



Mentor Monthly Missive

Financial Planning News

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How to protect yourself from fraud

The safest place on earth to shop with a credit card these days may be at a Target store.

The company is beefing up its digital security systems after thieves gained access in December to millions of customer credit card numbers and other information. Target has learned an expensive lesson, as hundreds of millions of dollars of company goodwill likely was destroyed because customers were placed at risk.

We may never know how the crooks stole the information from Target, or how many customers will suffer losses. We do know that it is a major blotch on Target's reputation. CEO Gregg Steinhafel was humbled as he uttered the words any company leader dreads to utter: "I am truly sorry..." "...Sincerely regret..." "Your trust is important to us..." "Thank you for your patience and loyalty..." That may not be enough for some shoppers to return.

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Don't be a password fool

OK, OK we get it. Remembering passwords is difficult. Especially if you do as suggested: Set unique passwords that are an inscrutable combination of letters, numbers, and symbols. But if you're one of the millions of people whose password is "password" or "1234," you're needlessly exposing yourself to identity theft and other fraud. You owe it to yourself to guard your passwords as if your financial well-being depended on it - because it does.

Do: Use complex, unique passwords and store them in an encrypted electronic wallet.

Don't: Use simple or easily guessable passwords. Don't share your passwords. And NEVER respond to email, text, or phone messages seeking personal information, including passwords.



Meet our Wealth Managers

Mentor Capital Management Inc. was founded in response to the belief that a consumer's best interests are served when his or her financial planner is Fee Only. Advisors of Mentor Capital strive to provide objective, prudent and thoughtful advice to clients based on their personal goals and objectives.



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How can I afford to pay for college?

If you're like most parents, in spite of your best efforts you'll need some help paying for your children's college. The high cost of higher education coupled with families' other financial obligations make it unlikely that you've saved every penny of what it will cost.

Regardless of what you think of your financial situation, you should complete the federal government's Free Application for Federal Student Aid (FAFSA).

You may be surprised to find that your student qualifies for grants or subsidized loans, or that you qualify for loans at a rate below that charged on the typical unsecured loan.

If you are the parent of a student hoping to attend school in the fall, now is the time to fill out the FAFSA. You'll need information from your 2013 tax return and investments. Then go to <https://fafsa.ed.gov/> to complete the process.

“Completing and submitting the FAFSA is free and quick, and it gives you access to the largest source of financial aid to pay for college or career school,” says the Department of Education web site. “In addition, many states and colleges use your FAFSA data to determine your eligibility for state and school aid, and some private financial aid providers may use your FAFSA information to determine whether you qualify for their aid. Colleges or career schools you list on your FAFSA will use several pieces of information to calculate your aid.”

Eligibility depends on the expected family contribution, the year in school, enrollment status and the cost of attendance at the school you will be attending. The financial aid office at your college or career school will determine how much financial aid you can get.

Need-based aid is financial aid you can receive if you have financial need and meet other eligibility criteria.

Following are need-based federal student aid programs:

Federal Pell Grant – does not have to be repaid. For undergraduate students.

Federal Supplemental Educational Opportunity Grant (FSEOG) – does not have to be repaid.

Direct Subsidized Loan – Federal government pays the interest while you're in school and for six months after you leave school.

Federal Perkins Loan – low interest (currently 5%) loans for undergraduates

Federal Work-Study – provides part-time work.

Non-need-based aid is financial aid that is not based on your EFC. What matters are your COA and how much other assistance you've been awarded. For instance, if your COA is \$6,000 and you've been awarded a total of \$4,000 in need-based aid and private scholarships, you can get up to \$2,000 in non-need-based aid.

Following are the non-need-based federal student aid programs:

Direct Unsubsidized Loan – Available to graduate and undergraduate students; no requirement to show financial need. Interest may be deferred, but will accrue.

Federal PLUS Loan – available to students and parents.

Teacher Education Access for College and Higher Education (TEACH) Grant – For students working toward a career in teaching. Turns into a loan unless student complies with special requirements after graduating.

As you can see, numerous options exist for parents and students who haven't saved enough for college. So fill out the FAFSA to find out what's available.



How did the market perform in 2013?

Pundits and prognosticators of the stock market were wrong again in 2013. Those who said last January that the market would decline erred; those who said it would rise modestly erred; and those who said we would see "good" returns erred, as well. The year in investments turned out differently from what they all said.

On the other hand, we made no such predictions. Although we are always optimistic about the long-term prospects for investing, we avoid making short-term calls. We know that's a guessing game, and we're just as likely to be wrong as right.

In January 2013 it was reported that most domestic stock market indices had advanced double digits the previous year. We were cautious as usual about what the year would bring and reiterated that our approach, which focuses on low-cost investments and asset allocation as its base, would continue to be best long-term.

We're making the same bet now, for the future. And we are confident that long-term, if you follow our advice, you will end up in the winner's circle.

Investors who stayed the course in 2013 were amply rewarded, as stocks did even better than they had in 2012. The bond market adjusted down due to generally rising interest rates, and emerging markets stocks struggled.

Here is how selected asset classes performed in the year, as measured by representative exchange-traded funds:

<u>Asset class</u>	<u>4th Qtr</u>	<u>2013</u>	<u>3-yr ann. average</u>
Stocks			
Large growth	10.39%	32.48%	16.43%
Large value	10.17%	33.10%	15.73%
Small growth	7.53%	38.26%	17.02%
Small value	9.90%	36.55%	15.88%
Emerg. mkts	3.06%	-4.92%	-2.71%
Dev. foreign	5.86%	21.83%	8.20%
Real estate	-0.87%	2.31%	9.34%
Bonds			
TIPs	-2.16%	-8.49%	3.32%
Corporates	0.65%	-1.94%	5.70%

Reasons exist for optimism going into 2014: The employment picture has brightened, corporate balance sheets have improved, consumers are spending, and the biggest story of 2013, Obamacare, may turn out to be a non-story in 2014 – it can only be hoped.

As you may know, Mentor Capital's services involve much more than investments. As trained and licensed Certified Financial Planners, we believe that a holistic approach to personal finance is best, one that takes into consideration issues like clients' estate plan, cash flow, income tax management and risk management as well as investments. If you are not now a client, consider coming in for an initial consultation. If you are a client, we thank you for your business.

Have a question?

Do you have a question or want more information about any of the issues discussed in Mentor's Monthly Missive? Are you concerned about whether the financial decisions you're making are right for you? Would you like a second opinion about an action you're thinking of taking or something recommended to you by a stockbroker or insurance agent?

We offer a no-obligation initial consultation that might help. Please phone to set an appointment with one of our advisors. It could be the most financially worthwhile 45 minutes you've ever spent!

How to protect from fraud...continued

Here are some tips provided by leading credit-security experts that will help you to avoid becoming a victim:

- ❑ If you use an ATM card, review your bank statement frequently online or by telephone, looking for suspicious activity.
- ❑ When shopping online, don't allow web sites to store your credit card information.
- ❑ Review credit card activity frequently, either online or by phone, looking for charges you don't recognize. Notify the card company immediately if any suspicious activity appears.
- ❑ Because thieves stole credit card as well as other personal information, they may be able to contact you by phone, text or email in an attempt to scam you. **DO NOT** respond to any contact that seeks personal information, including Social Security numbers, credit card numbers and PIN numbers. Delete texts and emails immediately from numbers or names you don't recognize.
- ❑ Take advantage of Target's offer of credit monitoring by signing up at creditmonitoring.target.com. Here, free for a year, you can get a credit report and receive alerts when a new account is opened in your name or if a change of address is initiated on any of your accounts –typical ways scammers try to steal money from you.
- ❑ Go to annualcreditreport.com to continue to obtain a free copy of your credit report each year from Transunion and Equifax (and Experian, when your free year expires), reviewing it for any accounts you don't recognize. Get a credit report every four months.
- ❑ Be wary of calls or email scams that may appear to offer protection but are really trying to get personal information from you. Type in website addresses directly rather than clicking on links in emails or texts.

It's unfortunate that we have to go through this hassle, but it's the price paid for the convenience of a cashless society. It's hoped that this will be a wake-up call for all merchants to work harder to earn the trust customers place in them.

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