolla Light. Vacationing with them were **Darraugh Valli** with husband, Peter, and their children. Darraugh competed, and finished, in the Danskin Women's Triathlon at Sandy Hook. Congratulations! **Peter Chemidlin**, wife Joan, and their children visited Joan's family who recently moved to Nebraska. Peter and Joan also attended Joan's high school reunion in Iowa. Charles and **Emmy Salerno's** son, Rick, was married on August 25th to Tara Klebaur in Emerald Isle, NC. Congratulations to the happy couple! **Steve Goldberg** and his family vacationed in Myrtle Beach.. As has become tradition, be sure to stop by the Scotch Plains Business and Pro-

fessional Association's Holiday event on Sunday, December 2nd and visit with "Santa" Goldberg. **Matt Chemidlin**, wife Janice, and their children visited the Lancaster area of Pennsylvania. **Neil Schembre** and daughter, Breea, spent a week vacationing in Maine. **Joe Chemidlin** and wife, Valerie, vacationed in Ocean City, NJ with their children and grandchildren. ●



Holiday Gifts

The holidays will be here shortly. Give a gift that can grow for the future instead of the hottest new toy that may break. Invest in a quality mutual fund for your child's (or grandchild's) future. We can prepare a gift certificate for you.

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