



# Wealth Matters Newsletter

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## Protect Yourself from Tax-Related Identity Theft This Tax Season

Tax season is underway and that means an uptick in tax-related scams. One particularly pernicious form of fraud is tax identity theft. Tax-related identity theft happens when someone uses sensitive personal information (like your Social Security number) and files a fraudulent tax return in your name to collect a refund. According to recent statistics, scammers filed over 5 million returns in 2013 using stolen information, costing the IRS \$5.8 billion in fraudulent refunds.

Unfortunately, filing a false tax return isn't difficult. All you need is a name, Social Security number (SSN), and date of birth (usually stolen from sources outside the IRS). Most victims don't realize anything is amiss until they file their taxes and receive notification that a return has already been filed in their name. Fortunately, there are some common-sense steps you can take to protect yourself from identity theft.

### **How to Protect Yourself from Identity Theft**

- Remember that scams involving people impersonating the IRS are on the rise, especially this time of year. The IRS never asks for personal information by phone, email, text, or social media or threatens arrest for nonpayment. IRS notices will always arrive by mail, and anyone demanding immediate payment over the phone is a scammer. If you receive an unsolicited call and think you might owe federal taxes, hang up and call the IRS directly at 1-800-829-1040.
- Be careful about giving out your SSN since it is the most commonly used piece of data to commit identity theft. If you are filling out paperwork that asks for your SSN, confirm whether it is actually necessary and ask about security precautions.
- Never give out information in response to unsolicited calls, emails, letters, or social media messages. Don't click on links in emails purporting to be from the IRS or a financial institution or enter information into any website linked from that email. Always visit official websites directly and call an official number to verify the legitimacy of any request.
- Follow smart computer practices like creating strong, unique passwords for each account and website you use. Purchase anti-virus and firewall software for your computer and install regular updates. When you

discard an old computer, get an expert to wipe the hard drive and remove all of your private data.

- Regularly shred documents like bills and financial statements, tax returns older than seven years, old checkbooks, receipts, credit card offers, paycheck stubs, insurance statements, expired credit cards, and any other paperwork that contains account numbers or personal information. A lot of identity theft happens when thieves gain access to confidential data in your trash, car, or house.

### **Identity Theft Warning Signs**

- The IRS notifies you that a tax return has already been filed in your name or that you received income from an employer you don't recognize.
- Debt collectors call about debts you don't owe.
- You find unfamiliar accounts on your credit report or notice unusual charges on account statements.
- You are billed for medical services you did not receive or are notified by your insurance company that you have reached your benefit limit.

### **What to Do if Your Identity Has Been Stolen**

If you have been the victim of identity theft (i.e. scammers may have used your SSN or other confidential information to commit fraud), it's important to act quickly to avoid damage to your financial life. Here's what to do:

- File a report with your local police department.
- If you believe that you have been the victim of tax-related fraud, call the IRS at 1-800-366-4484 and fill out a report at [www.treasury.gov/tigta](http://www.treasury.gov/tigta).
- Notify the fraud departments of the three major credit agencies:
  - **Equifax:** 1-800-525-6285
  - **Experian:** 1-888-397-3742
  - **TransUnion:** 1-800-680-7289
- Order a copy of your credit report and review all accounts and transactions for fraud. The only place to receive a free credit report from all three agencies is at [www.annualcreditreport.com](http://www.annualcreditreport.com). Gather information to dispute any fraudulent information.
- Notify the Social Security Administration of the possible theft of your SSN by calling the fraud hotline at 1-800-269-0271.

### **How We Can Help**

One of the benefits of having a financial professional in your corner is that you don't have to fight financial fraud alone. Incidences of identity theft and tax-related fraud are on the rise, and we're here to help our clients protect themselves. If you have questions about identity theft or tax-related scams, please contact our office at 913.814.3800.

Sources:

<http://www.gao.gov/products/GAO-15-119>

<http://www.consumerreports.org/money/new-ways-to-avoid-identity-theft-and-tax-fraud?EXTKEY=AYFCF06>

<https://taxes.yahoo.com/post/138018219583/protect-yourself-from-tax-identity-theft>

## **5 Costly Life Insurance Mistakes You Don't Want to Make**

Making a mistake with life insurance can hurt the ones you love most. Fortunately, with some advance preparation and careful thought, these costly errors may be avoided. Here are some of the most common life insurance pitfalls we see:

### **1. Choosing the Cheapest Policy**

Everyone wants to get a good deal on insurance, but picking the life insurance policy with the lowest premium might cost you (or your family) a lot more later if it's not the right policy for your needs. We help clients by reviewing their needs so they understand which insurance makes sense for their life. This can help you avoid paying for more insurance than you need. We help clients consider:

- What is the right kind of insurance for my situation?
- Is the death benefit enough for my family's needs?
- What will happen when my insurance needs change?

*"AMONG THE LIFE EVENTS THAT SHOULD DEFINITELY TRIGGER AN INSURANCE REVIEW ARE MARRIAGE, DIVORCE, THE BIRTH OF A CHILD, PAYING OFF THE MORTGAGE, AND RETIREMENT."*

## **2. Failing to Review Your Life Insurance Regularly**

Like everything else in your financial life, life insurance isn't a one-and-done proposition. It's very important to review your policies occasionally to help make sure they still meet your needs. In the worst cases, an out-of-date insurance policy can lead to problems for your family when they need help the most.

The life events that should definitely trigger an insurance review are marriage, divorce, the birth of a child, paying off the mortgage, and retirement. A comprehensive life insurance checkup should help you answer the following questions:

- Is my policy still in force?
- Are the beneficiaries current?
- Who owns the policy?
- Do I have the right kind of insurance for my current and future needs?
- Is my policy still competitive?

## **3. Naming Your Estate As Beneficiary**

One of the primary advantages of life insurance is that beneficiaries can receive death benefits quickly. Unfortunately, if you name your estate as beneficiary, your loved ones will lose the ability to collect directly from the insurance company. Instead, they'll have to go through the probate process and might owe estate taxes on the death benefit. Any creditors you have might also be able to lay claim to the benefits if those benefits are part of your estate. In many states, life insurance proceeds are shielded from the decedents' creditors when they go directly to beneficiaries.

You may avoid creating trouble for your loved ones by specifically naming the beneficiaries you want to receive the death benefit and updating them regularly. Consider including backup or contingent beneficiaries in case your primary beneficiaries predecease you.

## **4. Failing to Insure Your Spouse**

Many people make the mistake of thinking that only primary earners or working spouses need to be insured. They make the mistake of thinking life insurance is all about income replacement. However, take a moment to think about the value of the labor a non-working spouse provides. Does he or she:

- Serve as the primary caregiver for children or adults?
- Work as the family chauffeur?
- Do laundry and maintain the house?
- Run errands?

Though this work might not earn income, it is critical to a family's wellbeing. In the event of your spouse's death, it's likely that you would have to take time away from work or pay for these services.

### **5. Relying Only On Your Employer-Provided Life Insurance**

Many workers get group-term life insurance as part of their employee benefits packages. While a term policy is an excellent perk that can help protect your family, the death benefit provided is often small and usually not enough on its own. The coverage will also typically end if you leave the company, leaving your family without that financial cushion. A private policy has the benefit of being portable and completely customized to your needs.

Life insurance is an important tool in financial planning, but mistakes can be costly. One of the benefits of working with our team is that we can review your entire situation and make recommendations about the role life insurance should play even though we don't sell insurance. When you're ready to move forward with life insurance, we then put you in the hands of an insurance team that we have carefully vetted. If you have questions about life insurance or want to discuss how insurance impacts your financial planning, give our office a call at 913.814.3800.



### **40th Anniversary Update**

Thank you to everyone who attended our 40th Anniversary open house event, where we celebrated our anniversary, announced the promotion of John Fales to Principal in the firm, and welcomed David Bush as our VP of Business Development. We continue to evolve and grow, and recently announced the promotion of Ryan Brooke to Financial Planning Associate and Cali Gillespie to Director of Marketing.

### **NAPFA - National Association of Personal Financial Advisors**

NAPFA is the country's leading professional association of Fee-Only financial advisors – highly trained professionals who are committed to working in the best interest of those they serve. After completing the vetting process, Searcy Financial Services is proud to announce that we have been accepted as a member by The National Association of Personal Financial Advisors and are now nationally recognized as a Fee-Only firm.

### **BikeMS 2016**

We are gearing up for BikeMS 2016 which will take place on September 17 & 18. Our team has raised more than \$60,000 in 5 years to help support programs, services and MS research. If you are interested in joining our team or have friends who ride that may be interested, please invite them to join. Information and a link to join our team can be found at [www.searcyfinancial.com/bikems-team-searcy-spinners](http://www.searcyfinancial.com/bikems-team-searcy-spinners). All riders are welcome, from beginners to experts!

**12980 Foster Street, Suite 160 Overland Park, Kansas 66213 | Phone: 913.814.3800 | Fax: 877.808.6353 | [www.searcyfinancial.com](http://www.searcyfinancial.com)**

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