

# A personal letter from Joe

Dear Valued Client:

I have decided to write this letter after recently reviewing a new client's situation with an associate at my firm. Our new client was sold a service by his previous "financial advisor" that for a fee would move him in and out of the market to maximize his investment return. The problem I have with this is our new client was moved **out** of the market 1/95 and was put back in the market 11/95. This "service" cost this client almost 40% in one year.

You may be tired of hearing it, but through thick and thin - war, recession, inflation, oil embargoes, financial crises, you name it - stocks have returned far more than any other investment. That is well documented and well known.

On more than a few occasions, I have told you that the market's short-term direction is anyone's guess, that the market's performance in the next six months or one year is virtually a coin flip. Certainly, tomorrow's market, or even next week's is absolutely unpredictable. Still, some people claim to zig when they should zig and zag when they should zag. I don't believe them.

The best names in the investment business, Sir John Templeton, Peter Lynch, John Neff, etc., buy and hold what they consider high quality stocks. They ignore the short-term trend, remaining virtually fully invested at all times and studies support their approach.

A recent study of the 1982-87 bull market by the University of Michigan underscores the risk of being out of the market. They measured the S&P 500 (reinvesting dividends) between August 12, 1982 and August 25, 1987. Over the five years, a total of 1,276 trading days, the S&P 500 returned 26.3% annually, but only to long-term "buy and hold" investors.

Investors who tried to "time" the market paid dearly even if they were out of stocks for only a few days. For example, if they missed the 10 best days out of the 1,276, their annual return dropped to 18.3%; it was 13.1% if they missed the 20 best; 8.5% if they sat out the 30 best; and a measly 4.3% if they were on the sidelines for the 40 best days.

The numbers are more startling than even I would have imagined! By missing 3.1% of the trading days the return could have fallen by 83.7%. Of course, if they missed some of the worst days, their return would have been better, but the odds were that they would miss an up day, since in the great bull market stocks rose far more often than they fell.

Despite the study, some "technicians" and self-styled stock market traders will occasionally sell all their stocks and run to the sidelines, saying the market is "overbought" and "overvalued". While it's true there are times when stocks are temporarily ahead of themselves, it is downright foolish to sell everything and head for the hills. As this recent study shows, that's a risk no long-term investor should ever take. History is on your side. So always stay invested with that percentage of your assets allocated to individual stocks and/or stock mutual funds.

A handwritten signature in black ink, appearing to be the name "Joe". The signature is written in a cursive style with a large, looping initial "J" and a trailing "oe". There are some faint blue horizontal lines above and below the signature.

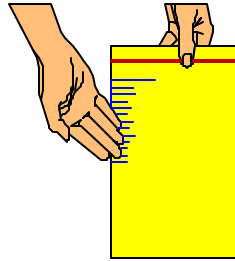
# SETTLING AN ESTATE

**When there is a death in the family, survivors must move toward settling the estate. Here's what must be done:**

- Secure several certified copies of the death certificate from the funeral director; they'll be needed in applying for life insurance and social security benefits, transferring title to property, and settling banking and legal matters.

- You should probably contact us as soon as possible so we can submit your life insurance claims promptly. We will check all policies, since some lapsed whole life insurance policies may still have benefits available. Also, you may have a choice of taking life insurance proceeds in a lump sum or in installments. We can help you carefully choose what option is best for you. There may also be benefits due under other policies; depending on the cause of death, claims may be filed under automobile insurance, for example, or under an accident policy. Don't overlook any group policies the deceased may have had through a union, professional organization, even a credit card company.

- Make a thorough search for important documents. Don't overlook insurance policies, business agreements, securities, bankbooks, deeds, tax records, etc.



- Organize bills so that outstanding bills can be paid. Check out details of installment loans and credit card accounts before making payments; there may be credit insurance in force which will pay off the account balance at death.

- Contact the deceased's employer and inquire about benefits which may be due. These may include group life or health or disability proceeds, vested pension fund holdings, accrued pay, credit union balances, etc.

- If you are a surviving spouse, speak to the employer about continuation of health insurance. Federal legislation makes many widows and widowers eligible to continue group health insurance, by paying for it, for a certain number of months.

- Look into any government benefits which may be available from Social Security, the Veterans Administration, and other agencies.

- Arrange to transfer the title of jointly held property; a lawyer can help you out there.

- Arrange to have the will probated, so that the estate can be settled and the proceeds distributed as soon as possible.

- A federal estate tax return will have to be filed if the gross estate exceeds \$600,000. An attorney can help you out here as well.

- Most importantly, schedule in and we will do a complete factfinder and guide you through this entire process.

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## Product Corner:

### MORE GOOD NEWS FROM OPPENHEIMER

Oppenheimer has once again announced the purchase of another fund family. In October, they announced that they signed an agreement to acquire the Rochester Funds and its affiliated companies. The transaction was completed in January of 1996. The acquisition includes all three Rochester Funds - *Rochester Fund Municipals, Limited Term New York Municipal Fund and the Bond Fund for Growth*. Under terms of the agreement, the three Rochester Funds will continue to be managed by their current portfolio managers. We believe that, along with their acquisition of the Quest for Value Funds in September, Oppenheimer has added much more diversification to their already great fund family.

**Oppenheimer Main Street Income and Growth** names a new fund manager. On 10/30/95 Oppenheimer announced that Robert J. Milnamow will take over as the portfolio manager of the fund. Milnamow has 20+ years of experience in the investment industry with Phoenix

Securities Group. His track record is outstanding and appears to be a perfect fit for this fund.

### ROYAL UPDATE

The new quarterly statements have come out and they look great. The computerization is almost complete and response time is getting better and better. Your patience with us and Royal has been very much appreciated. We are very excited about all the added features and speed of service requests this will afford us. By the time that you receive this newsletter, you may also be able to call Royal toll free for your account balance 24 hours a day - 7 days a week.



# NAME THE NFL TEAM CONTEST

- |                                       |                           |
|---------------------------------------|---------------------------|
| 1. AMERICAN FOREFATHER _____          | 14. KING OF BEAST _____   |
| 2. MIDNIGHT SNACKERS _____            | 15. \$1.00 FOR CORN _____ |
| 3. FUNDAMENTAL LAWS _____             | 16. PETER & PAUL _____    |
| 4. EQUINE GOES WILD _____             | 17. SIX SHOOTERS _____    |
| 5. STUPID SUNBATHER _____             | 18. EWE'S MATE _____      |
| 6. A GIRLS TOY AND A FISH'S ARM _____ | 19. TIGERS _____          |
| 7. UNCLE'S SPOUSE IN THE ARMY _____   | 20. 747's _____           |
| 8. HALF BOVINE - HALF MAN _____       | 21. I.O.U.'s _____        |
| 9. HENRY'S 1ST COMPACT _____          | 22. MARINE BIRD _____     |
| 10. CREDIT CARD USER _____            | 23. LUBRICATORS _____     |
| 11. WISE SUNBATHER _____              | 24. STREAKERS _____       |
| 12. SEVEN SQUARE _____                | 25. SIX RULERS _____      |
| 13. INDIAN LEADER _____               | 26. LOADERS _____         |
|                                       | 27. THIEVES _____         |
|                                       | 28. U.S. BIRD _____       |

THE FIRST PERSON TO RETURN A COMPLETED AND CORRECT PUZZLE WILL RECEIVE A \$25 GIFT CERTIFICATE FOR THE SOUTHGATE PLAZA. SEND REPLIES TO: DEBBIE BARTH, 965 UNION ROAD, WEST SENECA, NY 14224

## A LOOK AT WHAT'S HOT, WHAT'S NOT

(USA TODAY - WEDNESDAY, DECEMBER 20, 1995)

<u>IN</u>	<u>OUT</u>	<u>IN</u>	<u>OUT</u>
Platinum	Gold (Boy were they wrong)	State Lotteries	Federal Handouts
The Dollar	The Yen	Balancing the Budget	Deficit Spending
Ticketless Travel	Airline Tickets	FCC	Deregulation
PCS Wireless Phones	Cellular Phones	Falling Interest Rates	Rising Interest Rates
Prepaid Phone Cards	Collect Calls	Barry White	Larry Bird (shhh - don't tell Joe that)
Java	Windows '95	Digital Satellite TV	Cable TV
The Internet	Long-Distance Calls	Used Cars	New Cars
E-Mail	Voice Mail	Bank Mergers	Bank Branches
Surfing the 'Net	Working	Electronic Banking	Bank Tellers
Mouse Potato	Couch Potato	Foreign Markets	Wall Street
Telecommunication	Communicating	Index Funds	Tech Funds (wrong again!)
on	Conference Calls	Load Funds	No-Load Funds
Videoconferencing	Bears	Financial Planners	Doing it Yourself
	Tax Loopholes	Full-Service Brokers	No-Frills Brokers
	Empire Building	Investment Clubs	Health Clubs
			Worrying About Social

## What's Happening

### WAY TO GO JOE!!!

For being elected to the Principal Financial Group's **Hall of Fame!** It took 20 years of top club production to reach Principal's highest honor. Joe's picture will be displayed in the main lobby of their home office building in Des Moines, Iowa (knowing Joe he will try to get his kids' picture there as well).

and The Chamber Awards Go To . . .

Congratulations to the following Chamber Award Winners!

**Quality Lumber - Business of the Year**

**Margaret Borchert - Educator of the Year**

**Robert T. Keefer Jr. - Citizen of the Year**

**Rotary Club of West Seneca - Service Organization**

# The Sgroi Financial

## THERE'S PROBABLY A LOT MORE WE CAN DO FOR YOU!

1996 marks our 25th year in the business of financial planning and we have worked hard to provide you with the knowledge and service that you deserve. We have built this business on **hard work** and **total integrity**. Our number one concern is our clients and their financial well being. We feel that, in terms of their financial future, we have gotten some of our clients to home base and some of them to second base with no outs and the strength of the line-up due up to bat. For various reasons, many of you are still on first base or standing in the batter's box and are waiting for the signals from the coach for your next move. We are willing to bet (please don't tell the commissioner) that a lot of you still do not know all of the services H. Joseph Sgroi & Associates provides to many of our clients. We "coach" from all aspects of this business like no other firm or bank in Western New York. The following are some of the services we provide:

**Life Insurance** - This is the old veteran of our business (how many of you remember Joe's Volkswagon Beetle). Did you know that we are currently licensed with over 80 insurance companies and provide more choices than probably any other company in WNY? We provide insurance to protect your family, pay your mortgage or your business debt, fund your business buy-sell agreements, insure your retirement options, and, if needed, pay estate taxes with tax-free dollars.

**Annuities** - This is our utility player and the MVP of our team. The flexibility that this provides us, with a Single or Flexible premium, makes this a great choice for the safe players with all the safety of an insurance company. Again, being licensed with over 80 insurance companies gives us the advantage to shop the free agent market for the best product available. Annuities can be used for IRA or any qualified money or after tax money that you would like to tax defer until your taxable income is lower.

**Mutual Funds** - This is getting to be a fan favorite. With the stock market having a great year in 1995, many people choose to take a swing with these popular investments. With diversity from bond funds to emerging market funds, we can deliver a wide variety of funds from many different fund families with top quality fund managers. Because of the ever changing playing field, we spend much of our time studying new products and different investment options. The various ways to invest in these vehicles, from lump sum to monthly automatic deposits, help to make these even more popular. The things to keep in mind with mutual funds are: always pick a great manager, invest for the long term with your risk capital (nobody can time the market) and have someone you trust (us) guide you.

**Certificates of Deposit (CDs)** - The reliever in our firm, CDs provide the client with a well known investment. The difference in our firm is that we shop the country for the best rates available (fully F.D.I.C. insured).

Some of our other teammates include: **Disability Insurance, Nursing Home Insurance, Individual Stocks, 401k plans and 403(b) - TSAs** for public school system and clients working for Not-for-Profit Organizations, to name a few.

Along with our players we also have the best administrative staff in the business. We feel our service is the most important part of our business. With our expertise, we can take you from college financial planning all the way through planning your estate so Uncle Sam gets significantly less than he would without us involved.

Some of you are already aware that we provide the above services, but for those of you who aren't, now is a great time to let us do a complete factfinder for you and see if together we can hit that homerun.