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Truth, Knowledge, Experience *4th Quarter 2018*

Hi Everyone,

We now have divided Government with Republicans controlling the executive branch and senate, Democrats the house. While this has historically been positive for the market we are at a unique crossroad with rates rising globally. Dividends and interest will play a major roll in returns as we move forward

Sincerely,

Steve Geremia

In This Issue:

Ways to Better Protect Yourself from Identity Theft

Presented by Stephen Geremia

As we learned from the Equifax breach in 2017, we can fall victim to identity theft through no fault of our own. Although it isn't feasible to master every identity theft scenario, it's worth your time to learn more about the available identity theft tools and services and how to initiate a recovery plan if you become a victim. Here, we review four remediation resources and services, focusing on the benefits and risks of each. These tools may be used concurrently.

Credit monitoring

This service monitors your credit file for changes or suspicious activity. Credit monitoring can send alerts—typically via e-mails or text messages—if there are hard-credit inquiries about you or when new lines of credit are opened. If anything looks fishy, you can report the activity to the company holding that account and the major credit bureaus. At this stage, some incidents may be remediated.

Benefits

- Often, this service is free of charge after major breaches (e.g., Equifax, Anthem) when social security numbers (SSNs) have been exposed.

Credit monitoring doesn't restrict your access to your credit file.

Risks

- Credit monitoring is *reactive*. You're notified *after* unauthorized activity has occurred.
- You must entrust another company with your SSN.

Only credit is monitored; other accounts are not.

Fraud alerts

A fraud alert is a cautionary note that you can have placed on your credit report. It tells credit lenders or service providers that you may have been a victim of identity theft, so they must verify with you before making changes to your credit. For example, if you apply for a credit card while you have a fraud alert in place, the credit card company may call you to verify that you were the one who submitted the application. Verification usually happens over the phone, but there is no standard means of verification defined by law.

Fraud alerts come in two flavors: *initial* fraud alerts, which last one year, and *extended* fraud alerts, which extend that time to seven years. To implement an extended fraud alert, you're required to file an identity theft report with the Federal Trade Commission (FTC) first.

Benefits

- These services combine the benefits of other tools (e.g., credit monitoring) in one place.
- If 24/7 support is available, it can guide you through the steps to mitigate the situation at any time.

Some services can monitor other accounts, not just credit files.

"If you really look closely, most overnight successes took a long time"~ Steve Jobs

Risks

- The verification process isn't clearly defined by law.
- Verification could delay credit changes.

Existing accounts aren't protected.

Credit freezes

This tool freezes credit files so that no one—including the individual who placed the freeze (i.e., you)—can open a new line of credit. Therefore, before opening a new line of credit, you would need to unfreeze your credit file using a personal identification number (PIN) provided by the credit bureau.

Benefits

- A security freeze is the most effective preventive measure because, without the PIN, no changes can be made to a credit file.

As of September 2018, credit freezes are free to implement in all 50 states.

Risks

- The application process requires a separate submission to each credit bureau.
- A freeze restricts access to your own credit. You must unfreeze it to allow changes.

It doesn't restrict access to existing accounts; fraudulent activity can still occur in those.

Identity theft protection services

Identity theft protection services provide a suite of helpful tools and resources in one package. The better services offer real-time credit monitoring at all three major bureaus, customized account alerts for more than just credit, and a 24/7 call center.

Benefits

- These services combine the benefits of other tools (e.g., credit monitoring) in one place.
- If 24/7 support is available, it can guide you through the steps to mitigate the situation at any time.

Some services can monitor other accounts, not just credit files.

Risks

- You must entrust another company with your SSN.
- These services can be costly.
- Quality may vary. Before subscribing, be sure to perform due diligence.

Most vendors won't help with theft that occurred before you subscribed to their services.

Other steps

A great starting point for victims of identity theft is identitytheft.gov. By following the site's simple prompts, you can select your identity theft situation, access guidance and resources specific to you, and file identity theft reports with the FTC.

Preventing a second theft. Maintaining healthy account hygiene can help prevent unauthorized activity in the future. Here are some tips:

- **Change account passwords** for all accounts that may have been compromised.
- Ensure that your **passwords are unique** for each account. That way, if one account is compromised, the attackers potentially can't access your other accounts.
- Enable **multifactor authentication**, which asks users to provide more than one form of identification to log into accounts. For example, in addition to entering a password, you would be prompted to access something you have, such as a smartphone or hardware token.

If you suspect that your e-mail accounts have been hacked, **review the mail-forwarding rules** and delete any you don't recognize. Attackers often add forwarding rules so that when accounts send or receive certain e-mails, the e-mails are forwarded—even after you've regained access and changed your passwords.

Year-End Financial Planning Checklist
Presented by Stephen Geremia

As 2018 draws to a close, it's time to begin organizing your finances for the new year. To help you get started, we've put together a list of key planning topics to consider.

Savings and investments
Revisit your retirement contributions. Review how much you're contributing to your workplace retirement account. If you're not taking full advantage of your employer's match, it's a great time to consider increasing your contribution. If you've already maxed out your match or your employer doesn't offer one, boosting your contribution could still offer tax advantages. Now is also a good time to ensure that your portfolio allocation remains in line with your objectives.

Take stock of your goals. Did you set savings goals for 2018? Realistically evaluate how you did, and think about your goals for next year. If you determine that you are off track, we'd be happy to help you develop and monitor a financial plan.

Health and wellness
Spend your flexible spending account (FSA) dollars. If you have an FSA, those funds may be forfeited if you don't use them by year-end. (Some FSAs offer a 2.5-month grace period or the ability to carry over up to $500 into the next year; check with your employer to see if those options are available.) It's also a good time to calculate your FSA allotment for next year, based on your current account excess or deficit.

If you're not using an FSA, evaluate your qualifying health care costs to see if establishing one for 2019 would make sense.

Taxes, taxes, taxes
Manage your marginal tax rate. If you're on the threshold of a tax bracket, deferring income or accelerating deductions may help you reduce your tax exposure. It might make sense to defer some of your income to 2019 if doing so will put you in a lower tax bracket. Accelerating deductions, such as medical expenses or charitable contributions, into the current tax year (rather than paying for deductible items in 2019) may have the same effect. In addition, reviewing your capital gains and losses may reveal tax planning opportunities—for instance, harvesting losses to offset capital gains.

Here are a few key 2019 tax thresholds to keep in mind:

- **The 37-percent marginal tax rate** affects those with taxable incomes in excess of $510,300 (individual), $612,350 (married filing jointly), $510,300 (head of household), and $306,175 (married filing separately).
- **The 20-percent capital gains tax rate** applies to those with a taxable income in excess of $434,550 (individual), $488,850 (married filing jointly), $461,700 (head of household), and $244,400 (married filing separately).
- **The 3.8-percent surtax on investment income** applies to the lesser of net investment income or the excess of modified adjusted gross income over $200,000 (individual), $250,000 (married filing jointly), $200,000 (head of household), and $125,000 (married filing separately).

Consider the benefits of charitable giving. Donating to charity is another good strategy for reducing taxable income. If you'd like to help a worthy cause while trimming your taxes, it's worth exploring your charitable goals and various gifting alternatives.

Make a strategy for stock options. If you hold stock options, now is a good time to make a strategy for managing current and future income. Consider the timing of a nonqualified stock option exercise. In light of your estimated tax picture, would it make sense to avoid accelerating income into the current tax year or to defer income to future years? And don't forget about the alternative minimum tax (AMT). If you're considering exercising incentive stock options before year-end, have your tax advisor prepare an AMT projection to see if there's any tax benefit to waiting until January of the following year.

Plan for estimated taxes and required minimum distributions (RMDs). When considering your taxes for 2018, be sure to take any potentially large bonuses or a prosperous business year into account. You may have to file estimated taxes or increase the upcoming January payment. If you're turning 70½, you'll need a strategy for taking RMDs from your traditional IRA and 401(k) plans.

Adjust your withholding. If you think you may be subject to an estimated tax penalty, consider asking your employer (via Form W-4) to increase your withholding for the remainder of the year to cover the shortfall. The biggest advantage of this is that withholding is considered as having been paid evenly throughout the year instead of when the dollars are actually taken from your paycheck. You can also use this strategy to make up for low or missing quarterly estimated tax payments.

Proactive planning

Review your estate documents. To help ensure that your estate plan stays in tune with your goals and needs, you should review and update it on an ongoing basis to account for any life changes or other circumstances. If you haven't done so during 2018, take time to:

- Check trust funding
- Update beneficiary designations
- Take a fresh look at trustee and agent appointments
- Review provisions of powers of attorney and health care directives
- Ensure that you fully understand all of your documents

Check your credit report. It's important to monitor your credit report regularly for suspicious activity that could indicate identity theft. Federal law requires that each of the nationwide credit reporting companies (Equifax, Experian, and TransUnion) provide you with a free copy of your report every 12 months, at your request.

Get professional advice. Of course, this list is far from exhaustive, and you may have unique planning concerns not covered here. As you prepare for the coming year, please feel free to reach out to us to discuss the financial issues and deadlines that are most relevant to you.

Whatever your planning may entail, we wish you a happy, healthy, and prosperous 2019!