



SHERPA INSIGHT

Detterbeck Wealth Management, Inc.



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IDENTITY THEFT- A GROWING EPIDEMIC

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Three months ago, I got a call from VISA. They thought someone had stolen my identity and wanted to cancel my card and issue a new one. Interestingly, the unknown charge was only for \$1.28 but they were convinced it had the appearance of identity

theft and strongly recommended quick action. I, of course, agreed, and immediately got a new card.

A day later, VISA called me back. They had determined that it was not identity theft and the unauthorized \$1.28, which they credited off my account balance, was the only attempted damage.

I was fortunate. I might have been one of 10 million Americans that have their identity stolen each year. Identity theft is considered the fastest growing crime across the country right now. Last year there were \$50 billion in losses and \$5 billion spent by victims trying to undo the harm.

The U.S. Department of Justice considers identity theft and identity fraud to refer to all types of crimes in which someone wrongfully obtains and uses another person's data in some way that involves fraud or deception, typically for economic gain. It may involve taking funds out of an individual's bank or financial accounts. Or in the worst cases, the victim's identity is taken over altogether, and huge debts are run up using the victim's name(s). The victim's losses may include not only out-of-pocket financial losses, but substantial additional financing costs associated with trying to restore the victim's credit rating and reputation in the community.

Skilled identity thieves use a variety of methods to steal your personal information, including dumpster diving (going through your trash), skimming (stealing credit card information while processing your card), phishing (pretending to be financial institutions in order to get your information), changing your address (without your approval) and stealing (wallets, purses, tax information, personnel records, bank and credit card statements).

The Federal Trade Commission is determined to stop this epidemic and has created a specific website, www.ftc.gov/idtheft with lots of valuable information. Their goal is to provide education and attempt to change

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RETHINKING NON-DEDUCTIBLE IRAs

Very few of our clients have been making non-deductible IRAs over the past years. You needed to establish a separate account and because the amounts weren't large, many of us concluded, as a practical matter, it wasn't worth it.

There's been a change in the law and we think it is smart to consider contributing to non-deductible IRAs. The big change is in the Roth IRA. Starting in 2010, everyone can convert part of all of a traditional IRA to a Roth account, regardless of how much money they make.

As you might recall, the Roth IRA is funded with after tax (non deductible) contributions. They grow tax-free if withdrawn after at least 5 years and over age 59 ½. 100% of the eventual distributions from Roth IRAs are therefore tax free. And there are no mandatory withdrawals at age 70 ½.

Roth IRAs are funded with after-tax dollars. When converting a traditional IRA, you'll owe income taxes on investment earnings and deductible contributions. Of course, for non-deductible IRAs, the tax will be on the accumulated investment earnings only.

Contributions to non-deductible IRAs are \$4,000 per year per individual except for those 50 and over who may contribute \$5,000 per year. Contributions are due by the due date of tax returns.

By 2010, a hypothetical couple age 50 or over could have \$40,000 in non-deductible IRA contributions plus appreciation. At that time, they could consider a conversion to a Roth. If they decide not to convert, they can still keep their assets growing tax-free in the non-deductible IRA.

The best news is that you don't have to make any hard decisions right now. You pump up your retirement accounts now and consider a possible conversion in 2010.

So, we suggest you get going and set up a non-deductible IRA account before April 15th and fund it to the max. (You might as well do the 2007 contribution at the time you are doing the 2006 contribution). Then we all wait for 2010 to roll around. It will be here before we know it.

Please give us a call with any questions you might have.



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the culture in our country concerning security of our personal information. They encourage Americans to vigorously detect, deter and defend against identity theft.

DETECT. You can detect suspicious activity by monitoring your personal information:

- Monitor your online identity regularly. Search your name(s) on google, zabasearch, intelius, peoplefinder, and others to see what others can see.
- Inspect your credit report. The law requires the three major credit card companies to provide a free report to you each year if you ask for it.
- Review financial accounts and billing statements regularly, looking for charges you did not make.
- Investigate bills that do not arrive as expected, unexpected credit cards or account statements, denials of credit for no apparent reason and calls or letters about purchases you did not make.

DETER. You can deter thieves by safeguarding your information:

- Shred financial documents (DWM clients can use their shredder for this)
- Protect your social security number. Memorize the number; don't carry it in your purse or wallet.
- Don't give out personal information by phone, mail or internet unless you know the recipient.
- Never click on links sent in unsolicited emails; instead, type in a web address you know. Use firewalls, anti-spyware, and virus software.
- Don't use an obvious password.
- Keep your personal information secure at home; especially if you have roommates, employ outside help, or are having work done at home.
- Consider having your name and information removed from people search websites, like Intelius, and others where you can opt out. MyPublicInfoInc. will comb about 50 people-finder web services for \$5 per month on your behalf. Then, they will help you get your name(s) removed.

- Consider having personal information removed from public records. This can be more difficult, but some states are now allowing this.

- Avoid signing up for loyalty cards, sweepstakes, or other areas that require your personal information.

- Consider setting up special land trusts or Limited Liability Companies to purchase real estate and other assets.

DEFEND. You should defend against Identity Theft immediately if you suspect it:


- Place a "Fraud Alert" on your credit reports and review the reports carefully. A call to one of the three major consumer reporting companies is sufficient and will provide an initial 90-day alert.

- Close any accounts that may have been tampered with or established fraudulently. Call the company where the account was established and followup in writing. Consider using the ID Theft Affidavit available at ftc.gov/idtheft. Keep copies for documentation.

- File a police report.

- Report the theft to the Federal Trade Commission.


Identity Theft has become a real threat to all of our assets, credit ratings and reputations. We encourage each of you to adopt a regular, ongoing program to detect, deter and defend your identity.

If we can be of any additional help to you in these matters, please let us know. 

Congratulations to

Amy Venditti on receiving her life, health, disability, and long term care insurance licenses in 2006

- and -

Mark Pliska on passing the Series 7 and 66 National Association of Securities Dealers exams in January. 

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