

Spring 2009

FAMILY MATTERS



Family Investors Company

THE LIGHTER SIDE

Learn from the mistakes of others. You will never live long enough to make them all yourself.

Most of what you hear from the grapevine comes from sour grapes.

There are two ways to be rich. One is to have all you want. The other is to be satisfied with what you have.

Yesterday is history, tomorrow is a mystery. Today is a gift... that's why it's called the present.



BEAR MARKETS

Bear Markets are not uncommon. There have been 13 bear markets (a period when the stock market indices decline 20% or more from their peak to the bottom) since 1926—an average of 1 every six years. (Returns represented by the S & P 500 Index). The average duration of a bear market is 22 months.

Each bear market is different - when the bulls will begin running again is known only by hindsight. If you panic and get out of the market, when will you get back in? A fact—the 12 months following bear market lows have always seen well above-average performance with 1 year stock returns averaging nearly 46%.

Focusing all your attention on each stock market dip or rise, listening to all the so-called experts in the media, or believing people who brag they haven't lost a penny, can actually be damaging to your health.

It is important to remain focused on your **long-term goals**. This can be a buying opportunity if you can ride out the storm. ●

(Past performance cannot guarantee future results. Investment decisions should be based on your time horizon and risk tolerance)

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

TIDBITS

A reminder—Legislation signed into effect on December 23, 2008 gives you the **option** of taking required minimum distributions (RMD) from your IRA or beneficiary IRA for **tax year 2009**.

If you don't want to take money from these accounts, **you don't have to**. Call your representative for information.

The Fanwood Business and Professional Association will sponsor its 8th annual Street Fair **Sunday, June 7th 11AM to 5PM** (there is no rain date). South and Martine Avenues will be closed as vendors, food purveyors, entertainers, crafters and businesspeople welcome you to Fanwood. Stop by the Family Investors Company display and say "Hello!"

Calming Market Fears – a seminar

With the economy in turmoil and investment values declining, it is important to know you can **call the office** and **speak to your representative** about issues that matter to you. With that in mind, we offer the following seminar: **"Calming Market Fears"** will be presented by **Peter J. Chemidlin**, President of Family Investors Company and **Darraugh A. Valli**, the company's Operations Manager.

The seminar will be held at the Family Investors Company location on **Tuesday, May 12th at 7PM**. Admission is free but a reservation is required.

Call the office at **908.322.1800** or email info@familyinvestors.com to reserve a seat. Bring a friend with you. Light refreshments will be provided.

Mutual Funds Facts & Fancy

- Some mutual fund companies offer age specific packaged portfolios of mutual funds, based on risk tolerance, with automatic portfolio rebalancing. Generally there is an increased minimum initial investment. We will be happy to assist you in exploring this type of product and determining if it is suitable for your investment needs.
- Several mutual fund companies have stopped, or in the near future, will stop offering “B” shares for new accounts. If you are currently investing in “B” shares, speak to your representative. It may be prudent for you to begin investing in “A” shares based on the value of your investment account and available mutual fund breakpoints.
- If you have credit card debt and have a Money Market Fund, consider paying off your debt while keeping some monies available should an emergency arise. Earning less than 1% on your money and paying over 10% interest on unsecured (and non-deductible) debt is just not practical.
- Investment scandals have made the news headlines...just remember, if it seems too good to be true, it probably is.



How Well Do You Know Your Money?

Can you answer these questions about US money?

1. True or False—The \$2 bill was taken out of circulation in 1976?
2. What is the largest denomination bill currently used in the US?
3. How long did it take the mint to release all 50 state quarters?
4. The new Lincoln pennies will enter circulation on which anniversary of his birth?
5. The number of US currencies currently in circulation is?

See answers below

Answers:
1. False—it is still in circulation today.
2. The \$100 dollar bill.
3. 10 years—5 quarters were issued each year.
4. 200th anniversary of Lincoln's birth.
5. 7—the \$1, the \$2, the \$5, the \$10, the \$20, the \$50 and the \$100.

Economic times have hit hard.

You may not be able to afford giving monetarily to the charitable organizations as you once did. Consider donating blood to your local hospital and give the gift of life.

Information

Some statistics - currently 5 percent of the older population lives in nursing homes (skilled care facilities), with an average life-expectancy of approximately six months upon entrance into the nursing home. Therefore, we can expect an equal proportion of baby boomers to reside in nursing homes at any given time. There are an estimated 78 million baby boomers. So, approximately 5 percent, or 3.9 million are expected to head for these facilities. A senior citizen (65+) has about a one-in-four chance of spending time in a nursing home (skilled care facility).

If you or a loved one need nursing home care, how

will you know which facilities are highly rated?

The 15,800 nursing homes that participate in Medicare and Medicaid were scored by the Centers for Medicare and Medicaid Services on the basis of 1 to 5 stars.

Using this system, 12 percent achieve the highest rating (5 stars), while 22 percent received the lowest rating—only 1 star! Scores were calculated based on health inspections, nursing home staffing, and quality measures.

You can find the ratings for nursing homes in your area by going to the website: www.medicare.gov/nhcompare or by calling: **1.800.MEDICARE**

INVESTMENT IDEA

by Neil Schembre

An HSA (Health Savings Account) is a savings account set up exclusively for paying the qualified medical expenses of the account beneficiary or the beneficiary's spouse or dependents.

HSAs are set up with a bank, an insurance company or anyone already approved by the IRS to be a trustee of an IRA or Archer MSA. No permission or authorization from the IRS is necessary.

To qualify, an individual must be covered by a High Deductible Plan (HDHP), may not be covered by any other non-HDHP health plan and can-

not be enrolled in Medicare.

The contributions, subject to limitations, are deductible from gross income on IRS Form 8889.

Unused contributions remain in the account and continue to grow. When an individual reaches the age of 65 withdrawals can be made similar to an IRA. Any non-medical related withdrawals prior to age 65 are subject to a 10 percent penalty.

This is a great way for a healthy individual to supplement his or her retirement benefits!

For more information, contact our office or your representative. ●

CONVERT TO A ROTH

With investment values down, it may make sense to convert some or all of your traditional IRA monies to a Roth IRA. There are income restrictions for 2009, and current legislation will remove income restrictions in 2010. You will generally pay ordinary income tax on the amount converted, but not the

10% penalty. Talk to your representative to determine if this is suitable for you.

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. ●

In these troubled economic times, many people have changed or lost their jobs as a result of closings, cutbacks, etc. If you have a 401(k) from a previous employer, consider rolling it over to an IRA. You get these benefits:

- a) the **freedom** to select virtually any type of investment for your retirement plan;
- b) **more information** about your investments (federal law is stricter with IRAs regarding the disclosure of information about the funds in which you are invested);
- c) **greater flexibility** in choosing your named beneficiary(ies);
- d) **fewer restrictions** on how you receive your retirement distributions.

Your former employer does not care about you as much as you care about yourself. Call our office. We can help you.

The rebirth of nature is finally upon us after a long winter. Take a deep breath and enjoy the fragrance of the fresh Spring season. Try getting up with the sun even if you don't have to. You may discover new sights, sounds and serenity in your own backyard. Facing the problems and stress of everyday living can be exciting, if only we have the right attitude and perspective of life, and do not take ourselves too seriously.

Where's My Refund?

You can check on the status of your federal income tax refund by calling toll-free 800 829-1040, or log on to the web at www.irs.gov. Click on "Where's My Refund." You will need to know your Social Security number, your filing status and the amount of your refund.

Emergency Funds

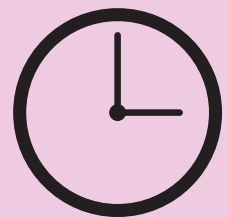
Experts now recommend having 6 months to 1 year of living expenses set aside for emergencies. With the slowing economy and high unemployment rates, finding a job—should the unthinkable occur—will take longer than in times past.

Keep these emergency funds readily available and liquid, in instruments such as a money market fund or savings account.

Holiday Closings

Our office follows the business schedule of the NYSE and will be **closed** on **Monday,**

May 25th and **Friday, July 3rd.** A sign is always posted on the office door to remind clients.



The office will be closed Saturdays beginning May 23rd. It will re-open for Saturday hours on September 12th.

Compliance Chat by Diana Cilluffo

SEC Regulations require that we inform our clients of the Family Investors Company privacy policy with regards to their personal information. A copy of the Family Investors Privacy Policy is enclosed with this newsletter. Please be advised Family Investors Company does not disclose your confidential information to anyone (other than necessary information sent to our

clearing agent). We are required to obtain this information to provide you with suitable financial products or services, but this information is NOT shared. We take precautions to protect personal information at all times and we remain vigilant in protecting that information. ●

SAFEGUARD YOUR PRIVACY!

INVESTMENT TERMS

Commercial Paper: An unsecured obligation issued by a corporation or bank to finance its short-term credit needs, such as accounts receivables and inventory. Maturities typically range from 2 to 270 days.

Accrual Based Accounting: The most commonly used accounting method which reports income when earned and expenses when incurred, as opposed to cash basis accounting which reports income when received and expenses when paid.

Defined Contribution Plan: A company retirement

plan, such as a 401(k) plan or 403(b) plan, in which the employee elects to defer some amount of his/her salary into the plan and bears the investment risk.

Income Exclusion Rule: An IRS rule which excludes certain items from taxable income, such as child support, welfare payments, life insurance benefits and income on tax-exempt investments.

Public Company: A company which issued securities through an offering and which are now traded on the open market.

FAMILY CHATTER

Fred Chemidlin continues his tithing ministry and has been to 145 churches during his tithing career. **Peter Chemidlin**, his wife, Joan and their children, welcomed Joan's parents visiting from Nebraska. Peter is looking forward to coaching son, Tighe's FYO Baseball team this season. **Darraugh Valli's** daughter, Micaela, an accomplished swimmer at a young age, qualified for YMCA Gold Swimming Championships. **Matt Chemidlin**, wife Janice, and their children, vacationed at Anna Maria Island, Florida with family members. **Emmy Salerno** and husband, Charles, welcomed a second grandson, Jack, born to their son John and his wife, Catia. Emmy and Charles also visited family in Florida. **Pat Renner** and husband, Bob, vacationed at their home in Florida with family and friends. **Steve Goldberg's** daughter, Melissa, was elected Vice President of DECA for New Jersey. In addition, Melissa was runner-up in her competitive event at the State DECA Conference. **Joe Chemidlin's** wife, Valerie, daughter, Lisa, and two granddaughters visited Valerie's family in Ireland ●



Credit Card Interest

Family Investors Company has always advocated **living debt-free**, however, sometimes you just can't. If you have credit card balances, contact your card company to request a lower rate. If you have a good credit history, the lender may oblige you. Mention any free offers you have received from other lenders as an incentive for your current lender to keep your business. ●