Wealth Builder

SUMMER 2014

LEGACY WEALTH MANAGEMENT, LLC
THE BERRY-EDEN GROUP

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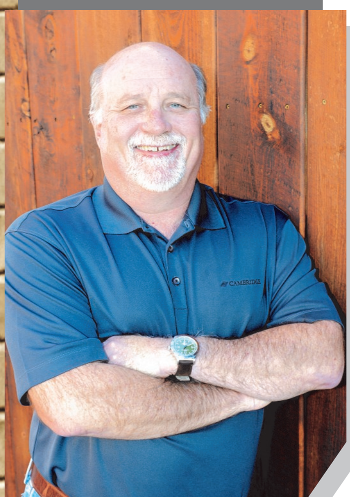

Fighting Headwinds By Mike Berry, CFP®

I went to the gym today for my lunchtime workout and got to talking with a few of the guys in the locker room. One is a manager at a local big box store, one sells software at a national level and one is part owner in a heating and cooling contractor business. As it usually does, the conversation turned to business with it going something like this: "So, how's business?"

The manager of the big box store's reply was, "lots of foot traffic but sales are pretty flat. No one is buying anything of any significance. No big ticket items like TV's." The national software salesman added. "No one wants to pull the trigger and buy. They are all holding on for better times."

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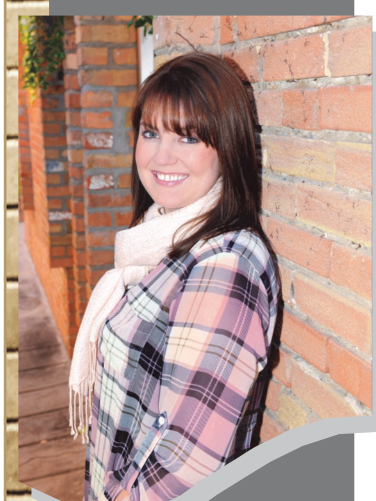

Surviving Online Hackers By Serenity Melnick, CFP®

It's inevitable; the more the world moves online, the more devious online hackers become. You can hardly turn on the news lately without hearing about some online company being hacked. First we had the Christmas Target fiasco, then the big Heartbleed Bug that left our encrypted and secure sites leaking sensitive data, there was the AOL email hack and now EBay has announced a big data breech that included names, addresses and birth dates. It's almost enough to make a person want to call it quits all together…almost.

No matter how terrifying security breaches are or how much you hate entering personal information online, there's really no way around it. We live in a digital society and it's not going away anytime soon. While it's temping to want to stay offline, it's just not feasible. And although there is nothing you or I can do about hackers or big data breaches, there are a number of things you can do to make sure your personal information is as safe as possible online.

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Fighting Headwinds *Continued from p. 1*

> *"We are in the fifth year of an economic recovery out of the Great Recession, yet the recovery isn't visible to a lot of people..."*

The heating and cooling contractor finished it off with, "Building is the same way. Lots of people have plans and we're bidding on stuff, but no one is moving forward. They just aren't sure." We are in the fifth year of an economic recovery out of the Great Recession, yet the recovery isn't visible to a lot of people and a lot of regions. Why has this been such a slow and arduous recovery?

Regulations. Since 2008, the regulatory pendulum has swung from the side of possibly too little regulations in some areas to the other end of too many regulations. Despite the Federal Reserve's best efforts at stimulating the economy with an easy money and low interest environment, regulations on lending and bank capitalization have actually made it more difficult for even qualified borrows to obtain financing.

Politicians. The polarization of American politics has been a real headwind against recovery. At a time when our leaders should have been working together to find solutions to our slow economic growth, they brought our country to the brink of insolvency, put in place automatic, across the board spending cuts (which are very un-stimulating to the economy) and failed to reach agreement on reforming the tax code which would go a long way to bringing business and jobs back to our country.

Demographics. At about the same time the Great Recession hit, Baby Boomers began reaching retirement age. Retirees want to be out of debt and remain out of debt. They are living on fixed incomes, so the "discretionary" money that used to go towards buying those "wants" is no longer there. Then we have the Gen X and Gen Y folks, coming out of college with thousands in debt and a weak job market. At a time when they should be setting up their own household, buying a house and cars and all the furnishings, these people are moving home to live with parents because they can't afford to pay rent plus their student loan payments.

Debt. Individuals and businesses have done a marvelous job of reducing their debt load and improving their balance sheets. Governments on the other hand, not so much. We all know about the federal government's debt. The interest payments on that debt sucks so much money from our economy it will be a drag on our economic growth for years to come. Add to that the uncertainty of the cost of the Affordable Care Act and generations forward will be paying for the spending spree our politicians have been on the past half century. Taxes will increase at the federal, state and local levels which again stifles economic growth.

All of these factors don't seem to be going away anytime soon, so I think we have to prepare ourselves for a longer period of slow growth and moderately high unemployment, much like what we have seen since 2009. ♦

Surviving Online Hackers *Continued from p.1*

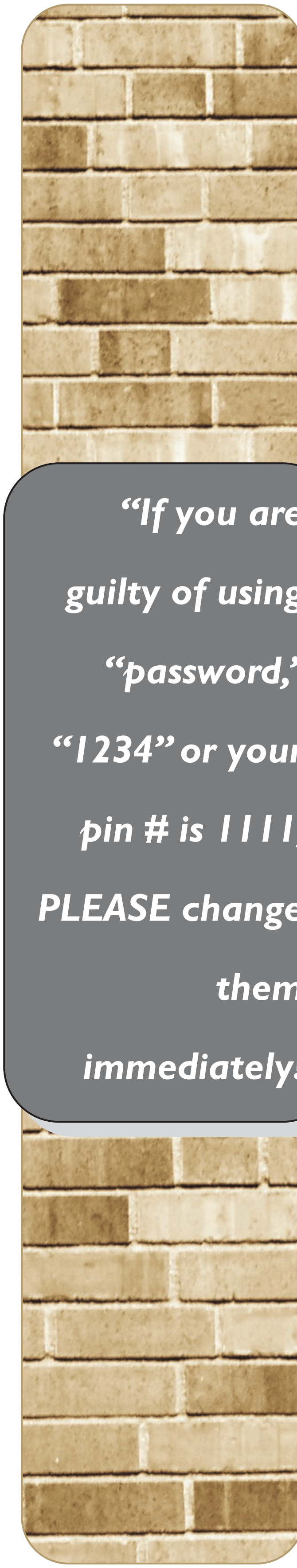
Your first and most important line of defense against a data breach is a strong password. If you are guilty of using “password,” “1234” or if your pin # is 1111, ***PLEASE*** change them immediately! I really cannot stress this enough. I know passwords are a total pain in the @**. I get it. A typical day has me logging into accounts like Gmail, Facebook, Twitter, Instagram, Amazon, bill pay, online banking, Netflix, online statements, Pinterest, Etsy, EBay, let alone everything I have to log into for work. That’s a lot of passwords. It’s hard to be continually coming up with strong passwords and keeping them straight in your head, but it’s worth it.

Rule #1; a good password should be a combination of lower and uppercase letters, numbers, special characters and should be an uncommon word. For example, *Kitty1* is not a good password. But something like *Kl33n3x768!* is probably pretty strong. A good trick is to take an uncommon word (like Kleenex) and replace the vowels with numbers (all of the e’s become 3’s). This makes it much harder for hackers to guess and keeps your information protected. Along the same lines spouses names, kids’ names, addresses and birthdays are all bad password choices. If it’s easy to guess, it’s easy to hack.

Rule #2; do NOT make all of your passwords the same. Even if you have a great password but you use it on every account, you have become exponentially more vulnerable. This is especially true of your email password. Email passwords should always be completely different from any other password you use. This is because a lot of accounts have you using your email address as your Username. If someone hacks your email account and gets access to that password, they can then gain access to any other accounts that share that email and password. Also, your online banking or PayPal password should be completely unique. Online banking holds some of our most sensitive data; you do not want that password on any other site.

Rule #3; change your passwords often. Sites like Facebook, Twitter and email accounts get hacked *A LOT*. It’s wise to change the password on these accounts often to minimize the risk of being hacked. No one likes waking up to find out that you have emailed your entire contact list a male enhancement drug solicitation (yikes, that was a mortifying day).

While we can’t protect ourselves from every possible data hack, there are a lot of ways to make it much more difficult to steal. And if you are using “password” in any form, change it now. Seriously. ♦



“If you are guilty of using “password,” “1234” or your pin # is 1111, PLEASE change them immediately!

All That Glitters is not Gold By Linda Eden, CFP®

If you were invested in the stock market in 2013 you were most likely smiling all the way to the bank. The S&P 500 gained 29.6%, the biggest jump since 1997. That left a lot of investors scratching their heads and wondering how stocks could do so well when the economy seemed so blah. Clearly last year's stock market performance was not driven by an economy that was over-heating. The housing market was still slow and unemployment was improving but still nothing to write home about. Businesses were still sitting on a lot of cash out of concern about how Obamacare would impact their bottom line. That being said, you might be inclined to think that the stock market gain of 2013 had no basis, that it's all just a house of cards.

Actually, that's not the case. Last year's stock market performance was in large part a function of supply and demand. Investors who couldn't stomach getting back into the market after the recession invested their money in cash, gold and bonds, and many remained there until last year. Investors had become increasingly frustrated by making almost nothing in cash and watching their bond investments lose value as interest rates have risen. In addition, gold prices fell almost 30% last year. None of the "safe" investments seemed all that safe anymore! Last year the pendulum began to swing in the opposite direction as many investors sold their bonds, CDs and gold. Much of the money fleeing the bond and gold markets found its way into stocks. This drove the price of stocks up simply because there was more demand for them. Likewise, as investors sold bonds and gold it drove the price of these investments down even further, encouraging even more people into the stock market. There just weren't a lot of options for investors looking for a reasonable return on their money.

"Last year's stock market performance was in large part a function of supply and demand."

So, where does the market go from here? Well, it's not likely to repeat last year's performance. As I write this article the S&P 500 is up 2.12% for about the first 5 months of the year. The good news is that rates will probably remain low for some time to come. Unless we see some dramatic improvement in the economy, the Fed isn't likely to raise rates until 2015. And even then they will do so very slowly and in very small increments. This should continue to provide some economic stimulus in terms of borrowing. So if you're in the market to buy a house or car, there's not much risk of your borrowing costs going up a lot this year. Low interest rates could also be good for the stock market as more investors are driven to seek better potential returns in stocks than they can get in cash, bonds and gold. Investors with income as a primary objective may find a better income stream in stocks than they can currently get in fixed-income investments. Even in a very slow-growing economy, stocks will continue to play an important role in the portfolios of investors seeking growth and income. ♦

Goodbye, Windows XP by Sondra Pace

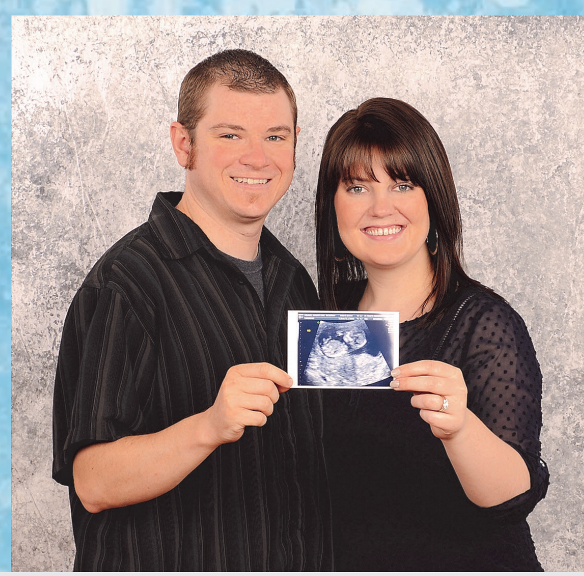
I love technology, it excites me. Most of the time I find it easy to understand and I enjoy the constant learning that comes with it. I also enjoy the problem solving… at least when I'm successful at it. Ha! But sometimes it can throw you a curve ball. Earlier this year, Microsoft announced that they would be ending support for Windows XP, which is a very normal thing. Windows XP was introduced 12 years ago and Microsoft continued support for it longer than any other version to date. They have also released 3 other versions of Windows since then.

The end of support means that updates, software and bug fixes, and general security protection will no longer be provided. While you can still use your computer with XP, it's recommended that you don't. Your computer is more susceptible to viruses, security risks and malfunctions. Also, companies that make devices like digital cameras, Internet-ready TVs, and printers won't provide drivers that work with Windows XP. So if you do get any new devices, they won't work with your current PC. You may also notice that some secure websites, like www.netxinvestor.com, where you can view your online investment statements, will no longer work properly.

If you have a newer version of Windows, but are still having trouble with websites, you should also check which browser version you are using. There are several browsers out there, Internet Explorer (IE), Mozilla Firefox, Google Chrome, just to a name a few. Internet Explorer is made by Microsoft and also comes installed on all computers running Windows. Microsoft has ended support for IE version 8. If you are using version 8 or earlier, you will definitely need to update your browser. The current version is IE 11. ♦

News & Fun

Mike and Linda enjoying a tour of Alcatraz during a recent conference in San Francisco.



Our office is expanding… Marc and Serenity are thrilled to announce that there's a baby on the way! Baby Melnick is due Thanksgiving 2014.

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