

# Market Report

## Family Investors Company



Spring, 2005

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)

### IRA Accounts

To allow for sufficient processing time, our office will be accepting IRA contributions for existing clients **until 4:00PM on Friday, April 15th**. However, if you are a new client, you must complete required paperwork which could take some time. To be assured your investment can be processed within time constraints, **PLEASE DO NOT WAIT** until the deadline before making a contribution to your IRA. The office is also open Saturdays from 9AM until 12 Noon for your convenience.

In 2005, you can contribute up to \$4,000 to an IRA account. Those aged 50 and over are allowed the \$500 "catch up" and are able to contribute up to \$4,500. You can contribute to your IRA on a monthly basis for as little as \$50 per month. Speak to your representative and take advantage of tax benefits which might be available to you.

### Future Happenings

Family Investors Company will present two seminars this Spring. **Steve Goldberg** will host "[Long-Term Care. Is it Right for Me?](#)" on Wednesday, May 11th. A disturbing statistic...three out of five people aged 65 and over will require some type of long-term care. As of October, 2004, according to [consumeraffairs.com](http://consumeraffairs.com), nursing home costs are now over \$70,000 per year. Take the necessary steps to protect the assets you have accumulated through years of hard work.

**Neil Schembre, CPA**, will present "[Financial Aid for College](#)" on Tuesday, May 24th. This informative session will deal with financing your children's education and how to get all the financial aid you can. (Don't make the mistake of short-changing your retirement fund to save for college. Your child has many options available to finance their education).

The programs will be held at the Family Investors Company office and will begin promptly at 7PM. There is no admission charge. Refreshments will be served. Call us at 908 322-1800 or email [info@familyinvestors.com](mailto:info@familyinvestors.com) to reserve your place as there is limited seating. Bring a friend!

### Tidbits

Congratulations to **John Zwicky**, our winner of the "Family" Appreciation Word Search contest in the Winter 2005 Market Report. As many of you suspected, there was a "typo" in the puzzle, but ALL entries received were entered into the drawing.

The Fanwood Business and Professional Association will sponsor the 4th annual Street Fair **Sunday, June 26th** 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 to say "Hello!"



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## Perspectives

**M**erriam-Webster's dictionary defines "SAVE" as "to put aside as a store or reserve." It also defines "INVEST" as "to commit money in order to earn a financial return." What are you doing for your financial future?

**W**hile it is important to save and have monies available in case of emergencies, it is also important to take some calculated "RISK," defined by Merriam-Webster as "a possibility of loss." While NO "INVESTMENT" (defined as the outlay of money usually for income or profit) is risk free, professional money management may help reduce the risk to which you are subject.

**L**et us help you choose the right investments for you.

## Are you a retiree collecting Social Security?

You might think that because you contributed to Social Security during your working life in the form of FICA taxes, you won't be taxed on the money when you collect it in retirement. But think again. Depending on your income in retirement, as much as 85 percent of what Social Security pays you may be subject to income tax. We can't decipher the tax code for individual retirees, but we can make you aware of the possibility that you'll pay taxes on the money you receive. Take the time to speak to your representative about this.

**It's never too late for retirement planning.**

## Compliance Chat

Diana Cilluffo

**S**EC Regulations require that we inform our clients of the Family Investors Company privacy policy with regards to their personal information. 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 will remain vigilant in protecting that information.

**SAFEGUARD YOUR PRIVACY!**



### THE LIGHTER SIDE

**A fine is a tax for doing wrong. A tax is a fine for doing well.**

**Why do we drive on a parkway and park in a driveway?**

**A pound of pluck is worth a ton of luck.**

**Be a good listener. Your ears will never get you in trouble.**

**Life is what happens while you are busy making other plans.**

### Family Chatter

**Fred Chemidlin** is still active in the tithing ministry to which he belongs and has traveled to Pennsylvania several times recently for presentations. **Bill Ahtel** and wife, Mickey, will spend the Pass-over holidays with family and friends. Please continue to keep Mickey in your prayers. **Edna Trujillo**'s daughter, Andrea, a freshman at SPF High School, earned High Honor Roll. Edna also welcomed new niece, Alondra. **Peter Chemidlin** traveled to Florida with his uncle and brother-in-law to watch the qualifying rounds of the Daytona 500. Peter also demonstrated his "hoops" ability when he played with the Park Avenue Middle School teachers in their exhibition game against the Harlem Wizards. **Emmy Salerno** and husband, Charles, vacationed in Florida for some rest and relaxation with family members. **Steve Goldberg**'s son, Andrew, is busy looking into colleges while attaining High Honor Roll at SPF High School. Congratulations to **Darraugh Valli**, on her 5th anniversary at Family Investors Company.

**The office will be closed Saturdays beginning May 28th. It will re-open for Saturday hours on September 10th.**

# Economic Outlook

**P**eaking oil prices and rising interest rates could play havoc for the average American and to the nation's economic growth. Leading economists say the combination of oil prices and interest rates constitute a "one-two punch" that will be difficult to overcome. According to the Center for Economic Policy Research, rising oil prices raise inflationary concerns and feed higher interest rates. Other leading economists express concerns that spikes in oil prices or much higher interest rates could bring about an actual recession, as has happened in the past, especially if higher rates lead to a decline in home values.

**A**void **unnecessary debt**, especially unsecured (credit card) debt. Be wary of home finance or re-finance ploys promising you "interest only" loan periods. Always read the fine print when negotiating. Adjustable rate mortgages should have an interest cap. Remember, if home values decline, you are still on the fence for the purchase price.

**I**f 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.

## Mutual Funds - Facts and Fancy

- ❖ Avoid funds that promote their short-term performance. We recommend our clients use caution with funds in the top 25 and bottom 25 of their peer group. Stay in the middle, be balanced and avoid wild performances in either direction.
- ❖ Learn to select one mutual fund family (possibly two) for your investment holdings. Don't rely on the stars or new funds in today's market. Stick with mutual fund families that keep expenses down and avoid ones that mass market their products to the public.
- ❖ If you own a number of mutual funds in different fund families, now may be the time to consolidate your holdings and reduce paperwork. We can help you **simplify** your financial life. Call our office or your representative.
- ❖ Avoid irrevocable decisions when investing your money. Most mutual funds are liquid investments and can be easily redeemed should an emergency arise. Always read the prospectus and question what you may not understand.

## Investment Idea

By Peter J. Chemidlin

**I**n this time of market volatility, it is important to make investment decisions based on facts and not emotion. Now is the time to contribute to your investments. Down markets can be a good buying opportunity.

**M**any of our clients have recently been changing jobs or careers. Let us help you with all the paperwork you are faced with. We have spent numerous appointments helping our clients call their retirement departments ensuring they receive the proper payouts of their retirement assets. We can assist you in rolling over your 401(k). It is prudent to take your monies with you when you separate from a company. Let us help you consolidate your holdings into an IRA. Call our office. **We are here to help you with this.**



## Holiday Closings

**O**ur office follows the business schedule of the NYSE and will be closed on Monday, May 30th and on Monday, July 5th. A sign is always posted on the office front door as a reminder.

## Email Addresses

Email addresses will no longer be 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

We have changed our internet host, so if you send an email that is not responded to in a timely manner, please call the office to make sure the email was received.

Remember, **no orders to buy or sell securities are accepted via email.**

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## Time is Money

We Americans have always known that “time is money.” With that in mind, we have probably made, invested and spent more (and more quickly) than any other people on Earth.

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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.

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## 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.

## Spotlight — Neil F. Schembre



**Neil F. Schembre**, CPA, became associated with Family Investors Company in 1997. Born and raised in nearby Westfield, Neil graduated from Gettysburg College and received his Masters in Business Administration from Rutgers University. He worked for the Internal Revenue Service and KPMG before beginning his own practice in 1995.

Neil maintains a successful accounting practice in Fanwood. Currently he has over 700 individual clients and 150 businesses. He is a certified instructor for the Tax and Accounting Section of the Certified Financial Planner Program.

Neil enjoys running, travel, fine dining and spending time with his family. Married in 2003 to the former Marcie Malick of Sparta, they currently reside in Millington with their daughter, Breaa.

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## Investment Terms

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

1. **Risk tolerance**: An investors ability to handle declines in the value of his/her portfolio.
2. **Conservative growth**: An investment strategy aimed at long-term capital appreciation with low risk; it will likely involve a high percentage of blue chip stocks with low turnover and infrequent trading.
3. **Chasing the market**: The generally unwise practice of lagging behind the market by buying after a rise and selling after a fall.
4. **Disposable income**: The amount of income left to an individual after all taxes have been paid, available for spending, saving and investing..

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## Identity Theft

**S**tolen or lost wallets, checkbooks, purses and credit cards collectively are the leading means of identity theft, according the 2005 Identity Fraud Survey Report, conducted by the Better Business Bureau and Javelin Strategy and Research. The study found that 68.2 percent of cases of identity theft were committed with information obtained offline, including 28.8 percent from such lost or stolen items. Only 11.6 percent of identity theft cases involved information obtained while online with your computer.