

Fall 2011

FAMILY MATTERS



Family Investors Company

THE LIGHTER SIDE

Nothing is better than the wind to your back, the sun in front of you and your friends beside you.

The wisest mind still has something left to learn.

If you want to be respected, you must respect yourself.

Real integrity is doing the right thing, knowing that nobody is going to know whether you did it or not.

Life is tough. And if you have the ability to laugh you have the ability to enjoy it.

in this issue

<i>Mutual Funds: Facts & Fancy</i>	2
<i>Information</i>	2
Your Debit and Credit Card Fees	2
<i>Tax Dilemma</i>	
Neil Schembre	3
<i>Investment Idea</i>	
Steve Goldberg	3
<i>Compliance Chat</i>	
Diana Cilluffo	4
<i>Investment Terms</i>	4
<i>Family Chatter</i>	4

Family Investors Company
 265 South Avenue
 Fanwood, NJ 07023
 908-322-1800
 info@familyinvestors.com
 www.familyinvestors.com

SOCIAL SECURITY BENEFITS STATEMENT

The Social Security Administration is no longer sending out annual estimates of the monthly amount you would receive upon retirement. You can get this information online at: www.socialsecurity.gov

On the left hand side of the page, 6th item down, click on “Estimate Your Retirement Benefits.” You will need to enter your personal information and your annual wages. The monthly amount at early retirement (age 62) and full retirement (age 66 for those born before 1957) and 67 (those born afterwards) will be displayed. In addition, the amount you would receive should you wait until age 70 will be shown.

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

FUTURE HAPPENINGS

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

Tuesday, November 1st - “**Transitions in Life**” will be presented by **Anthony Cavallo, JD, CPA**. Are you newly married or divorced? Has there been an addition to your family? Has a family member become ill or disabled? Are you dealing with the recent loss of a loved one? These altering life consequences can have legal or tax consequences. Attend this seminar and learn how you can deal with these life transitions.

Tuesday, November 15th - “**Planning for Family Life Insurance**” will be presented by **Steve Goldberg**. Young families are encouraged to attend this informative seminar. How much life insurance should you have? What type of life insurance should you have? Should you use life insurance to cover estate taxes?

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 attendance. Bring a friend.

Apologies

Our apologies to all who entered the Word Search puzzle in the Summer issue. The word **promotion** was missing from available letters. All entries received were entered in the drawing.

Mutual Funds

Facts & Fancy

- The past months have been a trying time for investors. Focus on your long-term goals and don't let market setbacks deter you from your ultimate investment objectives.
- Balanced funds are comprised of stocks and bonds, like an automatic portfolio allocation. Generally, a balanced fund holds 60% in equities and 40% in fixed income, though there is some leeway on either side.
- Surprisingly, the mutual fund investing concept has been around for over 235 years! It is believed to have been started by a Dutch merchant in 1774.
- At the end of 2010, there were 7,581 mutual funds in the United States with combined assets of \$11.8 trillion, according to the Investment Company Institute (ICI).

EARTHQUAKE INSURANCE?

Portions of the East coast were startled by an earthquake on August 23rd. Does your homeowner's insurance policy cover earthquakes? The answer is NO. But you can purchase a rider to add to your current policy to cover earthquake damage. Earthquake insurance provides protection from the shaking and cracking that can destroy buildings and personal possessions. Insurers normally sell it with deductibles equaling 10 to 25 percent of the structure's policy limit.

CLIENT APPRECIATION CONTEST WINNER

Congratulations to **Joy Lyman**, winner of the Summer Client Appreciation Contest. Thank you to all who entered.

DON'T FORGET

The Scotch Plains Business and Professional Association will hold their annual Holiday Festival on Sunday, December 4th on the Municipal Grounds. Be sure to stop by and see Steve "Santa" Goldberg.

Information

Are you one of those people who are waiting for their ship to come in? Is your financial future based on a Mega Millions Lotto or Pick 6 ticket? Is there a wealthy relative who keeps getting healthier and postponing your dreams of the good life? Are you looking for a penny stock that will rival Microsoft or IBM someday?

If this seems familiar to you, maybe its time to look at your attitude. We can help you to **develop a positive attitude** about money and investing. Your odds are much better if you take the money you are spending on lotto tickets and begin putting those dollars to work for you in an investment account. Call our office.

Your odds of winning the Mega Millions are 1 in 135,145,920.

In 2012, the United States will have another presidential election. Politicking has already begun and the incumbent and potential candidates are endeavoring to raise funds for their campaigns. Are you registered to vote? Have you voted in the past elections? Do you sit on the sidelines and complain about the state of the nation and the nation's economy but do nothing to elect political candidates who may change it for the better?

Our nation is **"of the people, by the people and for the people,"** not the small special interest groups with paid lobbyists and lots of \$\$\$\$.

YOUR DEBIT CARD AND FEES

Starting Oct. 1, 2011, banks can charge only about **21 cents per swipe** to merchants whose customers make debit card transactions. Currently, those fees, also called interchange fees, are 1 percent to 2 percent of the purchase amount -- or 44 cents on the average debit card purchase. A new \$3 fee appears to be a move in that direction. Starting Oct. 14, 2011 -- two weeks after the new swipe fee caps take effect -- Wells Fargo debit card customers in Oregon, New Mexico, Georgia, Washington and Nevada will be charged a "debit card activity fee" if they use their cards to make purchases. The fee will appear on monthly statements beginning Nov. 14, 2011.

INVESTMENT IDEA

by Steve Goldberg

This is a great time to get your teenaged children involved in an investment program. If your child has a part-time job during school or works during the summer, it is a wonderful opportunity to teach them the advantages of investing. It is never too early to learn the discipline of a sound investment strategy.

The tendency for many teenagers is to spend their money as soon as they get their hands on it. Between trips to the mall, video games, movies, and such, there frequently is not much left to put aside. That's why it is important

to speak to them about setting up a program to put money aside first.

Why not take half of what they earn and start an investment program. Let them be a part of the process to select the proper investment for them. They will feel good about the process and they will learn, at an early age, money skills they will use for their rest of their lives. If the child is under the age of majority, the account must be set up as a Custodian account. Call our office, speak to your representative and set up a meeting with you and your teenager.

TAX DILEMMA

by Neil F. Schembre, CPA

George is planning on making some investment transactions but is worried about the possible tax consequences. Before he makes any investment related decision he needs to consider several items that may have tax consequences.

1. If he sells stock or mutual fund shares the profits earned are taxed as capital gains. Gains earned on securities held more than one year before sale, also known as long-term capital gains are taxed at 15 percent. However, if he sells his securities before he has met the one year holding period his gain is taxed at ordinary income tax rates which go as high as 35 percent. If he incurs LTCG and his taxable income is in the lowest two tax brackets he will incur no tax liability.

2. Another thing George should consider is timing the purchase of mutual funds. Before capital gains are distributed during the last quarter of the year they are reflected in the funds net asset value. So if George bought shares before the fund went ex-dividend, he would have to pay the fund for the distribution he was about to receive and report the gain on his tax return. Waiting until after the ex-dividend date to make a mutual fund purchase can help avoid additional taxation.

3. When purchasing a municipal bond fund there are several things to consider. First, although all muni-bond funds are tax free at the federal level it may be subject to state taxes. Most national muni-bond funds only invest a small portion of their portfolio in any one state. Check the prospectus to find out how much of the fund invests in your state. Secondly, some municipal bond funds invest in private activity bonds which may subject him to the alternative minimum tax.

Minimizing taxes should play a role in investment decisions. While tax avoidance should not drive your investment decisions you should consider tax consequences.

Office Openings

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

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

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.

Thanksgiving:

Nothing purchased can come close to the renewed sense of gratitude for having family and friends. ~ Courtland Milloy

Holiday Hours

The Family Investors Company office follows the schedule of the New York Stock Exchange. Our office will be closed on Thursday, November 24th and will close at 1PM on Friday, November 25th. The office will be closed on Monday, December 26th. The office will close at 4PM on December 27th, 28th, 29th, and 30th. The office will also be closed on Monday, January 2nd & 16th. Signs are always posted at the front door as a reminder to our clients and friends.

HAPPY HOLIDAYS!

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 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 read them in print media and on the internet. But what do they mean? Here is a primer of some common investment terms:

Estoppel: A doctrine of law that stops a person from later denying facts which the person once acknowledged as true, and that others took to be true in good faith. A person who signs a contract stating he will pay \$10,000 cannot say he only owes \$5,000 under estoppel.

AAA Rating: A bond rating assigned to an investment grade debt instrument. AAA is the highest possible rating and reflects an opinion that the issuer has the current capacity to meet its debt obligations and has an extremely low solvency risk from changes in business, financial, or economic conditions. Bond investors rely on bond rat-

ings from organizations like Standard & Poor's, Moody's Investors Service, and Fitch Ratings to evaluate the default risk associated with both corporate bonds and municipal bonds.

Accrued Income: Income that has been earned by a company or an investment fund by providing a product or service, but has not yet been received. Income from mutual funds and other shared assets that is paid out periodically also counts as accrued income, since the income is earned by the shareholders at the time of accumulation.

Ranking: The comparison of an investment to others over a given time period.

FAMILY CHATTER

Fred Chemidlin and wife, Barbara, toured Quebec City. **Matthew Chemidlin**, wife Janice, and their children spent their vacation visiting Niagara Falls. **Darraugh Valli**, husband Peter, and their children vacationed at the Jersey shore. With school starting, its back to soccer, baseball and swimming for twins Sean and Micaela. **Edna Trujillo's** daughter, Andrea, is beginning her senior year at the University of Virginia. After completing a successful summer internship, Andrea already has a job waiting for her upon graduation. Congratulations, Andrea! **Joe Chemidlin**, wife Valerie, and two of their grandchildren spent over two weeks in Ireland visiting Valerie's family and touring the Emerald Isle. **Steve Goldberg** and wife, Pat, celebrated their 30th wedding anniversary. **Emmy Salerno** and husband, Charles, welcomed their fourth grandchild, William, born to son John and wife, Catia. **Neil Schembre** and daughter, Breea, vacationed at the shore in Wildwood. **Mike Prasad** has been busy with Red Cross services after the devastating hurricane.

Credit Card Debt

Consumers are getting better about paying their credit cards on time.

Recently, a study from credit-reporting bureau Experian found that 20% fewer consumers are 60 days late

on their credit card payments than were in 2007, while a **separate study from Trans Union** this week said the 0.6% who are 90 days late is the lowest in 17 years.

Charles Schultz Philosophy

The following is the philosophy of Charles Schultz, the creator of the "Peanuts" comic strip.

You don't have to actually answer the questions.
Just read straight through and you will get the point.

1. Name the 5 wealthiest people in the world.
2. Name the last 5 Heisman Trophy winners.
3. Name the last 5 winners of the Miss America pageant.
4. Name 10 people who have won the Nobel Prize or Pulitzer Prize.
5. Name the last 6 Academy Award winners for best actor and best actress.
6. Name the last 10 years World Series winners.

How did you do?

*The point is, none of us remember the headliners of yesterday.
These are no second-rate achievers. They are the best in their fields.
But the applause dies. Awards tarnish. Achievements are forgotten.
Accolades and certificates are buried with their owners.*

Here's another quiz. See how you do on this one:

1. List a few teachers who aided your journey through school
2. Name 3 friends who have helped you through a difficult time.
3. Name 5 people who have taught you something worthwhile.
4. Think of a few people who have made you feel appreciated and special.
5. Think of 5 people you enjoy spending time with.

Easier?

The lesson:

*The people who made a difference in your life are not the ones
with the most credentials, the most money or the most awards.*

They are the ones that care.

Thanksgiving Word Search Game

Find the listed words in the puzzle. Win a \$100 gift certificate.

B	A	Y	F	G	A	O	N	A	P	M	A	W	S	A	N	Q	U	A
O	W	J	L	O	W	E	R	S	S	N	A	I	D	N	I	P	M	C
C	P	L	O	N	Y	M	A	S	S	M	O	U	Y	T	K	L	O	A
N	Q	B	U	H	E	R	T	Y	Q	S	A	S	K	O	P	Y	H	V
R	G	U	R	A	N	T	C	A	P	M	O	C	P	M	M	T	T	E
O	N	C	M	A	S	S	A	S	O	I	T	A	Y	I	U	R	P	R
C	I	N	R	S	D	G	H	I	H	R	L	R	K	O	P	W	L	P
O	F	O	F	A	D	F	C	O	R	G	A	T	M	A	M	I	R	L
N	F	P	U	R	N	C	O	L	O	L	N	Y	S	Q	A	L	S	Y
R	U	M	A	Y	F	B	O	R	Y	I	L	M	P	I	L	L	Q	O
C	T	O	S	S	A	M	E	M	D	P	R	I	R	G	H	I	U	M
O	S	Q	U	A	G	W	A	R	M	U	S	E	Q	U	A	A	A	L
M	Y	N	O	L	O	C	A	R	R	V	P	I	V	M	A	M	N	P
P	C	O	R	L	M	A	S	S	O	Y	B	R	D	R	F	O	T	R
A	T	U	F	F	I	N	G	W	A	M	P	G	O	A	A	J	O	N
T	Q	Y	U	A	N	T	O	C	R	O	N	U	C	O	P	C	I	A
S	A	I	P	O	C	U	N	R	O	C	D	R	O	F	K	D	R	B
M	J	O	N	H	M	A	Y	C	S	S	Y	C	A	M	C	R	O	N

BRADFORD
CARVER
COLONY
COMPACT
CORNCOB
CORNUCOPIA
CRANBERRY
INDIANS
JOHN
MACYS

MASSASOIT
MAYFLOWER
PILGRIMS
PLYMOUTH
PUMPKIN
ROCK
SQUANTO
STUFFING
WAMPANOAG
WILLIAM



Once you find and circle all the words, complete the entry form and mail the form to our office. No purchase necessary and you need not be a client to win. 18 years of age to enter. One entry per person. Associates of Family Investors Company and their families are ineligible. Winning entry to be drawn on November 22, 2011 from all correct entries received. Good Luck!

Name _____

Address _____

City, State, Zip _____ Phone _____