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Truth, Knowledge, Experience *2nd Quarter 2019*

Hi Everyone,

I hope you are enjoying your summer. We have found ourselves in the midst of some market uncertainty as the trade war wages on between the US and China. As we head towards the 2020 presidential elections, markets have historically been strong during election years.

Sincerely,
Matt Geremia

In This Issue:

Navigating the Maze of Student Loan Repayment Options

Presented by Stephen Geremia

Graduating from college is certainly cause for celebration! But for many graduates, earning a higher education degree has left them with sizable student loan debt. Fortunately, there are a variety of repayment choices available—from consolidation to refinancing—to help lessen this burden.

So, which path should you take when navigating the maze of repayment options? It will depend, in part, on which type of student loans you have: federal or private.

Repayment Plans

Federal student loans. If you've taken out federal student loans, there are quite a few repayment plans available.

- **Standard repayment plan.** Based on your loan balance, with standard repayment you are required to pay a fixed amount each month for up to 10 years.
- **Graduated repayment plan.** With this structure, you make lower payments in earlier years and then increase payment amounts in later years, for up to 10 years. This plan can be helpful for those who anticipate earning a higher income in the future.
- **Extended repayment plan.** This plan extends the amount of years in which you repay the loan, up to 25 years. Here, it's important to note that the amount of interest you pay over the life of the loan will increase with a longer repayment period.
- **Income-driven repayment plan**. Depending on when your loan was obtained, different income-driven repayment programs are available. To participate in one of these plans, you will need to apply and meet the qualification requirements. They include a payment around 10 percent to 20 percent of your discretionary income, with the possibility of loan forgiveness after 20 to 25 years. If a student loan is forgiven through this program, the amount forgiven will be considered taxable income.

More details about these plans, as well as a repayment estimator calculator, are available on the U.S. Department of Education's website at *https://studentaid.ed.gov/sa/repay-loans*. Your loan servicer is also available to assist with implementing whichever repayment option you select.

Private student loans. For those with private student loans, the repayment options are a bit more limited, and all of the details can be found in your original loan agreement. On average, private loan repayment terms range from 5 to 20 years. Unlike federal student loans, private student loans generally do not provide income-driven repayment options or loan forgiveness.

Loan Consolidation

If you have multiple loans, a main advantage of consolidation is that you will have only one payment to one lender.

Federal student loans. With the federal loan consolidation program, you still have access to the federal repayment options discussed earlier. But your interest rate will *not* decrease. The interest rate will be a weighted average of all the rates on the loans, rounded up to the nearest 0.125 percent. Prior to consolidation, carefully review your existing loans for any benefits (e.g., interest rate discounts or principal rebates) or payment credits toward loan forgiveness you may relinquish upon consolidation.

"An investment in knowledge pays the best interest"~ Benjamin Franklin

Private student loans. When you meet certain qualifications, private loans can be consolidated into one new refinanced loan, ideally with a lower interest rate.

Loan Refinancing

One reason to think about refinancing is to obtain a lower interest rate, which in turn can lower the amount of interest you will pay over the term of the loan. You should expect to pay a fee to refinance, and the interest rate will depend on current market rates and your credit score.

The only option for refinancing federal student loans is with a private loan. A word of caution here: if you are refinancing from a federal loan to a private loan, you cannot return to a federal loan. Be aware that moving away from a federal loan means you will lose income-driven repayment options and any loan forgiveness that might have been available with the federal student loans.

Loan Forgiveness

Public Service Loan Forgiveness Program. When you work full-time for a qualifying nonprofit or government agency, certain loans (e.g., Direct Loans) may qualify for the Public Service Loan Forgiveness Program in conjunction with an income-driven repayment program that includes 10 years of qualifying payments. The amount forgiven will not be considered taxable income.

Teacher Loan Forgiveness Program. This program may provide loan forgiveness up to $5,000 or $17,500 for certain loans when various qualifications are met, including teaching full-time for five years in a low-income school or educational service agency. Again, the amount forgiven will not be considered taxable income.

Repayment Tips

As you begin to consider these student loan repayment options, it may help to keep these tips in mind:

- Automatic repayments may slightly lower the interest rate with some lenders. It may be worth asking your lender or loan servicer if this applies to your loans.
- A budget can help manage your expenses to free up additional funds to repay your loans or to make extra payments.
- When making extra payments, consider focusing on repaying the student loans with the highest interest rates first.
- Private student loans have fewer repayment options and protections available compared with federal student loans. As such, evaluate if it makes sense to repay private loans ahead of federal loans, taking into consideration the respective interest rates.
- Look for ways to increase your income, such as working overtime or obtaining a second job, to help with extra payments.
- Depending on your income, part of the student loan interest you pay may be tax deductible up to $2,500. (**Please note:** This deduction is not available if someone else can claim you as a dependent on his or her tax return.)
- If you stretch out the number of years you will be repaying the loan, you will increase the amount of interest paid over the life of the loan.
- How you repay your students loans will affect your credit. For example, if you are late or skip payments, that may harm your credit score, which may limit your future ability to obtain a new loan at a reasonable rate or to refinance your existing student loans.

Weigh Your Options

Your repayment and consolidation options will vary depending on the type of loan. Evaluating the current loan interest rate, whether the rate is fixed or variable, and the term of the loan (how many years to repay) will provide a meaningful foundation as you begin to weigh the options.

If it is a struggle to make your student loan repayment, contact the lender or the loan servicer for help. In certain circumstances, the lender may allow a loan deferment or forbearance to delay payments for a limited time.

"A wise person should have money in their head, but not in their heart" ~ Jonathan Swift

Devising a Data Breach Game Plan

Presented by Stephen Geremia

As you've likely read in the headlines, many companies have been victims of data breaches in recent years. For many of us, this situation can feel overwhelming. If businesses can't protect themselves from cyberattacks, what chance does the average consumer have?

Time to plan

The bad news is that we likely can't stop these data breaches from happening. But the good news is that, depending on the breach, it usually takes only a couple of key actions to reduce how you'll be affected—if at all. The secret lies in pinpointing the specific information that's at risk. Ask yourself, if attackers were to get ahold of *this* account, what could they access? From there, you can devise a simple game plan for almost any breach.

Credit and debit cards. A good place to start is by making safe choices when it comes to using your credit and debit cards. For example, enter payment information online only at HTTPS sites (as opposed to HTTP sites), never store your payment information on sites, and do business only with companies you trust.

Even when you make the right choices, however, your payment information will inevitably get out there. If you do catch wind of any breach of credit or debit card information, it's best to take the following steps:

- Review your recent card activity to see if any unauthorized charges have occurred.
- Report any unauthorized charges to your bank or credit card company.
- Request a replacement card.

Here, it's important to keep in mind that not all data breaches are properly disclosed. In fact, many aren't revealed until months (or even years!) after the compromise took place. Get in the habit of regularly monitoring your financial activity, and report anything suspicious as soon as you can.

Passwords. In the past few years, LinkedIn, Yahoo, and Twitter passwords have been exposed on a mass scale. What steps should you take when something like this happens again? First, change your password. But also ask yourself, *Have I used this password or a similar password for other online accounts?*

If you use a password in multiple places and just one of those places is breached, someone could access all accounts that use that password. The solution? Break the "password reuse" habit! That way, the next time an incident happens, you would have to change only the password to the site that was breached. To simplify this process, you might also consider adopting a password manager.

Enabling multifactor authentication can also help protect your account with an additional layer of security. For example, you might receive a smartphone or e-mail notification every time you use your password. So, if your password were ever exposed, an attacker would need that other form of authentication to log in—which he or she is unlikely to have.

Social security number. Unlike a password, you can't simply change a social security number when it has been exposed. What you can do is freeze your credit. As of September 2018, freezes are free, and they're the most heavy-duty tool at your disposal for protecting your credit. It's a preventive measure against (1) new lines of credit being opened in your name and (2) hard inquiries.

Some other tools worth looking into for an exposed social security number include:

- **Fraud alerts:** These alerts encourage companies to verify with you before opening new lines of credit.
- **Credit monitoring:** These tools monitor your credit in real time for any changes. They are *reactive* and not *proactive*; they alert you *after* the unauthorized activity happens.

- **Identity theft protection services:** For a hands-off approach to identity protection, these products offer tools and resources for one subscription fee.

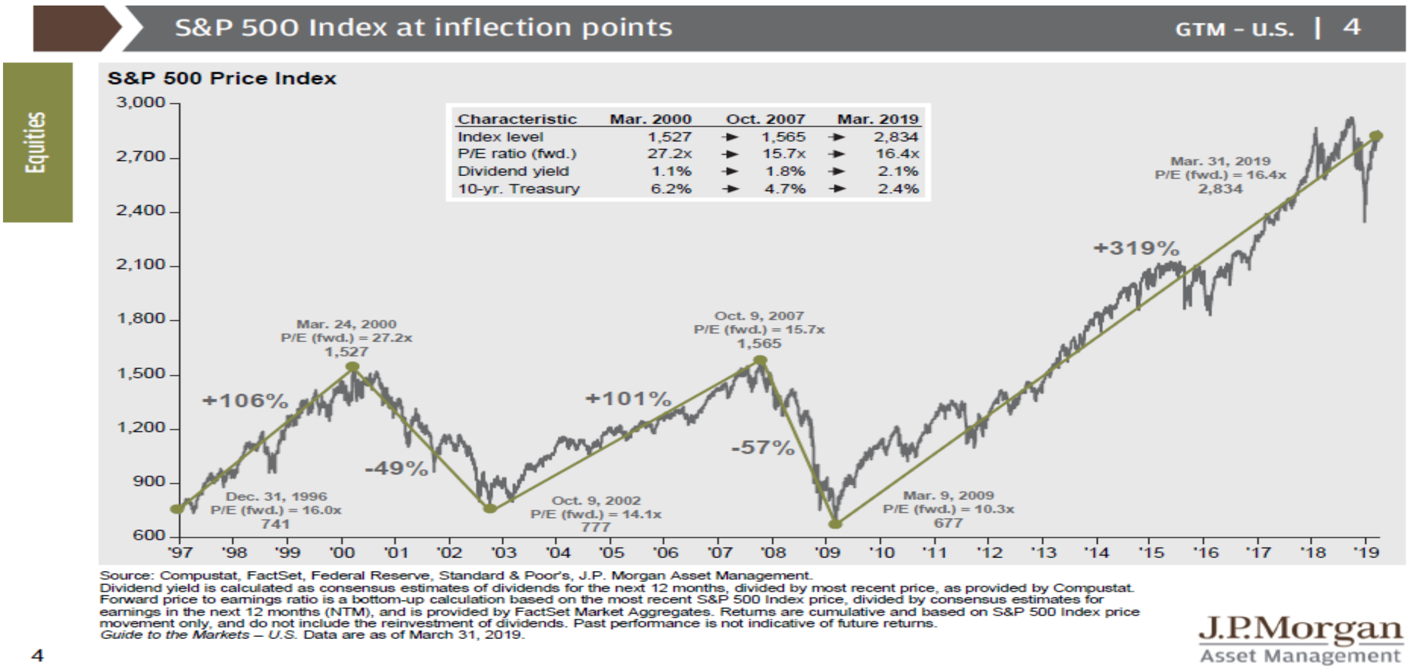
Are you ready?
Now, let's apply what we've learned so far to a breach that doesn't fit so neatly into the categories above. In 2018, Facebook discovered a weakness that allowed attackers to take over any account. Attackers could find and reuse anyone's unique access token, allowing them to authenticate users' accounts. There was no known evidence of misuse, only the potential for it. Affected accounts were notified by Facebook via e-mail. If you received such a message today, what would you do?

You might start by asking yourself what your Facebook account has access to. With social media specifically, the answer depends on how you use your account.

- Does your profile have your real birth date?
- What third-party applications do you have connected to your Facebook account?
- Do you use Facebook Connect to log in to other online accounts—ones that might store your payment information?
- Have you ever messaged a family member your Netflix password, credit card information, or even social security number?

Once you identify what's at stake, identify the steps you can take to lock it down. Can you separate those connected apps—or at least change their passwords? Do you need to limit the type of information you post on Facebook? Can you monitor anything else that may have been exposed, like a credit card number?

Don't panic, do take action
Every breach is different. As such, there is no list of the "top three ways" to reduce impact across the board. But with a plan in place, there will be no need to panic when news of another breach hits the headlines. There will be the need to take action—and your data breach plan can help get you started. If a breach does affect you personally—to the point where someone is abusing your information and you can't figure out what to do next—we recommend checking out the helpful resources at IdentityTheft.gov.



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