

“Old Time” Investing

Financial professionals know that a long-term investment strategy usually produces better returns than trying to jump in and out of financial markets. It's a lesson that's been learned over and over again throughout history.

It's also one that many investors have forgotten in recent years. In hopes of cashing in on the latest investment craze, they allowed the skyrocketing share prices to persuade them to abandon their disciplined long-term investment plan. The folly of that strategy became apparent when share prices in technology and other sectors recently bottomed out.

In reality, time is one of the major determinants of investment returns. Investors who devise a long-term strategy and stick to it are likely to be well rewarded. Ups and downs in equity markets will simply be bumps along the road.

On the other hand, trying to "time" the market by buying securities when prices are low and selling when prices are high is fraught with difficulty. Even professional investors find it impossible to know when markets have reached their peak or found their bottom. Consequently, investors who experiment with market timing often end up buying when prices are too high and selling when prices are near their lows. They then miss out on the returns from the financial market rebound that inevitably follows a slump.

With a steady, long-term investment strategy, you won't face those pitfalls. If you have a diversified portfolio and leave your investments alone, you ride out the highs and lows and benefit from the overall long-term rise in financial markets.

A long-term strategy can also ease the emotional turmoil associated with market fluctuations. If you stick to your plan, you won't be as concerned with volatility. And over the long-term, the risk of losing your original investment is greatly reduced with proper diversification.

Investing consistently is also key to long-term success. A strategy of contributing fixed amounts at regular intervals builds up your investment wealth and eliminates the temptation to place your bets according to a short-term view of the markets. Dollar-cost averaging is a strategy of investing at regular intervals - regardless of market conditions. It can sometimes lower the average cost of investments and contribute to higher long-term returns.

As always, if you have any questions, call our office.

Historical Prospective

June 2002, 3052 Old Transit Road

The Western New York Center for Golf and Recreation
“Coming Soon” sign (top) & fairway of hole #18 (Fellowship
Wesleyan Church on Southwestern Blvd. in the background)



Golf Course Fundraiser

The Gala Grand Opening of the Administration Building and Fundraiser for the Western New

York Center for Golf and Recreation will be held at 3052 Old Transit Road on Thursday, August 8th. The party is scheduled to start at 5:00 PM.

The evening will be filled with various entertainment; club car rides touring the entire facility, site plans, music and guest appearances. Hors d'oeuvres and beverages will also be served. Tickets will be available for \$100. Please make your tax-deductible donation payable to The West Seneca Rotary Foundation Inc. While donations will always be accepted for the project, reservations are limited. Please send your check to the office early to ensure your presence at this historical event in Western New York.

A personal letter from Joe

Dear Friend,

The subject of my possible retirement seems to come up from time to time (turning 59 will do that to you). I am not retiring. I feel blessed to be able to do something that I love. Helping people enhance their financial well-being for over 31 years is my passion, not my job. The nature of the financial planning we do has allowed me into so many lives over the years, creating relationships with valued friends. This is the reason I begin my letter with "Dear Friend"; I truly look at all of our clients as an extended family.

The firm has hired a few individuals in the past year and we have plans for expanding the size of our building. We are moving forward and looking to expand our business in the years to come, and I will be an integral part of this plan. So you can plan on seeing my car parked in front of the office 6 to 7 days a week (Betsy is for 6) for many, many years to come.

At this time I would like to thank all the clients that come to our seminars that we run roughly once a quarter. A lot of time and money goes into giving you the best information available. We research our speakers to ensure that the integrity and quality match our high standards. I feel so strongly on the quality of the material that is presented, I wish that we could get all 4,200+ of our clients to each seminar. The philosophy of the firm has been the same throughout the years; the more informed our clients are the better off their financial future will be. So the next time you get one of our seminar invitations in the mail, no matter what the topic is, please consider coming. You never know what the presentation may offer you.



On a personal note, my son Patrick and his wife Christa just had a baby boy, Jake on May 17th. Betsy and I now have three grandchildren (Timothy, Katie), with another on the way in October. We love the feeling of being grandparents. It brings the excitement back to holidays, birthdays, opening the pool for the summer and getting ready for the first day of school. As these events pass for our grandchildren, it boggles my mind that Patrick, Jeffrey, Jenny and Gregory are all grown up. It happened way too fast.

On that note, being a father of four and a career financial planner, I want to stress the importance of planning ahead for your children and grandchildren. One of the areas of greatest concern is the climbing educational expenses. If these escalating costs are not planned for, they may dictate whether or not your children or grandchildren even attend college. There are many investment options that are available, especially the Coverdell Education Savings Account and the 529 Plan (both of which Patrick wrote about in our last newsletter). These plans may seem complicated, but the truth is that they are for just about anyone who wants to help set up the frame work for handling future educational expenses.

As always, contact the office for more information. We are always here to provide you with the knowledge and guidance you need.

Have a very happy, safe and long summer!!!!!!!!!!

A handwritten signature in black ink that reads "Joe". The signature is written in a cursive style with a large, looping initial "J" and a trailing flourish.

The Market Square

By Jeff Hahn

When we invest in the stock market we do so in good faith. Our expectation is that the information we base our decisions on is fundamentally correct. The managers of the funds we invest with have the same expectations. It is part of the law that a publicly held company must have its books audited by an outside accounting firm. It is also part of our law that a company's bookkeeping conform with certain standards called Generally Accepted Accounting Procedures. Making sure of this is the purpose of an audit. The audit and resulting financial statements provide investors and our fund managers with an accurate statement of a company's financial position. The debacle we have seen with Enron, and more locally Adelphia, underscore the importance of this whole activity. When the accounting is not correct, the trust can be quickly lost and so, too, the value of the company.

The issues of accounting practices and related management activities have hung over this market like a cloud. The pattern of relatively fast increases followed by slower more extended declines continues on. So even while economic conditions continue to improve, the market has not. Generally speaking, good companies will survive and lesser ones will not. The companies that do will likely come out of this stronger for it and reward those who invested in them. My opinion is that this pattern of increases and decreases will continue for a while, maybe for a year or longer. (I hope I'm wrong). This will make diversification and quality of management the keys to growing the value of your portfolio. More attention will likely be required and that means more regular reviews (our goal is to meet on at least an annual basis). We look forward to meeting with you.

Employer Contributions to 403(b)

By John Clouden

In recent months, a program for Public School Systems allowing employer contributions to 403(b) accounts, has become very popular with many districts. With the recent tax law changes, employers are now eligible to make employer contributions to the employee's 403(b) account by carefully using cash incentives that many districts offer to retiring employees. In many cases, this is a win/win situation for both the employee and the employer.

The employee wins by not having to pay federal, state and FICA taxes on the employer's contribution.

So, in a worst-case scenario, if an employee needs the money, he/she can have it deposited into a 403(b) and then can take it out the next day (providing they are officially retired and meet age requirements). The employee will pay federal and state taxes but will not have to pay FICA taxes, a significant savings. The employer wins by saving all payroll taxes, including FICA.

The process of coordinating this program can be long. Coordination between the district and the groups representing the employees must be done in order to rewrite the contractual agreements between the school district and associations. Meetings with the associations and school districts have to take place to explain the process completely. With the employees and the school districts reaping the benefits, the program has been received by both parties with great enthusiasm. We have successfully helped many school districts put this plan together. If you would like more information, please give me a call at the office.

In which mutual fund, or funds should I invest?

This is surely among the most frequently asked question about mutual funds, especially by novice investors. With over 7,000 mutual funds currently on the market, the question becomes more compelling than ever. However, the task is not as forbidding as it may seem. By determining the goal or goals you wish to accomplish, you will immediately exclude all the funds that cannot meet those goals. Next, stake out your most comfortable position along the risk/reward spectrum, eliminating funds that are too aggressive or too conservative. By now you have narrowed the field to a definable category of funds; let's say that category is moderately aggressive long-term growth funds. Only at that point should the fund's performance record come into play.



What is a stock? Common stock represents part ownership in a company. It is also called equity, or simply, stock. Stock values may go up or down, depending on market conditions

Generally, you invest in stocks when you are looking for long-term growth. Historically, stocks have been most successful at outpacing inflation.

What is a bond? A bond is a loan made to a corporation or government, which then issues an IOU, called a certificate. A bond pays a stated or fixed rate of interest and returns the face value on the maturity date. Bond prices are generally more stable than stock prices, but bond values may also go up or down, usually in the opposite direction of interest rates. Bonds have the advantage of providing a consistent stream of income but lack the growth potential of stocks.

Commitment to Excellence

Throughout his lifetime H. Joseph Sgroi has received many awards. Some have been for his unparalleled professional career, while others have been for his commitment towards the community. On Thursday, September 19th, 2002 at the Rich Renaissance Niagara, Joe will be presented Trocaire College's "Reflections Award" at the 30th Annual Trustees' Scholarship Reception. Previous recipients include Carl P. Paladino, The Penfold Family Foundation, Thomas F. Higgins, Marv Levy, Jill and Jim Kelly and Frank J. McGuire, just to name a few. Joe is very excited and honored to accept such a prestigious award.

The Reflections Award is eloquently described in the following: "Sometimes the style and cut of another person's life, when we behold it, not only reflects our own image, but as if we stood before finely cut glass, reflects our image many times so that each facet of the other's life in a way becomes a hologram of our own. Such is the style, the cut, the many splended dimensions of the lives of the Reflections Award recipients. By knowing them, knowing their goals, dedication to excellence, successes and continued striving, our own lives, our deepest hopes and our most valued works are not only enriched, but many times multiplied."

If you would like to be part of Joe's special day, call the office for information.

Adding Contest Winners

We would like to thank you for the overwhelming response to the "Adding Contest" in the spring newsletter. The correct answer was 821. Here is a **profile** of the two randomly selected winners:

Robert & Nancy Morey

Years with HJS & A : 17 years

Client of : Joe Sgroi

Joe : "Bob & Nancy Morey are one of the HAPPIEST retired couples in the world. They are so thankful that they are financially secure in retirement. Bob & Nancy recently returned from a delightful 3 week trip in Australia/New Zealand. They also spend a good deal of their time giving back to their community. What a great couple!!!!!!!!!!!"

James & Christine Borowczyk

Years with HJS & A : 4 years

Client of : John Clouden

John : "The Borowczyks are a very nice couple that are valued clients. They came to me after attending one of my Adult Education Classes. We are currently working together on a long range plan to enhance their future. Congratulations on winning!"

FYI Corner

- On May 17th Christa Sgroi (Patrick's wife) gave birth to a baby boy, **Jake Patrick**. Jake, 7 lbs. 10 oz., and his big brother Timothy can be seen on Patrick's web page of our website, www.sgroifinancial.com.
- **Attention Teachers!** With the changes to recent tax laws you are eligible for a small tax break. There is a new above-the-line deduction for up to **\$250** of classroom materials you purchase. This is in effect for 2002 and 2003. For more information call the office or consult your tax advisor.
- **Student Loan Consolidation** information can be found on the following website; www.loanconsolidation.ed.gov/index.shtml. The new rates have been decreased to 4 - 4.5%.

"CAPITAL" GAIN

The object of this game is to count all capital letters throughout the newsletter with each letter being assigned the value as it appears in the alphabet. For example, all capital "A's" are worth 1, "B's" are worth 2 and so on, to "Z's" being worth 26. **Hitch:** capitals C,A,P,I,T, and L are **subtracted**, not added. Two winners will be drawn on Friday, July 12th. The winners will receive a dinner and a movie package from CHILI'S Grill & Bar (3 locations in WNY, Amherst, Blasdell and Clarence). If you reply for the contest through our website (www.sgroifinancial.com) or via email (info@sgroifinancial.com) your name will be entered into the contest **twice**. Good Luck!!!

Attention to all Clients of H. Joseph Sgroi & Associates

We are implementing a **new client referral program**. Once a month we will be holding a drawing regarding newly referred clients. Here's how it works: if one of our clients refers another employee/friend/family member to our office for their investment needs, your name will be put into the monthly drawing. We will be drawing a \$100.00 gift certificate to Salvatore's Italian Gardens at the end of each month beginning in August (all referrals from July will be added to the drawing in August). All you have to do is make sure that the referral mentions your name at the time of their appointment. The most gratifying gesture that we can receive from our clients is a referral, and throughout the years we have received many. This is just a small token to thank those individuals that go out of their way to try and help others. As we all know, you can never save too soon or too much. From all of us at H. Joseph Sgroi & Associates, thank you for your continued support.