

Identity Theft & Cybercrime



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"Life's tragedy is that we get old too soon and wise too late" - Benjamin Franklin

Over the past few months I attended two presentations on identity theft and have read multiple articles on cybercrime. While I use a computer hours on end and am on the internet every day, I am not a member of the generation that grew up using computers as a toy. As a baby boomer, my computer and the internet play an essential part in my business. However, I still struggle, at times, with the intricacies of all the settings and fine tuning that is needed to make the computer and internet work to their highest efficiencies. It is therefore very disconcerting to learn that these every day tools can be used for despicable criminal activity, including identity theft.

Cybercrime refers to any criminal activity that involves a computer and a network. Cybercrime is frequently, but not always, used in identity theft. As an example, thieves are also known to rummage through garbage looking for information in addition to using the internet and computers. The Federal Trade Commission (FTC) defines identity theft as someone stealing your personal information and using it without your permission. It's a serious crime that can wreak havoc with your finances, credit history, and reputation — and can take time, money, and patience to resolve. The goal of this article is to make you aware of: 1) how cybercrime and identity theft are on the increase and 2) the venues where it can take place. An article in a future newsletter will discuss various ways to help protect yourself from becoming a victim.

According to Javelin Strategy and Research, a firm that conducts an annual survey of identity theft victims, about 13.1 million U.S. adults were victims of identity theft in 2013. That is more than 1 out of every 20 people in the United States. This is an increase of 500,000 victims from 2012. It is the second-highest annual total in the 11-year history of Javelin's annual study. And, given recent news about massive database breaches at Target, Nieman Marcus, Adobe Systems, Advocate Health Care, Living Social, Apple etc., it is likely that the number of victims will continue to rise after the 2014 survey results are tallied.

Once identity thieves have your personal information, they can:

- Close out your investments and drain your bank account
- Run up charges on your credit cards
- Open new utility accounts
- Get medical treatment on your health insurance
- File a tax refund in your name and get your refund

All of these illegal activities have already been documented so this list could grow as time goes on. Fake IDs have become a big business. "Entrepreneurs" from China, Panama and other overseas destinations are selling fake IDs on demand over the internet for as little as \$75.

As part of cybercriminal activity, your information is at risk everywhere. Consider the following:

- On your computer – malware, ransomware and phishing schemes to obtain personal information
- On your smartphone – mobile malware, Android phones especially vulnerable
- On social media – obtaining personal information that can be used for illegal purposes
- At the doctor's office – a goldmine of personal information in the wrong hands
- In the cloud – stored information is only as safe as the provider makes it
- Where you shop – any place you shop or dine has the potential for credit card theft
- While having coffee – Open/unprotected free networks are easy to breach
- When you pay taxes – Tax refunds have been sent to accounts other than yours
- When you travel – Credit card skimming devices can gather your information

In closing, it's scary out there and there is no way to experience 100% protection at all times and in all places. Since next month's newsletter will be the Second Quarter Look-Back issue, I will offer some suggestions on deterring identity theft and cybercrime in the August newsletter. We welcome back Nyal Bishoff, specialist in long term care issues, as our guest article contributor this month. Nyal is one of the most knowledgeable people that I have met in the long term care area. Enjoy the summer and take good care!!!

Informed vs Prepared

By: Nyal Bischoff

Jim Fydroski does an outstanding job of making sure that anyone who regularly reads these newsletters is well informed on a wide variety of topics. One would be wise to follow the advice in these columns. The vast majority of us readers have a first aid kit in our home and car in case of an emergency, a fire extinguisher nearby in case of a fire, and have a flashlight, fuel and generator in case the power goes out. All good examples of well informed and well prepared. (Perhaps you acquired these items after the painful experience of needing them and not having them.) Congratulations, you have a PLAN!! By now most of us also know that Medicare and health insurance won't cover the chronic diseases of aging, that an average stay in an extended care facility is about 2 ½ - 3 years @ \$90,000+/yr., that there is a high probability we all face that we may need some care as we age in place, and that you have to be practically broke to qualify for Medicaid (medical welfare.) So we are well informed. BUT.....

WHAT IS YOUR PLAN

IF YOU HAVE AN UNEXPECTED CHRONIC HEALTH EVENT?

Not an acute one which is covered by Medicare or health insurance, but a chronic one where you need help getting through the day for an extended period of time. Few households have the income to pay for even modest amounts of home care much less the high cost of a facility. WHAT, no band-aid, no fire extinguisher, no flashlight? Have you worked and sacrificed for your entire life to be financially comfortable only to be potentially thrown into financial crisis management? And this is way past painful. This is financially devastating, even for households that are "financially comfortable".

Before we talk about solutions, let's make sure there is a clear understanding of the problem. If an unexpected chronic health event occurs, the only thing between you and potential financial ruin is the lifelong financial assets you have accumulated. Some simple math: Divide your total assets by \$90,000 and you now know how many years you could pay if only 1 person needed care. (You will need to at least triple the cost of care in 25 years and it is extremely unlikely that your assets will triple during that time which is the reason medical bankruptcy is so common.) Let's also remove some myths. You didn't get to this stage in life by taking reckless chances and you have heard from friends or read that coverage is expensive and difficult to afford. The reason – care is expensive. Try it with no protection.

So what are the solutions other than leaving this world quickly? (You are in denial if you are betting your life savings that will happen to you!) **CREATE A PLAN!!** This is all about proper risk analysis– provide for upside but protect the downside at all cost. You've done it for everything else, doesn't it make sense to do it now so that you can age in place financially worry free?

There are thousands of ways to design affordable coverage to fit almost any budget. If you choose to self-insure this risk there are hybrid plans which have tax advantages and incredible **leverage** that self-insuring can't touch. **KNOWLEDGE IS POWER.** Call your Planner to schedule a visit to become informed.

Since 1988 Nyal Bischoff has specialized exclusively in long term care insurance helping thousands of people in Michigan protect their life savings from the high cost of care. As an independent agent he represents all the top carriers in both the traditional and hybrid long term care markets and is skilled at helping people navigate this complex area critical to a complete financial plan. You need facts to make an informed decision. Explore your options.

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