



September 2017 – Uncertainty and Fraud

The worst kind of pain is when you're smiling just to keep the tears from falling—attributable to various sources

Uncertainty and Fraud

Most of us are aware the credit bureau, Equifax, recently suffered one of the biggest data breaches in history. From May through July of this year, hackers were able to access and steal the names, social security numbers, birthdays, addresses, and in some cases credit card numbers of some 143 million Americans. As there are only about 250 million Americans over the age of 18, there is a very good chance that you were included in this breach.

While this is disturbing news, there is no need to panic, and there are several steps that you can take to decrease your chances of identity theft or other financial harm. We don't know what works best for you, but you should do what makes you comfortable. (We would also encourage you to reread our newsletter from last quarter 'Cybersecurity and You' about other steps you can take to protect yourself.) Enumerated below are some options you might consider.

- 1) Credit Monitoring - Sign up for credit monitoring and regularly review all your financial accounts yourself for unusual activity. Equifax is offering their credit monitoring service for free for one year but be aware that you will automatically be charged on an ongoing basis for monitoring once the first year is over.
- 2) Credit Freeze - Freeze your credit by contacting all three credit bureaus (Equifax, Experian, and TransUnion). This is typically a simple process and can be done online or by mail, but does cost a small fee and may complicate your ability to open new financial accounts.
- 3) Added Security Measures - Contact all your financial institutions (such as Schwab or TD Ameritrade) and request additional protection on your investment accounts. These will vary from company to company, but can include adding a verbal password to your account or requesting "two-factor authentication" be added to your online login. (An example of such is when a company texts you a code to access a website.)
- 4) Do Nothing – This might be odd advice to hear, but in the world we live in with the number of breaches that have occurred over the years, it is very possible, and even likely, that all the personal information that was stolen from Equifax was already out and available to those looking for it. It is not hard to argue that the likelihood of identity theft is pretty much the same as it was before the breach. Furthermore, credit card companies and financial institutions are getting better every year in stopping fraud before it happens. Many of you have probably gotten calls from your credit card companies alerting you to questionable charges and issuing you a new card immediately with no penalty or cost to you (other than inconvenience). Security at the "front lines" should continue to get better and will likely be the best defense for most of us going forward.

Almost all of us are vulnerable to potential financial losses due to some form of identity theft. But this danger is made worse as we grow older because of some finite probability of decreased cognitive abilities functions.



The facts are stark. The American Alzheimer's Association reports that one-eighth of the population has decreased abilities at the age of 65 and one-half for those over 85 due to this terrible disease. There are also other forms of dementia such as vascular dementia, stroke, alcohol impairment, etc.

All of this means we will all either die young or have some kind of dementia or have an immediate family member with dementia.

Given that we are also challenged by some sort of identity theft what can we do?

While there are no cure-alls there are steps we can take. We can have both a financial advisor and a "trusted person"—usually a family member. However, we must be aware, as noted also by the Alzheimer's Association, that only 30% of financial abuse to the elderly is by an unknown party. Unfortunately that means the remaining 70% is due to the trusted person or the financial advisor. Such crimes are truly the cause of, and should be, much concern for each of us, our spouses and children. Hopefully among ourselves and our trusted advisors there is a functioning system of checks and balances.

Just in case you think it is different with you remember that we are all human and that no rational person would ever hire another person they believed was dishonest; therefore, all theft by employees within a company are done by those the company thinks are honest. Each of us is in the same situation.

While our investment objectives may differ we all want to safeguard our assets. Vigilance and controls are always important.

Finally, in the third quarter, a raft of storms and hurricanes hit the United States in the strong economic regions of Texas and Florida that caused billions of dollars in damages to the infrastructure and the economies of these states. Despite the natural disasters, economic growth is expected to continue. The stock market continues to enjoy its ninth year of expansion by benefiting from strengthening global demand, a favorable domestic economy, historically low interest rates, low inflation, favorable central bank policies and low oil prices. However, as we get ready to close 2017, the list of national, global and regional uncertainties are long. Uncertainties about the leadership and composition of the Federal Reserve, the tapering of the quantitative easing program by the Federal Reserve, North Korea, the Russia investigation, rise of nationalism, inequality in developed countries, deeply divided opinions and the final outcome of Brexit are all cause of concern that can give rise to volatility in the markets. The market "seas" may become a bit more choppy.

As always we are grateful for the opportunity to help you with your investments.