Cyber Security

As computers and smart phones in particular and the internet in general proliferates in our society the threat to your financial security has evolved as well. Gone is the risk of bank robbers stealing your cash. The FDIC has eliminated that threat to your savings. Smart credit cards (those with the chips) are making it more difficult for thieves to get access to your credit in that manner. Even identity theft, as a way of getting your funds, is changing through the use of cyber space.

The latest way thieves are trying to get to your money involves fraudulent wire transfer requests. By hacking your e-mail, usually through an unsecured public Wi-Fi connection, criminals use sophisticated search tools to locate financial e-mail to or from your financial advisor. They then e-mail a wire request to the financial advisor requesting the funds be urgently sent to a bank overseas. Because the e-mail comes from your address the advisor may believe it is a legitimate request.

How do we address this issue?

Unfortunately, the best way to protect you is for us to enact additional security protocols. When you request a wire transfer to an unrecognized (one to which you have not previously transferred funds) bank account you will get a phone call from a supervisor at Kovack Securities before the transfer can be sent.

Additionally, all e-mails we send or receive that contain account numbers are processed though special encryption software that needs to be decrypted by the receiving e-mail address. My Log in passwords to websites containing your information are more sophisticated and often require capital letters, numbers and a special character to log in. Many require this password to be changed quarterly.

All this extra work is a real hassle. However, if you have ever been the victim of identity theft you know just how inconvenient that can be. A little precaution ahead of time, however inconvenient it may be, can often save great headaches down the road. And help secure your investments as well.

Doug Lagerstrom

The Gift of Giving

The Holidays used to stress me out, because as many mothers know- not in all cases – but in most cases we have a lot of organizing, decorating, coordinating, shopping, card sending, and so much more to get done during the Holidays. Like a Wedding a lot of planning and then in the blink of an eye its over and the New Year begins. After all these years of doing it, there is one thing that takes me out of my own chaos of getting everything right and not forgetting anyone, and that thing is volunteering. This year Private Wealth Solutions decided to do some volunteering as a group. This photo is of this Thanksgiving when we loaded up trucks for different charities with turkeys , side dishes, and English & Spanish Bibles. Although Allen could not join us (with good reason) he was there in spirit. Allen joined us over the winter holidays when we visited the Fairwinds Retirement Home. We brought cookies, candy canes and lots of good cheer. It was great fun. Traditions change, they come and go. The days of setting my babies on Santa's lap for a photo are long gone. The tradition of volunteering, donating, spending time with someone who has no family...that is a tradition for life.

Andrea Baird

Resolutions

This time of year, most people are busy putting their plans together for the new year. Some like to plan for how much weight they are going to lose while others focus on how healthy they are going to eat. Unfortunately, according to Barron's, over 58% of American fail to put that same thought into budgeting and planning their finances. As we head into 2017, let's look at some practical tools to be and stay more fiscally responsible.

FOLLOW A BUDGET-Find what works and put it down on paper. If putting ink to paper is not your preference, there are convenient apps that track spending. Remember there is no right or wrong approach here. It's the effort that counts.

PUT A PLAN IN PLACE-Normally #1 and #2 work well hand in hand. Take time out of your year to organize your financial life. We look forward to seeing you and making sure your financial life is in order.

DIRECT-DEPOSIT SOME SAVINGS-Arrange a portion of your funds to go directly into a savings vehicle. You won't see the money, so you won't miss it.

PAY CREDIT-CARD BILLS AUTOMATICALLY-Set-up your credit cards to automatically withdraw the full amount of the payment each month directly from your checking account. This will help with budgeting and avoid spending more monthly.

RAISE YOUR LIMITS-According to Creditcardinsider.com, for people without credit-card debt, and I repeat WITHOUT credit card debt, upping the credit limit without using it will help with credit utilization percentages, which is a big factor in credit scores.

These are just a few helpful tips, and of course every person's situation is unique. This may be helpful to some directly, or it can be something to be shared with children/grandchildren. In either case, my team and I are available to offer guidance and direction.

Allen Minassian

Boxing Day

In the UK, Canada, Australia and New Zealand the day after Christmas is a National Holiday known as Boxing Day. This holiday has nothing to do with the sport of Boxing. Boxing Day started about 800 years ago, tradition has it that the servants of the wealthy worked on Christmas Day. The wealthier members of society would give the servants a "Christmas Box" full of money and gifts. It was a reward for a year's worth of service. The servants were then given the Day after Christmas off to rest or visit their families. Churches also collected food and money which was distributed to the poor on this day.

Boxing Day has now evolved into a day of shopping, eating and watching sporting events, especially football and horse racing.

Lynn Hillyard

Economic Outlook (cont.)

stimulate the economy in the short run, and likely lead to greater budget deficits in the long run. The stock market is currently reflecting the short term positive effect over the longer term problem this policy may create.

Reduction of regulation: The financial crisis of 2008 brought out new regulations in the world of finance (Dodd/Frank) and the Enron scandal of 2001 brought us Sarbanes/Oxley. Regulations aren't necessarily bad or good. However, a reduction in these, and other, regulations will stimulate the economy. Of course the elimination, or reduction, of these regulations may lead to future abuses of customers and employees. The stock market is currently focusing on the former.

So after years of inaction by our federal elected officials (a divided government requires compromise to pass legislation and we haven't had much of that lately) the federal government is poised to bring about policies that should benefit our economy. What are the policy dangers?

In a word, trade. Trump won the Presidency by promising to keep jobs in America. Although, no one knows what Trump will do with trade, his campaign speeches focused on "fairer trade". If he means tariffs, a trade war could break out and the results of that would be devastating to the economy. The market apparently does not believe this result is very likely at the moment.

The Rate Increase

As expected the Federal Reserve Board raised the Federal Funds Rate by .25% last month. While this move alone is not likely to impact our economy to a great extent (the rate is just 0.50% currently), this move perhaps signals a comfort level with the increasing consensus that the economy is beginning to grow more quickly. Long term interest rates have begun to move up as well, anticipating higher economic growth and higher potential inflation.

The stock market is indicating a strong 2017 and beyond for economic growth. It is worth noting however, that this economic recovery is 8 years old and perhaps getting a bit long in the tooth. Time will tell.

Client Corner

Lance and Judy Presnall plan to celebrate their 50th wedding anniversary this month with a trip to Maui and Molokai.

Congratulations Guys!

PRIVATE WEALTH SOLUTIONS

5850 Canoga Ave #315
Woodland Hills, CA 91367

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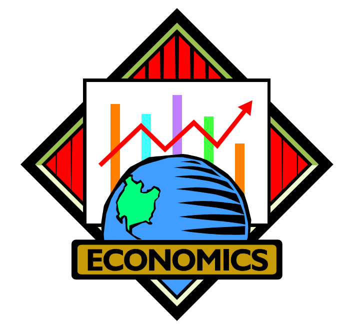
Private Wealth Solutions

Generational Wealth Management



Both the election and the federal funds interest rate increase at the end of last year will likely impact the economy going forward. Let's look at both of these events in some more detail.

The Election

The financial markets response to the election results have left most experts scratching their heads. How does the stock market (generally regarded as the best indicator for future economic growth) decline 900 points as Trump secures the electoral college votes needed to be President, then open the day essentially flat, and then close that day up 240 points? Is the election of Trump to the Presidency, and the majority of both houses of Congress to Republicans, good for the economy or not? Rather than answer that politically loaded question, I believe it is more beneficial to examine why the stock market thinks the election results may be good for the economy as evidenced by the significant rally (roughly 6% in six weeks) since election day. Some of the rally, and nobody knows how much, can be attributed to the fact that the election is over. Fear over a contested election hung over the markets on election night and, I believe, led to the 900 point DJIA decline in the overnight market. However, the stock market also appears to like a few policies that Trump supports.

Infrastructure Spending: Although both candidates supported an increase in government spending to improve our infrastructure, because Republicans enjoy a majority of votes in both houses, a Trump victory means it is less likely that partisan politics will prevent this legislation from being passed.

Repatriation of Cash: There is ***a lot*** of corporate cash overseas. It costs corporate America a 36% Federal tax to bring it back and invest it in America today. Both parties want to either lower or eliminate the tax to encourage companies to bring it home. Since both houses and the Presidency are under Republican control, there will likely not be partisan fights preventing this legislation.

Lowering of Tax Rates: This policy will likely both

Continued on Page 4

Random Thoughts

The 2.65 billion Christmas cards sold each year in the U.S. could fill a football field 10 stories high. - *Stanford.edu*

Sixty-nine percent of Americans say they've discussed their will and estate plans with their children, however, 52% of children say that is not the case.- *Fidelity Investments*

Inside this issue: