



Generations

financial advisors

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State of the Union— September 2017

To our clients the State of the Union fall 2017 — **Beyond Trump and POLITICS....**

EQUIFAX and the data breach

YOUR MONEY INVESTED WITH US IS SAFE!!! We can only send money to you via mail or your bank. The only way money can go to a third party is with your signature!

We have received a number of inquiries on this topic. This of course goes hand in hand with overall questions regarding data security, and more importantly what we/you should do to try and be safe/responsible.

First let us say that if the answer to cybersecurity were an easy one, the problem would have been solved by now. There is no easy answer/solution or fix. But we will try and give you some answers to the question:

“WHAT SHOULD I DO?”

A bit of background you may or may not know... Equifax is a publicly traded company. It is one of the three credit reporting agencies (Experian and TransUnion) used by almost all mortgage, credit card and other credit/lending services. Equifax and the others aggregate financial data about us and computes a “credit score”. This score is then used as a major factor in the lenders decision to offer us credit and at what rate. So with that said.....

First do not panic..... These types of hacks have happened before, recall Target, Yahoo, and even the federal government Office of Personnel Management have been hacked. That said, the type of data Equifax has is different and important and the size of the hack is large, possibly 143 million people. Frank Abagnale whose life the 2002 movie "**Catch Me If You Can,**" was based on, and who now works as a fraud expert for the FBI told AARP "The truth is, your identity already has been stolen. More than 800 million security breaches have occurred, and we have only about 320 million people in this country." We are not sure that is especially reassuring, but hopefully makes the point about the need for panic.

Go to www.equifaxsecurity2017.com.... Click on “Potential Impact” and then click on “Check Potential Impact” to see if you have been compromised. If so, you can sign up for free credit monitoring and other services. **We recommend this step.**

Don't fall victim to a phishing attack..... Attackers commonly use major news stories as "headline items" in their emails, attempting to gain a quick level of trust or capitalize on the curiosity of the recipient. Current reporting suggests that Equifax is not contacting consumers directly to notify them of the breach. That means any emails you receive from someone claiming to be Equifax are likely a phishing attack. If you want to determine if you have been impacted by the breach, Equifax is asking that people call 866-447-7559.

Sign up for other credit monitoring services?.... Interesting factoid, IF you sign up for LifeLock, buried in their “terms of service” is the fact they use EQUIFAX as one of their “service providers.” LegalShield buys the same services from Experian, one of two competitors to Equifax..

Freeze your credit?..... This is probably the safest thing to do, but it comes with a pretty large “hassle factor” You will need to contact each of the three credit agencies, that means dealing with customer service, and then keep track of the unique PIN they will have for you. Then you will need to contact all three anytime you want to apply for credit, then recontact again to refreeze etc..

Be vigilant on your own.... We recommend this step. You are entitled to a FREE copy of your credit report (not credit score) from each of the credit bureaus each year. So that means you can get a copy of your credit report every 4 months from one of the three bureaus. Take a quick look and make sure you recognize all of your open lines of credit. Take the time at least monthly to check each open credit card you have to see if there are any strange charges. Most credit card companies have algorithms these days and are likely proactively contacting you if a charge seems out of the ordinary. Check your bank accounts at least monthly for unusual activity.

Don't forget the upside..... While cybersecurity is indeed a potential threat and a can cause some anxiety, there are advantages and conveniences in the internet age we may take for granted. From the comfort of our homes, we can indeed check our bank accounts and credit cards via the internet. We can pay friends and family electronically rather than writing checks or making a special trip to the bank to get cash. We can deposit checks with a picture of the check. We would not like to go back in time when all of these things were done in person or physically at the bank.

Generations News....

We have a new addition to the team. Next time you stop by the office say hello to **Dan Gryp**. First you can thank Dan for his service to our country. He served as a Medic in the **U.S. Army from 2009 to 2017**. While serving, he earned his BS in Business from the University of Phoenix. Daniel has spent most of his military career at Fort Campbell, KY. Daniel and his wife Sarah have been married since April of 2009. They have three sons, Logan, Dylan, and Gavin.

While at Generations Wealth Advisors, Daniel will pursue his licenses to become a full fledged financial advisor. In his off time he enjoys traveling, outdoors, and spending time with his family.

To keep this to one page, the market update will be brief.

U.S. large company stock indexes are up around 10% with the tech heavy NASDAQ up closer to 15%. Interesting, U.S. small cap stocks are flat or up only slightly. The good news, earning for the underlying stocks in the indexes are also higher supporting the rise in the stock markets. 2017 looks to be the first year in three with increased corporate earnings.

International stocks are up even more and more broadly. Developed markets are up 15% with the emerging markets up 25%.

U.S. Interest rates are FLAT. The 10 year U.S. Treasury started the year around 2.4% and today is around 2.25% even though the Federal Reserve has raised rates. Similar story to equities here in that international bonds have outperformed U.S. bonds with Emerging Market debt having the best returns.

SO FAR 2017 is once again one of the **LEAST volatile** years in almost 100 years. We are in a period of **EXTREMELY LOW** volatility. The risk here is **COMPLACENCY!!!** There is no exact explanation for this period of low volatility, but rest assured it is happening. For perspective, since 1925 the US stock market normally has 19 times per year where the market is up or down 2%. With the Dow over 22,000, 2% means a 450 point daily move in the DOW. In 2017 we have only had 2 daily drops of 1% or more in the S&P 500. This hasn't happened since 1972. The big news that summer was some guys breaking into a hotel called the WATERGATE! So PLEASE reset your expectations so that NORMAL volatility does not surprise you or create unnecessary anxiety. We should EXPECT the DOW to move 400-500 points in a day almost once every two-three weeks.

If you have any questions please feel free to give us a call. (574) 271-0635 or (800) 324-6235

Also you might try our website: www.gwagranger.com OR our Facebook page Generations Wealth Advisors

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