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Resolute Connections

News came out towards the end of last week that Equifax, one of the three US credit bureaus, had been hacked, in July. *How to Respond to Equifax Data Breach Barometer* outlines steps you need to take to protect yourself from identity theft. Please take this seriously as hackers stole data such as Social Security numbers, addresses, date of births and credit card numbers from 143 million Americans courtesy of Equifax's incompetence, more than likely you, or someone close to you, are one of the victims

In *How Will Harvey Impact the U.S. Economy?* we discuss the economic implications of destructive hurricanes, the same could be said about the more recent Irma. And we follow up the hurricane with some tips that may come in handy in *How to Navigate a Homeowner's Claim*.

If you have any questions about anything we have covered in the articles below, or a specific situation please feel free to give us a call, or visit our website, www.ResoluteFinancial.com.

How to Respond to the Equifax Data Breach

You may have read that hackers broke into the Equifax database and stole personal information tied to 143 million people; roughly 2/3 of all the adults in the U.S.A. Equifax is one of the three major credit bureaus, the other two being Experian and TransUnion. If you have ever conducted a financial transaction with anything but cash, then these firms have your financial information and back ground.

In the case of Equifax hackers accessed people's names, Social Security numbers, birth dates, addresses and, in some instances, driver's license numbers. They also stole credit card numbers for about 209,000 people and dispute documents with personal identifying information for about 182,000 people. There is no reason to think that this data is not for sale to criminals who can use it to open new lines of credit or file phony tax refund requests in peoples' names.

The company compounded its public relations nightmare by sending people to a website to find out if they were affected, and then included language so that anyone signing in to get this information had to waive any right to join a

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class action suit against the company should their identities be stolen and financial harm come to them.

The negative publicity forced Equifax to delete the waiver, but when you sign into the web page to find out if you were affected:

<https://trustedidpremier.com/eligibility/eligibility.html>, the site requests the last six digits of each person's social security number — and guessing first three isn't as hard as you might think since different regions of the country use pre-assigned digits. If you're still worried about Equifax's data security, and why would you be, then the company's request for additional personal information is worrisome.

In addition, one has to wonder if Equifax has a clue what was stolen and from whom. Ron Lieber the NY Times financial writer entered the name Trump and a random set of numbers for the Social Security number into Equifax's website referenced above, and got the same message he did for himself — “your personal information may have been impacted by this incident”. Mr. Lieber's assessment was - “Equifax has no earthly idea who is affected.”

If you have credit, then there's a high probability that identity thieves now have your Social Security number and address. Equifax is offering a free year of credit monitoring through its TrustedID Premier business, whether or not you've been affected by the hack. It includes identity theft insurance, and it will also scan the Internet for use of your Social Security number—assuming you trust Equifax with this information after the breach. Frankly Equifax should be forced to offer this service forever — what is to prevent an identity thief from using our information one year and 10 days from now? Instead Equifax will likely offer an extension of the TrustedID service on day 366 for \$12.95/month, yes as Mr. Lieber pointed out in his article, Equifax may make money out of this fiasco!

So what to do? The five basic steps below outline what actions can be taken to reduce the negative implications of the Equifax hack.

- 1) Despite Equifax's incompetence and their clumsy response to this security breach, you might as well check to see if you are impacted, assume you are, and sign up for the free service on the website referenced above; it can't do any further harm and might actually help. Remember as of today, and this is a moving target, the free service is only for one year, and lenders may use the other two services which are not part of this offering. Therefore the next few steps could be vitally important.

- 2) Under federal law you're allowed to request a free copy of your credit report once a year from each of the three credit reporting agencies: Equifax, Experian, and TransUnion—at www.annualcreditreport.com. You can do this every 122 days by rotating among the agencies. Alternatively, go to www.creditkarma.com to sign up for a free account and you'll get access to free credit monitoring and your credit scores/reports from two of the above providers.

Look for suspicious accounts or activity that you don't recognize — such as someone trying to open a new credit card or apply for a loan in your name.

Then monitor your online statements. The credit report won't tell you if there's been money stolen from a bank account or suspicious activity on your credit card. Unfortunately, you'll have to turn this into a habit. In most cases, theft happens over time, starting with small amounts stolen from across your accounts.

3) Place a fraud alert on your accounts with all the major credit bureaus. You can put a fraud alert, for free, by contacting one of the credit agencies, which is required to notify the other two. This will warn creditors that you may be an identity theft victim, and they should verify that anyone seeking credit in your name is really you. The fraud alert will last for 90 days and can be renewed. However, please note this is not fool proof, creditors have been known to bypass this verification.

4) If you're really worried, consider putting a freeze on your credit. A credit freeze blocks anyone from accessing your credit reports without your permission—including you. This process can take some time, can usually be done online, and each bureau will provide a unique personal identification number that you can use to “thaw” your credit file in the event that you need to apply for new lines of credit sometime in the future. **DO NOT LOSE THIS PIN!** Another advantage: each credit inquiry from a creditor has the potential to lower your credit score, so a freeze helps to protect your score from scammers who file inquiries.

Fees to freeze your account vary by state, but commonly range from \$0 to \$15 per bureau. For Maine residents it should be free, \$5 for Massachusetts residents, and \$10 as a resident of New Hampshire. You can sometimes get this service for free if you supply a copy of a police report (which you can file and obtain online) or affidavit stating that you believe you are likely to be the victim of identity theft. Note freezing your credit files has no impact on your existing lines of credit such as credit cards, lines of credit; you can continue to use them regularly when your credit is frozen.

But – if your credit reports are accessed often for work, or you regularly create new accounts with different institutions then you probably don't want to freeze your accounts as the time and costs to regularly thaw your credit reports could be excessive.

Directions to freeze your credit follow:

EQUIFAX CREDIT FREEZE – (www.freeze.equifax.com)

- Credit freezes may be done online or by certified mail – return receipt requested.
- If your PIN is late arriving, call 1-888-298-0045. They will ask you for some ID and arrange for your PIN to be sent to you in 4-7 days.
- Unfreeze: Do a temporary thaw of your Equifax credit freeze by snail mail, online or by calling 1-800-685-1111.
- If requesting a freeze by mail, use the following address: Equifax Security Freeze, P.O. Box 105788, Atlanta, GA. 30348.

EXPERIAN CREDIT FREEZE – (www.experian.com/freeze/center)

- Credit freezes may be done online; by certified mail – return receipt requested; or by calling 1-888-EXPERIAN (1-888-397-3742). When calling, press 2 then follow prompts for security freeze.
- Request your credit freeze by certified mail using this sample letter. Please note the attachments you must include.
- Unfreeze: Do a temporary thaw of your Experian credit freeze online or by calling 1-888-397-3742.
- If requesting a freeze by mail, use the following address: Experian, P.O. Box 9554, Allen, TX. 75013.

TRANSUNION CREDIT FREEZE – (www.freeze.transunion.com/sf/securityFreeze/landingPage.jsp)

- Credit freezes may be done online, by phone (1-888-909-8872) or by certified mail – return receipt requested. (Some users have reported difficulty with the online method. Please try one of the other options if you too experience difficulty.)
- Unfreeze: Do a temporary thaw of your TransUnion credit freeze online or by calling 1-888-909-8872.
- If requesting a freeze by mail, use the following address: TransUnion Protected Consumer Freeze, P.O. Box 380, Woodlyn, PA. 19094.

5) There's one last way you can protect yourself. ID thieves like to intercept offers of new credit sent via postal mail, and now probably email. If you don't want to receive prescreened offers of credit and insurance, you have two choices: You can opt out of receiving them for five years by calling toll-free 1-888-5-OPT-OUT (1-888-567-8688) or visiting www.optoutprescreen.com.

Or you can opt out permanently online at www.optoutprescreen.com. To complete your request, you must return a signed Permanent Opt-Out Election form, which will be provided after you initiate your online request.

How Will Harvey Impact the U.S. Economy?

By now, you've surely watched with sympathy and concern as hurricane Harvey flooded America's fourth largest city and are starting to see some of the images coming out of Florida. You may remember seeing similar footage when Hurricane Katrina roared through New Orleans, and when superstorm Sandy roared through the most populous areas of New Jersey and New York. As you see Houston sitting in six feet of water, you're probably wondering what the economic impact will be of all this devastation, and how it compares to natural mega-disasters like Katrina and Sandy.

While we don't yet know the true cost of Harvey, and probably won't for months, experts believe two things:

1) The financial toll of Harvey will break all previous records, with estimates ranging from \$80 billion (Enki Research) to \$160 billion (AccuWeather); and

2) In the end, the storm will actually have minimal impact on the overall economy's growth.

But where will the impact be felt?

First, at the pump. The American Automobile Association reports that the average cost of a gallon of regular unleaded gas jumped from \$2.34 to \$2.40 in a matter of days, due to shutdowns that have slowed the flow of gas from the epicenter of Texas' oil refinery industry. (The Houston area processes nearly one-third of America's crude oil.) Interestingly, crude oil prices are falling due to lessened demand; because refinery companies are no longer buying oil on the spot markets while they rebuild and retool.

The Houston area also has a lot of facilities that use petroleum to manufacture a variety of chemicals for export—roughly 21% of the U.S. total. Disruptions to chemicals-related exports could reduce GDP in the fourth quarter by as much as 0.20%.

We can also expect a brief spike in initial jobless claims—the weekly tally of people who file for unemployment benefits for the first time. Economists note that there was a spike in initial claims in Louisiana after Hurricane Katrina, and in the Northeast after Hurricane Sandy. If the past is any indication, this will be a VERY temporary phenomenon because the cleanup in the aftermath, including a lot of repair and construction, will require a lot of temporary labor, reducing the local unemployment rate, for a few months, to near zero.

Meanwhile, up to half a million flooded cars and trucks could be scrapped, according to an estimate by Cox Automotive. Auto insurers like State Farm, Allstate, Progressive, Geico will deal with claims for several months.

Harvey taketh away, but it will also give back: the impact of devastation on the overall economy will be somewhat offset by the huge rebuilding effort's impact on overall GDP. However, the final tally, as mentioned, won't be measurable until the rebuilding has been mostly completed—which won't be anytime soon.

How to Navigate a Homeowner's Claim

Suppose you're the victim of a huge natural disaster like Harvey, or have experienced some more local damage, like a tree falling on your house. What are the best practices for filing a claim for the damages your home and property have suffered?

Recently, the Consumer Federation of America offered tips on how to get all you're entitled to from your insurance company.

The organization starts by noting a disturbing trend: families victimized by Harvey-related wind and flood damage will have to dig deeper into their pockets because few of today's homeowners have federal flood insurance, and because insurers have been steadily increasing hurricane wind coverage deductibles and imposing other homeowners insurance policy limitations.

Among the tips: Report your claim as promptly as possible, since insurance companies generally handle them on a first come, first serve basis. Be sure to write down your claim number, since insurance company claims departments can locate your file most promptly using your claim number.

Meanwhile, maintain receipts for any expenditures related to immediate repairs you had to make to secure your home or any living expenses (hotel, meals) if you could not return to your home in the wake of the storm or as a result of your own home damage experience. (If your claim is limited to flood insurance, additional living expenses are not covered.)

When an adjuster arrives to survey your damage, ask if he/she is an employee of the insurance company or an independent adjuster (I.A.) hired by that firm. If this person is an independent adjuster, ask if he or she is authorized to make claim decisions and payments on behalf of your insurance company, and ask for the name of the in-house company adjuster to whom the I.A. is sending your information.

Many insurance companies will send out one of their approved contractors to estimate your property damage. You are not under any obligation to use them, and you should realize that these approved contractors have likely agreed to limit repair costs based on average cost estimates in the area. You might benefit from getting an estimate from other local contractors, since your damage situation will be unique.

Before you file a claim, know that it helps to have pictures of your possessions, which you can file as evidence of what you're claiming. Make as thorough a list of your possessions as you can. When the claim is made, start a notebook documenting contacts with your insurance company, writing down the date, time and a brief description of every exchange. Keep receipts from emergency repairs as well as any costs you incur in temporary housing, which may be reimbursable under the "Additional Living Expense" portion of your homeowners' policy.

Suppose the claim is denied, or you feel the offer is too low. At that point, you should ask the company to identify the language in your homeowners' policy that served as the basis for denying your claim or offering so little. Once the company pinpoints the appropriate language in the policy, you should be able to determine the fairness of the offer. If you feel that the company has slipped new limitations into the policy and not adequately informed you, it might be a good idea to consult an attorney.

For those not living through Harvey, this might be a good time to look hard at your current policy. The Consumer Federation of America has noticed that new provisions are showing up which limit replacement cost payments, and many insurers no longer cover the additional costs to bring a damaged home up to new building codes (wiring, elevation for flood risk, etc.)

Once the insurance company tells you the reasons for its action, it cannot produce new reasons for denying payment or making a low offer at a later time. You have locked them in—an important protection for the consumer.

If you feel that the offer is too low or the claim denial is wrong, complain to an executive in the firm's consumer relations (who is paid to keep consumers happy) rather than an executive in the claims department (who is paid to keep claims costs low). In the conversation, use the records you've kept since the claim process began. The more serious the insurance company sees that you are in documenting how you were treated, the more likely they will make a more reasonable offer.

If that doesn't get you anywhere, complain to your state insurance department. All states will at least seek a response to your complaint from your company, which will give you more information as you consider your next steps.

Your last option is to consult a lawyer. If you're sitting in the attorney's office, the notes you took take on additional importance. If your treatment was particularly bad, the courts in many states will allow additional compensation when the insurance company acted in "bad faith." Since insurance companies take your money in exchange for their promise to make you whole when disaster strikes, they must act in utmost good faith in performing that obligation.

Sources:

1. Bob Veres Inside Edition Newsletter
2. Ron Lieber, *Equifax's Instructions are Confusing. Here's What to Do Now*, September 10, 2017, New York Times.

For more information on these topics or for a free consultation, contact Resolute Financial, LLC at (978) 463-8771 ext. 1003.

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