

Perspectives - On Business

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Preventing Identity Theft

The average victim of identity fraud will spend 175 hours and \$800 to clear their record, according to the California Public Interest Research Group.

Prevention might be the best medicine. But, how do you protect your identity when that identity is exactly what allows you to do so much of what you want to do? It seems that every time you turn around another organization is asking for your social security number.

There are very few places where it is legal to demand your social security number: banks, brokerages, taxing entities and the Bureau of Motor Vehicles.

Businesses and organizations that have traditionally asked for that information should have developed alternative identification systems. Still, some may refuse to deal with those who won't use their Social Security number, even though they have no legal right to require it.

Here are four simple things you can do to protect yourself and family members.

1. Never give your personal information to someone you don't know. When asked for your social security number or other ID over the telephone or Internet, ask for a way to contact them to verify their identity.
2. If you have your personal checks printed with your Social Security number on them, have them reprinted promptly without it.
3. Don't give your children their Social Security card. Ask their school if they have a different method of student registration.
4. The old custom of etching social security numbers onto valuable personal property such as your computer or television is potentially dangerous. If you are still so inclined, try using your driver's license number.

The Federal Trade Commission (FTC) maintains a website full of information to help you prevent and/or deal with identity theft. It is located at www.consumer.gov/idtheft. Business owners may want to look for the printable brochure, "Information Compromise and the Risk of Identity Theft: Guidance for Your Business."

With all the turmoil, anguish and expense caused by identity theft, prevention is still the best medicine.

Have a safe and happy week.

Sandra Heusinkveld
Sandra@fpperspectives.com

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Future Finances' Market Update

By Max Larsen

Monday, May 24, 2004

I am out of the country this morning (back in the office tomorrow) and have not been near a computer for the past 4 days. Instead of forgoing the weekly Update I thought I would share a Market Commentary from none other than Dr. Robert ("Dr. Bob") Froehlich, Chief Investment Strategist - Vice Chairman Scudder Investments:

I.O.U.'s

It seems that our stock market simply cannot get out of its rut. It appears to be stuck in this somewhat narrow trading range with a clear negative bias. It almost doesn't matter what's going on with earnings anymore; the market simply waits for some dose of negative news from another front so that it can trade down for yet another day. I believe that I have finally figured out what is wrong with our market. It has an outstanding **I.O.U.** that must be taken care of first. The I.O.U. that I am referring to is interest rates, oil and unemployment.

I - Interest Rates

Let me see if I can pay all three of these I.O.U.'s to our stock market beginning with interest rates. I have said it before and I will say it again: I do not believe interest rates are heading up anytime in the near future, especially not in 2004. Most investors have become so caught up in the day-to-day, minute-to-minute economic, earnings and terrorism releases and events that their vision has become too short-term. Everyone is too worried about where the market will close today or this week. I believe it is because of this short-term view that the market fails to recognize the long-term drivers that will keep interest rates low for years to come.

In my mind lower interest rates are being driven by a confluence of three landmark changes. The first is globalization, which really began with the crumbling of the Berlin Wall and now has continued into China and India. This globalization has opened up new pools of low-priced labor, which keeps a lid on inflation, which in turn keeps a lid on interest rates. The second landmark change is the technology revolution. Think of our technology revolution as beginning in the early 1990s. The industrial revolution began in the late 1800s and that revolution led to 30 years of economic growth with little inflation and low rates. I

believe the technology revolution will play out the very same way. Third and finally is competition. You see, an environment of record low interest rates in which money is virtually free creates capacity faster than it creates demand for that capacity. That keeps inflation down, which in turn keeps interest rates down. There. I think I have paid my dues to the "I" in the stock market's I.O.U.

O - Oil

Now let's move on to the "O," which stands for Oil. With oil spiking to over \$40 dollars a barrel, this issue is now becoming bigger than life itself. Instead of trying to guess where oil is going to trade, I think it is more important to focus on whether this so-called "tax hike" will slow consumers down. I do not believe this "oil tax hike" will slow the consumer down at all, because there are two big tax cuts that offset it. The first is lower tax rates that were effective for all of 2003 but, due to budget constraints, were only put in place the second half of the year. Thus consumers are now due the other half of the 2003 tax rate cuts in the form of refunds. Second, the capital gains and dividend tax cuts enacted last year will show up in a lower final tax payment this year. This two-fold tax relief is almost three times the magnitude of the hit to consumers from higher oil prices. If you can keep this I.O.U. in perspective, I do not believe the price of oil is going to stop our consumers from continuing to drive our economy.

U - Unemployment

Now for the "U" in the stock market's I.O.U., which stands for unemployment. Let's pay our debt to this issue quickly. The April employment number came out this morning and our unemployment is at 5.6%. The 50-year average is 5.7% so now we are actually below the 50-year trend line. In addition, we created 288,000 new jobs. I think the term "jobless recovery" can now finally be put to bed -- as well as the "U" in the stock market's I.O.U.

In closing, investors have now paid the I.O.U. to the stock market and now it's time to focus on what is really important: Earnings.

The opinions and forecasts expressed are those of Dr. Robert J. Froehlich as of May 7, 2004, and may not actually come to pass. This information is subject to change at any time, based on market and other conditions and should not be construed as a recommendation of any specific security.

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Sandra Heusinkveld, President
Financial Planning Perspectives, LLC
1333 Clubview Blvd. North
Columbus, OH 43235
614-785-0156 tele
614-485-0176 fax
sandra@fpperspectives.com
www.fpperspectives.com

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