www.libertyassetmgt.com | 630.789.9653 | First Quarter 2015

LIBERTY
ASSET MANAGEMENT, INC.

How To Avoid Becoming A Victim Of Identity Theft

How bad is the identity theft crisis? In recent studies by Gartner Research and Harris Interactive, seven million people said they'd been victimized. That's more than 19,000 a day, almost 800 per hour, and 13 every minute. And according to the Identity Theft Resource Center, the average identity theft victim spends 600 hours, $16,000 in lost wages, and $1,400 in out-of-pocket expenses trying to repair the damage.

Though there are ways to limit the harm if someone steals your personal information, prevention beats any cure. Here's how to reduce your vulnerability.

Don't give out personal information. Unless you know the person you're dealing with, limit the information you provide. If you get a call from a telemarketer or even a government agency, ask for a customer service number and check whether the caller is legitimate. If you are still in doubt, contact your Better Business Bureau. If it's a company you've dealt with before, make sure the caller's information matches what's written on past correspondence.

Guard your mail. Identity thieves may sort through trash or raid your mailbox to find bank numbers and other personal information. To protect yourself, shred discarded mail. If you're going to be away, ask the Postal Service (800-275-8777) to hold your mail until you return. And don't leave outgoing mail in your mailbox; use a secure collection box or take it to the Post Office.

Keep track of credit card receipts. Though most merchants limit the amount of personal information printed on receipts, they're still valuable to identity thieves. So ask store clerks to hand you your receipt rather than sticking it into a bag, where it's more likely to be misplaced.

Know what you have in your wallet. Keep an inventory of the credit cards you carry and make sure you have the numbers written in a safe place. Leave your Social Security card safely at home, and be very careful with health insurance cards, which may also list your Social Security number—the holy grail for identity thieves.

Clear your hard drive before you dispose of your computer. Make sure all personal information is non-retrievable before you give away an old computer. If in doubt, remove the hard drive and have it destroyed.

Lock up your personal items. At work or the gym, always secure your wallet or purse in a locked drawer or locker. Left unattended for even a minute, these items could give an alert thief all that's needed to make you the next victim.

Routinely check your credit bureau report. If an identity thief uses your credit card number, the transaction should show up on your credit report.

(Continued on page 4)

Be An Elephant And Downplay Talk Of Bulls And Bears

A funny thing happened during the recent run-up in the stock market: People began to forget what happened in 2008. That's when the market started a downward spiral that lasted almost two years before bottoming out and beginning the long crawl back.

Now that about five years have gone by, many experts are predicting that the recent bull market will continue, perhaps for several more years. On the other side of the coin, some naysayers are expecting a market correction, maybe one of significant proportions.

No one knows for sure what will happen next. But it helps to look back and remember both the good and the bad.

During the last financial crisis, the Standard & Poor's 500 Index took a walloping, declining by about 37%. But then the S&P 500 rebounded and was up about 25% annualized over the five-year period. The hopelessness and panic that gripped investors have given way to euphoria in some circles.

It's far better to keep an even keel. If you've been afraid to reenter the market, be aware that equities historically have proven to be a sound investment. Yet that's no reason to go overboard and sink every dollar you own into the market. Whether the bulls are running wild or the bears are growling, be more like an elephant: Remember the past.

With our assistance, you can chart a sensible path for the future.

Five Financial Steps For Widows

Barbara Weinglass is still in shock. Three months ago, her husband, Marty, unexpectedly passed away at age 67. Marty had been retired for less than two years and the couple was finally getting to do some of things they'd long dreamed about, including traveling and spoiling the grandchildren. To complicate matters, Marty had always handled all of the couple's financial affairs. Now Barbara, 65 years old, is left to pick up the pieces on her own. Her two children are doing what they can, but they live far away and have their own lives to lead.

It's a common scenario, so at least Barbara has some company. And she can begin to move into the next phase of her life by taking these five sensible steps.

1. Meet with a financial advisor. The initial meeting should be a "get to know you" session. If possible, encourage adult children to attend. You may need to discuss some immediate problems—is there enough to keep paying the mortgage?—as well as the emotional support you may need. At this point, it's crucial to make sure bills are paid on time—a necessity often neglected in the aftermath of a sudden death.

2. Avoid any knee-jerk reactions. While a spouse may not be able to postpone all decisions during a time of grief, acting too quickly on important matters could be worse than doing nothing at all. For instance, deciding to put a home up for sale, give extra-generous gifts to other family members, or buy or sell large investments all might be moves you'll regret later. Take a deep breath and assess your options.

3. Review the financial landscape. Do an accounting of assets, liabilities, sources of income, and living expenses. Collect all of your financial statements and begin to develop a long-range plan that sets some concrete financial goals. Of course, the financial advisor can be instrumental in this process.

4. Coordinate with professionals. Bring your attorney, accountant, and other professional advisors into the loop. The financial advisor can serve as the quarterback, but the best results are usually achieved through teamwork. Make sure financial and other plans are synchronized so everyone is pulling in the same direction.

5. Follow up with additional meetings. You should expect to meet several times with the financial advisor. Future sessions may focus on retirement needs, the allocation of investment assets, and changing needs for cash.

Finally, be aware that while well-intentioned friends may offer advice, you should rely on the professionals to see you through the ordeal. ●

Test Yourself On Tax Deductions

Have you filed your federal income tax return for 2012? If not, you might still be able to slim down your tax bill by claiming deductions you may have missed.

What can you deduct? There are two main groups of income tax deductions on a federal tax return. The first group, often referred to as "above-the-line" deductions, are those that may reduce the amount of your adjusted gross income (AGI). Above-the-line deductions include those for IRA contributions, college tuition and fees, and some that you can claim if you're self-employed.

The second group of deductions fall "below the line"; they're claimed on Schedule A and attached to your Form 1040. You may be more familiar with these write-offs, which include traditional tax-savers such as deductions for medical expenses, charitable contributions, and mortgage interest payments and property taxes.

How well do you know the rules for federal income tax deductions? Use this quiz to test your knowledge.

1) Which of the following statements about IRA contributions made by participants in employer-sponsored retirement plans is true?

a) Contributions are always deductible.
b) Contributions are deductible only if your AGI is below an annual threshold.
c) Contributions are deductible only if you are retired.
d) Contributions are never deductible.

2) The maximum deduction for tuition and fees paid to a college is:

a) $1,000. c) $3,000.
b) $2,000. d) $4,000.

3) If you are self-employed, your premiums for health insurance:

a) Are deductible in full.
b) Are deductible only up to 50% of the cost.
c) Are deductible only up to 80%

7 Steps To Take After A Spouse's Sudden Death

The funeral is over, the mourners are gone, and now you're left with the rest of your life after the unexpected death of your beloved spouse. What's a devastated widow or widower to do? For starters, DON'T do anything rash, such as selling the homestead or cashing in all of your stock holdings right away. It may be difficult, especially from an emotional standpoint, but you can pick up the pieces slowly and get your finances in order. Here are seven steps for moving forward:

1. Meet with your professional advisors. One of the first steps – if not the absolute first – should be to contact your attorney, accountant, and financial advisor. These professionals can provide guidance for handling all of the legal, tax, and financial matters relating to you and your deceased spouse. Their counsel will be valuable as you work your way through the remaining six steps on this list.

2. Get the will probated. Assuming your spouse had a valid will and you're the executor—typically the case with married couples—you must begin to probate the will by filing a petition with the appropriate county office. Depending on the particulars, it can take as little as a few weeks or as long as a few years for the process to be completed. Keep your attorney in the loop the entire way.

3. Apply for benefits. Normally, you'll be entitled to Social Security benefits, including a one-time death benefit, plus Veteran's Administration (VA) benefits if your spouse was a military veteran. A surviving spouse over age 60 at the time of the other spouse's death may claim survivor benefits from Social Security. But don't continue to cash Social Security checks for a deceased spouse; you'll likely have to pay those back. It may be necessary to visit the local Social Security office and to contact the VA when appropriate. Also, don't forget to inquire about benefits from your spouse's employer if your spouse was still working.

4. Collect life insurance proceeds. Once reality sets in, you have to go about the regular business of making payments on the mortgage, the car loan, and other debts. Life insurance proceeds could be needed sooner rather than later. Examine your records to determine what you're entitled to receive through any private and employment-based policies. Your insurance agent can help, and your financial advisor can consult with you on how best to deploy any insurance benefit.

5. Review the books. Once you've had a chance to catch your breath, make a comprehensive review of your financial affairs. Go over your checkbooks, files, and online ledgers covering living expenses, loans, and other financial obligations. Separate accounts according to whether they're in your spouse's name, your name, or were held jointly. Then let banks, insurance companies, and other entities know about your spouse's death. And keep copies of these communications and verifications.

6. Change account titles. Begin the tedious process of re-titling accounts at banks, brokerage houses, and the like. Generally, you automatically will be granted a change on accounts owned as joint tenants with rights of survivorship (JTWROS), but the financial institution may require documentation. Contact each institution and comply with its procedures. Make sure you have enough death certificates to meet all of the obligations.

7. Start planning for the long term. Last, but not least, after you've addressed all of the issues requiring prompt attention, look to the future. It's time to circle back to the advisors who helped you at the outset. Reevaluate your investment portfolio, taking your evolving circumstances into account. Update your estate plan with an emphasis on passing wealth to your heirs, such as children and grandchildren, with minimum tax erosion. An estate tax return generally has to be filed within nine months of death. Finally, make those lifestyle choices – perhaps selling a home, heading off on extended travel, or both – that suit your changing needs.

Also make cancellation notices. Your review may reveal gym and club memberships and magazine and journal subscriptions that you can cancel right away. Re-titling your financial accounts will take precedence over this type of bookkeeping, but try not to let this linger, either. Usually, a phone call or a quick note will be enough to take care of things. ●

of the cost.
d) Are never deductible.

4) Deductions for cash gifts to charity:
a) Can be claimed above-the-line.
b) Can be claimed only if your AGI falls below a specified level.
c) Must be made by check or credit card.
d) Must be substantiated by written statements.

5) A gift of appreciated property to charity is:
a) Completely deductible.
b) Fully deductible up to 30% of your AGI.
c) Fully deductible up to 50% of your AGI.
d) Never deductible.

6) Beginning in 2013, taxpayers under age 65 can deduct unreimbursed medical expenses only to the extent that they exceed ___ of AGI.
a) 5%
b) 7.5
c) 10%
d) 12.5%

7) Mortgage interest paid on a loan to build a new home:
a) Is always deductible.
b) Is deductible on the first $100,000 of debt.
c) Is deductible on the first $1 million of debt.
d) Is never deductible.

Answers: 1-b; 2-d; 3-a; 4-d; 5-b; 6-c; 7-c

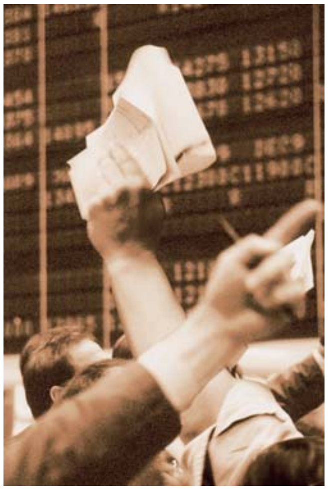
Don't Chase After The Market News

Did you read the newspaper today or check the news online? Invariably, the stock market will be heading up or down, with the movement triggered by anything from company earnings announcements to a change in economic indicators or even a political event such as the recent U.S. government shutdown. And, more often than not, financial pundits may respond by urging investors to buy or sell something.

But you can drive yourself crazy, if you haven't already, by making stock market decisions based on what just has occurred or what you think will happen next. In fact, chasing after the news is a common investment mistake. There are at least four good reasons to avoid this temptation like the plague:

1. The stock market usually moves ahead of the news.

There was no "all clear" signal that the severe stock market downturn of 2008-2009 had abated. But the market hit bottom on March 9, 2009, and embarked on a long, profitable climb even as other financial news remained dire. Typically, stocks move about six months ahead of economic developments, reflecting the collective knowledge, trends, and inclinations of investors. If you try to beat the market by reacting to the latest news, you'll probably be much too late to benefit.



2. You don't have all the necessary information.

Markets tend to move based on the decisions of mutual fund managers or professional analysts who monitor and interpret financial data for a living. They have a lot more information than you do, and they get it much sooner than you—and millions of others like you—who will hear it on television or find it on the Internet. That puts you at a decided disadvantage.

3. You can't believe all the hype.

In this electronic age, media reports are often prone to hyperbole, as the pressure to generate interest from a fickle public continues to increase. That could lead producers to overreact to news tidbits or sensationalize minor events. One small incident usually doesn't portend a complete economic collapse, so take reports of impending doom with a grain of salt. It isn't likely that the sky is falling!

4. Market timing is difficult, if not impossible.

To be successful at market timing, you have to be extremely skilled or lucky, or both. Over the long term, buying or selling based on what you hear or read almost never beats a consistent, methodical long-term approach. It's better to make investment decisions based on financial particulars rather than on instincts and hunches.

Building a diversified portfolio combining stocks, bonds, and other investments can help you progress toward your financial goals—and it can help you stop worrying about what you hear on the news. ●

Victim Of Identity Theft

(Continued from page 1)

So, at least once a year, request a report from each of the three credit reporting agencies: Equifax (800-525-6285 or www.equifax.com); Experian (888-397-3742) or www.experian.com); and TransUnion (800-680-7289) or www.transunion.com). Reviewing these reports regularly could help you catch a thief before the damage is too great.

Review all bank and credit card statements. Before you pay your bills and file your statements, check carefully to make sure you recognize all the charges. If you find a discrepancy, report it to your credit card company or bank right away. In most cases, they will work on your behalf to help resolve the problem.

Follow Internet safety rules. Your computer and your online transactions are great sources of information for identity thieves. These measures can limit your vulnerability.

- Purchase virus protection and "ad ware" software. Some viruses can send out information from your computer to a perpetrator.
- Don't download files from unknown sources. You might be opening up a window of opportunity for a thief to browse your computer.
- Use a firewall to block unknown Internet sites from getting access to your files. This may be especially important if your computer is always connected to the Internet.
- If others have easy access to your computer, avoid automatic log-on features that could enable an unauthorized user to exploit your personal information. Use password options that limit accessibility to personal files, especially those that hold financial information. And avoid passwords that are easy to guess—your mother's maiden name, for example.

Make sure any Internet purchases or financial downloads happen via a secure server. And always take the time to review vendor privacy policies to check whether personal information could be sold or distributed to other parties. ●