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INC.

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Equifax - Oh Dear

The breach of the Equifax credit reporting database that occurred several months ago exposed the personal information of almost half of the US population. This event has raised the risk level on personal privacy; exposure of personally identifiable information and identity theft. While it may seem that much personal information is already exposed in a number of ways, and that efforts to minimize exposure may be futile, we believe strongly that it is prudent to take all reasonable measures to maintain information security.

Security Freeze

We recommend that each individual place a "security freeze" on their credit reporting at all three of the major credit reporting agencies (Equifax, TransUnion and Experian). For good measure we recommend a security freeze on a fourth credit reporting agency, Innovis, and on ChexSystems, a specialty agency that reports on closed checking and savings accounts.

Links below.

TransUnion

<https://freeze.transunion.com/sf/securityFreeze/landingPage.jsp>

Equifax

<http://www.equifax.com/CreditReportAssistance/?/CreditReportAssistance>

Experian

<https://www.experian.com/freeze/center.html>

Innovis

<https://www.innovis.com/personal/securityFreeze>

ChexSystems

<https://www.chexsystems.com/>

Placing these freezes may require some patience, persistence and diligence. All the services can be contacted online, by mail, or by phone. TransUnion seems to require setup of an account to establish the freeze online, but does not charge a fee or require enrollment in their credit monitoring service.

Credit Monitoring

The agencies would prefer that you subscribe to their credit monitoring services at a cost of \$20 or \$30 per month per person (There appears to be no couples or household-based service, perhaps for good reason). As

you move through the process, you'll see subtle, and not-so-subtle nudges to push you in this direction. This can be done, for example, by using a term like "lock" rather than the term "freeze". Note that the term "freeze" is the government mandated action that for folks in most states (including Colorado) must be provided at no cost. There may be costs associated with temporarily removing the freeze and then restoring the freeze. While we urge you to make your own assessment and decision regarding credit monitoring services (such as LifeLock or credit monitoring by one of the reporting agencies), we see no reason to reward Equifax for having precipitated this fiasco. Equifax, as part of their damage mitigation, offers a full year of free credit monitoring on their system. I'm thinking thanks but no thanks.

Credit Reports are Individual – no family or household

We recommend that every person in the household with a SSN (I guess this only excludes dogs, cats and parakeets) have a security freeze placed at each of the 4 credit reporting agencies and at Chex Systems. If you need to obtain credit, you can temporarily remove the freeze or grant one-time access to a potential creditor. The freeze will slow down the process of obtaining credit of almost any kind. So, when the checkout clerk offers a 20% discount on your purchase for opening a store credit card, the freeze will be a hinderance (probably a pretty big one). If you decide to finance that new car at 0% interest, you should be able to get that done with a little effort. The freeze has no effect on existing credit relationships such as credit cards, etc.

Impostor Websites

Note that the entire online landscape of credit reporting is chock full of imposter sites. Some of these are not entirely fraudulent, but it is probably fair to say that all the imposters rely on sleight-of-hand to lure you into paying for services that are available for free. There is a legitimate website: Annual Credit Report.com <https://www.annualcreditreport.com/index.action> that has been established by the three major credit reporting agencies to respond to federal mandates for credit report inquires. If you enter "annual credit report" into a google search, the first two listings of results are essentially impostors. I'm not saying that they are fraudulent or malicious; just that they are not the federally mandated website and they are not free. So pay attention to what you are doing in this area.

Four Credit Reports per Year

In our [July, 2015 newsletter](#), we recommended that you obtain and review your credit report. We still think that it is a good idea, and now a more urgent one.

At the same time you are placing the security freeze on your credit reporting, obtain and review a credit report for each family member. Do this through the Annual Credit Report.com website provided above for three times a year; then once a year, go directly to Innovis.com which does not participate in the Annual Credit Report.com website. You can request the report by mail, online or by phone. On the credit report, you will see inquiries, open accounts, closed accounts and payment histories. It should all be somewhat familiar, although some items may not look familiar at first. You may find old credit card accounts that should have been closed that remain open and need closing.

Each agency will provide one free credit report per year. By cycling through the agencies on a quarterly basis, you can get four credit reports per year. We will remind you to do this.

This Is Not All

The breach has exposed information that may increase risks from several dimensions, not just the obtaining and maintaining of consumer credit. Depending on exactly what information is exposed (and this has never been made very clear) a malicious user of the information could use it to file fraudulent tax returns, to create very sophisticated phishing schemes, and, of course, on and on, limited only by the imagination of the malefactor. So, in addition to taking the positive steps outlined above, it will be advisable to raise your awareness and level of suspicion when dealing with your personal information. This includes the prospect of setting up accounts with any online provider; authorizing smartphone access through app permissions for any provider, and just sharing of personal information in general.

The unfortunate fact we have learned over the years is that working to improve information security is a never-ending task.

The table below shows the returns through September 30, 2017 for selected investment asset classes. In most cases, the results below are appropriate benchmarks for the related mutual funds in your investment portfolio.

Asset Class	Data Series	YTD	1 Yr.	3 Yrs.	5 Yrs.
Ultrashort Bonds	BofA Merrill Lynch 6-Month US Treasury Bill Index	0.68	0.81	0.53	0.38
Short Term Municipal Bonds	BofA Merrill Lynch 1-3 Year US Municipal Securities Index	1.58	1.10	0.89	0.89
Short Term Corporate Bonds	BofA Merrill Lynch 1-5 Year US Corporate and Government Index	1.56	0.53	1.54	1.26
Short Term Global Bonds	Citi World Government Bond Index 1-2 Years (hedged to USD)	0.74	0.83	0.80	0.75
Intermediate Term Municipal Bonds	Bloomberg Barclays Municipal Bond Index 7 Years	4.72	0.88	2.75	2.56
Intermediate Corporate Bonds	Bloomberg Barclays U.S. Credit Index	5.08	1.96	3.87	3.23
Intermediate Global Bonds	Citi World Government Bond Index 1-5 Years (hedged to USD)	1.07	0.59	1.35	1.30
US Marketwide Core 1 & 2; Vector	Russell 3000 Index	13.91	18.71	10.74	14.23
US Large Cap Market	S&P 500 Index	14.24	18.61	10.81	14.22
US Large Cap Value	Russell 1000 Value Index	7.92	15.12	8.53	13.20
US Small Cap Market	Russell 2000 Index	10.94	20.74	12.18	13.79
US Small Cap Value	Russell 2000 Value Index	5.68	20.55	12.12	13.27
Real Estate Investment Trusts	Dow Jones U.S. Select REIT Index	1.75	-0.83	9.28	9.16
International Marketwide Core & Vector	MSCI World ex USA Index (net div.)	19.17	18.73	4.57	7.81
International Large Cap Market	MSCI World ex USA Value Index (net div.)	17.05	22.46	3.24	7.36
International Large Cap Value					
International Small Cap Market	MSCI World ex USA Small Cap Index (net div.)	23.82	20.42	9.59	11.16
International Small Cap Value	MSCI Emerging Markets Index (net div.)	27.78	22.46	4.90	3.99
Emerging Markets					
Ultrashort Bonds	BofA Merrill Lynch 6-Month US Treasury Bill Index	0.68	0.81	0.53	0.38

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