Protecting Your Family

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[00:00:00] **G Mark Hardy:** Hello, and welcome to another episode of CISO Tradecraft, the podcast that provides you with the information, knowledge, and wisdom to be a more effective cybersecurity leader. My name is G Mark Hardy, and today we're going to talk about protecting your most valuable assets. Now, normally when we talk about this, you would think we're talking about the crown jewels in your organization or critical assets within a company.

However, that's not your most important asset. Your most important asset is your family. Now, this episode is sponsored by Risk3Sixty, a cybersecurity technology and consulting firm that works with high growth technology firms to help leaders build, manage, and certify security, privacy, and compliance programs.

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So let's start with some basic assumptions. If you look at the average cybersecurity executive, the person's probably married somewhere between 35 to 50 years old and maybe two or three kids.

And if you're in your late thirties to fifties, and it's highly likely you have at least one of your kids in college or high school. So if we've used that as kind of a starting point and, and granted your situation may be a little bit different, but most of the ideas I talk about are going toapply to pretty much everybody.

But let's think about what we have to have in place. To [00:02:00] effectively protect our family, and I like to start about talking about managing money. Now, let's say you were laid off tomorrow and this might happen because of an economic downturn or a data breach at your company and, and either way, what we have seen over the covid season and then more recently and sort of a drawdown is it thus does happen.

Now, if you were to lose your primary source of income, can you provide for your family? We have at least, let's say six months. Worth of savings saved up to take care of paying bills. Now, why six months? Hey, in our careers we tend to take a while to change. It's just not like a, a simple, I stop work on a Friday to start work the next Monday, and if you don't, Have six months worth of reserves to draw on, then that could impact your family adversely, and that's a risk for them.

Now, if you do have that saving set aside, or if you can draw on credit, granted credit cards about the best way to finance yourself, they get very expensive, particularly if you get double digit interest rates. But there is a possibility [00:03:00] as long as there's a light at the end of the tunnel. But let's think about the money we do set aside now, if you do so, where are you putting it?

I could stick it in a savings account, but I took a look at some interest rates and they're still horribly abysmal in spite of all the Fed interest rate rises that we've seen in some banks. They're still paying interest rates at 0.01% a year. Now the rule of 72 says it'll take you 7,200 years to be able to double your money at that rate, which is a little bit longer than I'd like to wait.

So for example, you could find there's other. Banks that do so, Ally Bank Online offers an online savings account that'll pay 3.75%. C I T Bank offers a platinum savings account that pays 4.85% and larger balances. Apple now has a competitive savings rate in the high 4%, and this is a whole lot better than the 0.01% interest rate you get from an Advantage relationship banking account.

From a. Well, let's say, I won't name them out, but a large bank in America that I just checked their website this morning, [00:04:00] and if your funds are there at 2 2500, let's play that $250,000 or less. Then it's also protected from a bank default because these banks, for the most part are FDIC in short. So be careful though, when you look into different plans and programs through non-banking.

Entities, they might not have that insurance, and all of the Fed has waived insurance limits in some cases recently, like Silicon Valley Bank. There's no guarantee they're going tocontinue to do that in the future. Now, when it comes to spending your money, it's important to create a budget and manage your expenses effectively, meaning you have to understand your income, your expenses, and don't forget savings goals. And you can use budgeting tools like

Mint or you need a budget YNAB to help you track your spending and, and stay on top of your finances. When I was back at a university student, I remember getting a little logbook because we didn't have cell phones back then.

And literally tracking where every. Dollar one. Actually, every penny too, I remember finding a penny, and years later looked back and said, found a penny. Well, [00:05:00] that's a little bit O C D. And I didn't stick with it for a long time. But what it did do is it opened my eyes as to where the money was actually going.

And when you see what's coming in and what's going out, and you wonder why, why am I constantly running out of money? And you realize that, hey, I'm getting a a $4 and 87 cents Starbucks double fruit latte with sprinkles and something like that, as compared to make a pot of Folgers in the morning and. A lot of little things that the margin can add up, but if you don't know where it's going, it's a mystery.

At the end of the month, you're like out of cash again. So let's think about establishing first a foundation of savings. You should pay yourself first, and if you get a raise before you even start spending any extra money, set a little bit lower number. And then try to live within that lower mean and then save the rest.

Many years ago I was working a job and we, they did a series of layoffs and I got caught up in that and now it's like, well, I don't have any money coming in. Well, I had a family to feed and a mortgage to pay and nothing coming in. And after a while I found out [00:06:00] that that was a very uncomfortable place to be.

I ended up taking a job, but I didn't have a whole lot of negotiating leverage because I needed the money. And after spending three years, commuting 61 miles each way to this job and getting no special treatment, no sign on bonus, no relo bonus, no real meaningful stock options, I made a determination. I will never be in that position again.

And so what I was able to do then is say that when, no matter how much money I made, I'll live a little bit below that. It's not that tough to do. And what you realize then is that I think there's a book called The Millionaire Next Door, which says, the person who's really doing the best is not the one buying a brand new Tesla or some fancy sports car.

You know, the old Lambos we talk about in the crypto world, it's probably somebody aren't driving an old Toyota and maybe living in a fairly modest home and you find out that they've got a huge amount of money saved up, which means when you're old, you're not going tobe eating cat food out of a dumpster behind Walmart.

Anyway, think about first an emergency fund. An emergency fund would be a great place to make sure that in the [00:07:00] event that your income cut off, you can draw on potentially up to six months worth of that. And if you have to draw it down, when you get your job back, fill it back up again. Replenish the tank.

Also, make sure you avoid lifestyle inflation if you're contributing. To your retirement accounts and you get a raise or promotion, contribute more to your retirement accounts or other long-term savings. And by the way, you don't have to rely just on your retirement, so don't talk about that in a moment.

You can put money, money in a regular investment account now. Most of us would have to deal with budgets at work. But you ever do a budget at home? If you had a small amount of money, yeah. But after a while you say, Hey, money's coming in. I'm good. I'm not starving, so why bother to budget? But reality is I talk to professionals who are making six figures who don't know where the money goes.

Barely said we got barely a hundred, you know, barely a thousand bucks left at the end of the month, maybe. But if you add up rent payments or mortgage, utilities, groceries, car payments, transportation, insurance, [00:08:00] entertainment, dining out, coffee, you name it, it adds up quite a bit in all your subscriptions.

Of course, if you find yourself in a situation where you're going to get ahold of your finances for the first time, where should your money go? Some people say, well, let's go ahead and I've got. Five credit cards, and I'll pay equal amounts until they're all done. Or I'll try to pay off the biggest balance first.

As a guy with a math degree, I got to tell you like wrong, find the thing with the biggest interest rate and pay that off first. Even if it's the smallest balance, why it's bleeding you the hardest. If you're paying 24% here and 18% here, and maybe 7% here. Pay these things off, right? It's kind of a no-brainer, but yet traditionally we like to say, well, let me clean up all this little stuff off my desk.

Go for the big things first and pay that off. You're going toreduce your overall costs. Also, as they say, think about your kids. 529 plans are state sponsored plans that allow you to save money for your kids' [00:09:00] college tuition. These are tax deferred accounts and factor those into your budget and savings plan.

And I think with the 529 plans, if your kid decides not to go to school, you can get the money back. For yourself. So there's an incentive there for Junior to go ahead and, and do well. So if you're going toprepare a family budget, establish a foundation of savings before you increase your spending. Be careful about lifestyle inflation in mind.

We are spending, keep track of your expenses. Identify areas that we can cut back perhaps that are nice to have, but they're not necessary. If nothing else, practice that discipline for when you might need it. If you take these steps, you can make sure your income's used wisely and you'll have something for the long run.

Now let's discuss investments in stocks and bonds. Now, investing in stocks gives you the opportunity for long-term growth, and bonds typically provide a steady stream of income. Now things change over the years as we know that sometimes the markets up and markets down down, and we went through a 40 year bond market.[00:10:00]

Starting around 1980, going all the way to 20 20, 20 21, and then I'll reverse. But we find out that in general there's a balance between risk and reward. And whatever strategy you choose should be aligned to your goals and your risk tolerance. Now, when you're thinking about long-term investing, it's good to have diversification.

Diversification doesn't mean a lot of different things randomly. It means different things that are not necessarily correlated. So if I say, well, I think oil stocks are going togo up, so I'm going toput all my money in Exxon, but I'll diversify. So I'll buy Chevron and Occidental Petroleum and, no, no, that's not what we're talking about.

We're talking about being able to go ahead in looking different. Areas of the economy or different things that for the most part don't correlate. Now how you allocate your money to either stock a bond or a mutual fund, which is basically a coordinated, somebody else picks those elements for you. It's again, your investment goals and your time horizon, and how much risk are you going totake if you're a new investor.

I remember somebody came to me when I was speaking [00:11:00] years ago at a conference and someone said, G Mark, you, I'm making more money than my parents ever did. I'm in my twenties and I don't know really what to do. Somebody said, buy the biggest house you can find afford, and then make double mortgage payments, or go ahead and stick it all into a huge CD.

Or, you know, by, and again, a lot of these recommendations were well meaning, but they were not really. The best things for these people. And he said, will you tell us something about it? So that was kind of my inspiration for this talk as well, to say there's a lot of people out there who were really smart at jobs, but were not so smart at money, and you really don't want to end up like a professional sports player who at 35 is retired and broke.

Even though they made millions, so we'll avoid that. So let's talk a little bit about some of these investments. Mutual funds and ETFs are exchange traded funds, provide diversification and allows one to invest in a single security field, like you say, Fidelity, Magellan. But behind that, there might be 10, 20, 50, a hundred different stocks.

And then this can help to go ahead and minimize the impact of a [00:12:00] single company if there's a breach disclosure and the price drops. Or on conversely, if there's a takeover and the price goes up, it kind of gets moderated together. And so as a result, result it reduces your beta. In the beta is a measure of your volatility compared to the rest of the market.

Now, we want alpha because that's considered how well you do overall. So you seek alpha, you avoid beta. Life's good, but that's sort of an impossible combination. You want everything. So what we try to do then is do your research. Understand also that ETFs and mutual funds can have huge costs. There could be sales fees.

I think they can go up to seven and a half percent. There's a 12 fee that could be in there. There's a whole bunch of things that I learned when I studied my financial stuff that I want to get into the details right now. But there's also the same fund could come two, three or four different ways. So if somebody is saying, Hey, you ought to buy this.

Is it class A or class B or class C? And look at those expenses because if you lose 7% a year, that's a lot. Now, the very first time I really got into investing for myself, I [00:13:00] was a junior naval officer, we had a group came on our ship from USPA and IRA, and they talked about the importance of pay yourself first and what we could do with mutual funds.

And I signed up for them. And after the first year or so, after I got my head around the idea of paying myself first and where the money goes, I'm realizing. I'm getting an awful lot taken off the top. That was mostly sales commission. I don't want to keep paying seven and a half percent for the rest of my career.

So I diversified and I moved into different things and eventually closed out the fund. Now, do you feel bad about paying that seven and a half percent for the first two years? Not at all, because it changed my behavior and it was worth every penny for me to go ahead and learn how to pay myself first.

And you should learn that as well. Now, when it comes to these emergency funds, be careful that you don't stick them into like a long term CD, that you can't get it out or you're going topay six months. Interest penalty if you close it out early. So at some point in time you are going to have to make a little bit of a sacrifice for returns for some of the money you need to have handy, but it's probably going todo better than leaving it in a [00:14:00] Sealy Posturepedic.

Another thing you might consider for that is short-term bond funds. We've seen inversions of bond rates, and what that means is that typically you figure the longer you hold a bond, the more risk there is. And so you think that the long-term rates would be higher than the short-term rates. We've seen inversions of that recently, and then oftentimes those inversions pre-stage a recession because it means people are saying, Hey, you know what it's a little bit risky over here.

And by the way, bond rates, the, the prices of bonds go up when the interest rates go down. If I buy a bond that pays 10%, I'm a thousand bucks. So I'm getting a hundred bucks a month, and the interest rate drapes drops to 5%. Well, if you want to go ahead and invest $2,000, you're still going toget at 5%, a hundred bucks a month.

Well, I paid a grand for mine. You're now paying two grand. Why don't you buy mine for two grand? And you can see, although the interest rates went down, the price goes up and it works the other way as wrong. And so make sure you have a balance between having some money available in your emergency fund.

And investing in other places like stocks, spawns, and [00:15:00] mutual funds. Make your money work for you. Don't free rides if you have employees that are just dragging and not working hard. Put a new work for you. Make your money work for you. Now, there is a certain classification of information for investment that I like.

It's called a series I Bond, and they're offered by the US Treasury Department and they're a combination of fixed and inflation linked interest rates. They're basically an inflation protection bond, and these interest rates are determined by a combination of factors, and they update every six months.

Now they just updated in May. And they'll also again update June, July, August, September, October, November. And so you'll see that every six months. Now what happens is the inflation rate changes, and so they'll move these things and once you buy it for the first six months, you're locked in. Even if you buy it on the last day before they change the rates.

As an individual though, you say, well, wait a wait. Last year these things were paying like 7.8%. It's like, that's stupid money. I'll take it. Yeah, but you can only buy $10,000 worth per person. Now there's a hack. You can get another [00:16:00] $5,000 in paper bonds for yourself if you overpay your taxes. And when you file your 10 40 personal tax return, you file form 8888 and you say, Hey, I want you to refund up to $5,000 of my tax refund in paper I bonds, and I think they're in increments of 25 bucks or a hundred bucks or something like that.

So now you can do that. Now what's it paying right now? Right now, as of the 1st of May, 2023. There's a 0.9% fixed rate, and that's on top of the 3.9 that they're paying right now. I'm sorry. Let's see. Current yield is 4.3, so let's do the math. So it's paying 3.4 Now, I dunno how they got to 3.4% is saying, well, that's our inflation rate.

But I'm sure that's not my advantage, but it's probably in the Federal Bank advantage. This. Fixed rate though is the highest it's ever been since 2008. Meaning what is that? If you bought a bond a year ago that was paying 7% but zero on the fixed, and now I buy one that's paying 0.9 on the fixed, plus the inflation adjusted [00:17:00] next quarter, let's say they pay 4%, this guy is going toget four and you're going toget 4.9, you'll always get an extra 0.9 kicker.

And so as a result, that's kind of nice and that can last you for a while. These bonds are good for 30 years now you can't. Turn them around the next day and get rid of them. You have to hold them for a year and in addition, if you hold them for less than five years. There's a three month interest penalty, whatever the last three months were.

Now, the crazy thing is it says sometimes that these bonds could actually pay less than zero if they, we go to a deflation. So I'm wondering, and I haven't figured this out yet, but it sounds like a hack, if they actually go to negative interest rates, can you close your bond out early and then they pay you to close your account?

Somebody priority thought of that, but it might be worth looking into. But also remember this interest rate, although it sounds pretty good for a risk-free investment, assuming that your treasury doesn't, or Congress doesn't fail to raise their limit, or you know, the US doesn't default. It's money that's guaranteed you.

So if you're going toinvest into serious iBonds, which is not a bad part of your portfolio, not everything, [00:18:00] but it's a good place to put stuff in there and forget about it. And then you come back 5, 10, 20, 30 years and there'd be something there. And regardless of what the stock market does, regardless of what inflation does, you're still going toget something out of that.

Another element of financial planning is life insurance, and there's several different types of life insurance for sale. Again, I'm not a life insurance salesman, and I used to joke with my wife that I didn't want to get life insurance because I never wanted to be worth more dead than alive to a woman who knows where I sleep.

Well, she still puts up with me after all these years, so I guess I've been doing okay. But the types of life insurance you can get are term life insurance, whole life insurance, universal life insurance, and variable life insurance. And so lemme do a quick overview of these again because they're slightly different and some may work better for you than others.

Term life insurance is really just based on the odds. It says, how long is this person going to likely live? Let's calculate the mortality rate. How much would we have to pay out? And then it's the most affordable. It doesn't have any cash [00:19:00] value, meaning that if I cancel my policy after one year or two years, or 29 years or whatever, they're like, yeah, okay, fine.

You didn't die. We win. So the only way you win is to die, which I don't know. I'm trying not to win that game. So, What happens though is I'm told, I don't know this for certain, because it's really something that's not just out there, but about 95, 90 6% or more of term life insurance policies. Our canceled or expire before the person actually collects on them.

And so as a result, it's cheap insurance. We had the Serviceman's group Life Insurance, S G L I, and when I was on active duty, we used to get that, I think it started at 50,000, then worked its way up to like a quarter million before it was retired. But what's interesting about something like that is they do cover things like wartime.

And so if you are mobilized or go off on active duty and you get you lose your life in combat or something like that, some civilian insurance policies have an exclusion for things. They'll have an exclusion for suicide [00:20:00] exclusion for. Acts of war, nuclear detonation, zombie apocalypse, and they probably have today pandemic in there.

I don't know. You always look for these exclusions of things that could create a lot of expense for the insurance company all at once. because let's face it, insurance companies aren't in the business of writing checks. They're in the business of cashing them. Now another type of life insurance, the thing about is, Permanent life insurance or whole life.

And whole life is really great for the salesperson because there's a lot more for commission in there. What a whole life is is really allows you to go ahead and it's like building up a savings account and that becomes a cash value. And the cash value is really kind of the excess that you ended up paying in there.

So initially you pay a lot more term is your risk. Whole life is, here's your risk, plus this additional money, which we're going togo ahead and start to invest. And over time you build up a cash value and you can borrow against that. Or like my dad who had had a policy for years and years, by the time I think he was in his late sixties or seventies, the buildup was enough to pay its own [00:21:00] premiums and it kept on going until he passed on.

There's another tool called Universal Life Insurance, and it's permanent life insurance that gives you both a death benefit and a savings components and the difference with the whole life. Here's your premium, you're going topay it. Or a term life if you lock in for a term is universal, can adjust over time.

And then you can determine how much my premium, do I want to go to a death benefit, or do I want to go ahead and put it to the cash value component and I can adjust that in things such as that. Pretty much anytime an industry gives you an option. For a new product, you just got to ask yourself, is this because they want to make less profit or more profit?

I'm not going to say any more on that, I just want you to think, but when you think about how much insurance is appropriate, it really depends on where you are. When I was single and did not have any dependents and I really had no meaningful debt other than just paying off that month's bills, I really didn't need insurance.

Nobody depended upon me. Other than the fact that they had to dig a hole in the ground and and stick me in it, that was the only requirement that it had. And there's [00:22:00] burial insurance, and if you watch daytime tv, you can usually see ads for that. Well, you know, don't, you know, impede on your loved one's life when something happens to you?

You'll get burial insurance for a couple grand. All right, great. But if you're family person, maybe have one or two kids, a spouse, mortgage, things like that, the estimate is 10 to 12 times your annual income. Now everybody's. I'm going to be to say that, but what if you say, well, I've got investments. I've saved up all my money.

I was early on Bitcoin, whatever it happens to be. If you've got that much, you probably don't need life insurance. And at some point when the kids get old and get out of school, or if you've got the mortgage paid off, it goes down. It goes down over time. Now, the cost of life insurance can value vary based upon your age, your gender, whether you're a smoker or not.

And sometimes your health. And so the most affordable term policies, probably the most expensive ones, whole life because of the cash value, but it does have a value. And if you're horrible at saving money, And it just burns a hole in your pocket, then whole life actually is probably better than doing a term.

[00:23:00] But again, it's individual. And so what happens is one other thing to think about, A lot of companies offer insurance. They'll offer life insurance, disability insurance, short term and long term health insurance, et cetera. But if you tend to move jobs as a CISO every three years or so, and you're getting your insurance through your employer, You might think that, well, if something were to change in your personal situation, you might not be insurable as easily as much anymore.

Or if you go between jobs, it could get really expensive covering not only your premium, but whatever the company was paying in. And for healthcare, we call that Cobra. You pay 104% of what the company was paying. You might have been paying 50 bucks a month and they were paying a thousand a month, and all of a sudden you're like, wait a minute, you mean I'm paying 1040 when I was paying 50?

That's ridiculous. Well, it's not that much more money. In grand scheme of things, but out of your pocket. It is. So think about in some cases, particularly with regard to things like life insurance, I carried a short-term, I'm sorry, long-term disability policy. I started buying when I was 27 years old. [00:24:00] Why?

Because I didn't really want to win on collecting on life insurance, but I knew I was going tostart my own business and I was going tobe independent and I didn't have anything to fall back on. And so from age 27 until I got close enough to the point where they stopped paying, which most of them was like age 65, then I did the math work and they said when I'm 27 and something were to happen to me next week.

This makes sense. I can take care of myself till retirement. But now you get to the point where you say like, oh, you're close enough to that retirement age that they're going tocancel it anyway. Maybe I'll just cancel the policy and you know what, I'm still here. But it was kind of peace of mind. I was a cash cow for the insurance company, so to the shareholders.

You're welcome. Now let's talk about retirement savings. Because once you get to retirement, it'd be useful to have something in your pocket other than, well, social Security, that's all my dad had. And because of what he would did and where he worked wasn't all that much money. About $1,100 a month. And so it's really tough to live today at $1,100 a month if you want to live in your own home and drive your own car and be able to have meals and things like that.

And so as a result, social [00:25:00] security should not be the only thing that you're thinking of in terms of your income. Now, there are tools available, Things like a 401k plan, which is a retirement savings plan, often sponsored by an employer and a retirement account, individual retirement account, IRA, and there's contribution limits and these change from time to time.

So you should really stay up to date on these things. It's really important to save for your retirement. Time is your best asset. Compound interest, as Einstein said, is one of the eighth wonder of the world. He's got a good point there because if you save up your money and it keeps going, you're going todo a whole lot better.

A 401K plan. You can't just set one up yourself on your own. It's an individual. It's got to be through an employer. I can start your own company, but that's, we're in boundary conditions here. Employees make a contribution, usually is a percentage. Of your income and that money comes off the top before they charge you income tax.

So let's say you made a thousand dollars in a pay period and you're going to contribute 10% to your 401k. The first a hundred dollars comes off the [00:26:00] top, goes into your retirement account, and then the 900 goes and gets looked at for taxes. So tax deferred going in. In addition, the closest thing to free money out there is an employer contribution where they will match usually 1, 2, 3, up to 5%.

It's possible to go more than that I think, but usually 5% I think may be the limit. And that's free money. Have them put the money in your account, but you have to put the first five in. So that's to encourage participation. But basically for every dollar you put up to 5% and they put in a dollar, and that's yours.

After you're vested, it's free money. Take it. There's no reason not to do so. And so what happens then? As these 401K plans can be invested in a lot of investment options. You can get self-directed IRAs rather than just simply put them in a bank account and you can buy and sell stocks and bonds and mutual funds and things like that.

Some of them are very robust, some of them are a little bit more restricted, but if you don't know what you're doing, It's a good idea to have somebody else managing that for you. When I was at the federal government, the Thrift Savings Plan, or TSP, I think we had [00:27:00] five choices you could get into, if I could remember them.

The stock fund, the bond fund, the cash fund, international fund, and there's something else. Other growth fund. I think it was. And then they have target funds Target 20, 30, 20 40, 20 50, where they change the blend and you sit back and you run the advantage of that super low expenses. The disadvantage of that very limited choices, and after a couple websites came up showing you how you could buy and sell and optimize your returns.

The federal government, instead of saying, Hey, wow, you're taking better care of yourself in retirement, you're less likely to be a public charge. They just basically put a whole bunch of restrictions saying you can only do two transactions a month. And then after that, all you can do is move to cash. Anyway, think about what works best for you.

Now, currently the annual contribution limit for a 401k plan is $22,500. For an individual, if you're under the age of 50, or if you pass that magic five oh

$30,000 a year, you can put away, and for IRAs, your limit is $6,500. If you're under the age of 50 or 7,500 [00:28:00] past 50, they call that the catch up amount of things like that.

Now, there's a third type. Called a Roth IRA. And a Roth IRA is an exercise and will pay me now versus pay me later. And what happens is it's only available if you meet certain income limits. So if you're doing well in the financial and you're making over 200 some odd grand a year, you can't access a Roth IRA.

But if you can, it means a, you got to pay tax on the money and then put it in, well, why would I want to put away money after I pay tax? Because a Roth IRA is unique insofar as it is not tax. Deferred, but it's tax free. Meaning if I put in $10,000 now and 40 years later, it's worth a hundred grand. I paid the taxes on the 10 grand now, but later a hundred grand comes out tax free.

Not so true with an IRA or with Social Security or 401k, where you pay tax deferred. If you don't pay now, but you pay later, the idea is when you're older, you're probably making less money. You have a lower tax bracket, and that's assuming the government doesn't [00:29:00] raise the tax brackets through the roof.

Lot of things to think about, but I'm trying to make you aware of these ideas. Something we use every day, what credit and debit cards, and there's a lot of fraud going on out there. I started a credit card fraud prevention company nine years ago. I was speaking at a conference last week on cyber fraud and talking to a bunch of law enforcement folks, and it's still a tough problem.

Back then when I looked at it, I think it was 16 billion a year. And the fraud can only go up from that point. So what can you do to protect yourself? Monitor your accounts, check your bag, and your credit card statements. Although under Reg E, you're protected for more than $50,000 worth of losses. 50,000.

How about $50 worth of losses if you report it within two statement cycles and things such as that, and most banks will give you the 50 bucks back. They don't want to lose you, but you should really check on it anyway because if you're constantly getting your card popped or whatever, you're doing something potentially wrong.

One way to protect against that is a virtual credit card number. Some banks will allow you to issue a one-time credit card number. It's still fixed within the [00:30:00] 16 digits, but you use it once, then it goes away, or it's good for 30 days and you use it for a European trip and then it goes away. So that if a card is compromised from a merchant, whomever stole that information in the future is not going tobe able to use that card because it's already sunset.

Make sure your computers are locked down, that you're not downloading miscellaneous things, that you don't have a browser plugin or some of this malware, which you go ahead and scrape screens or actually take inputs. Don't give up personal information. I get calls, for example, from some medical organizations.

Hello, is this so? Yes it is. It's Hardy. Can you give us your date of birth and social security number? Like, no, you called me. Well, that's our verification procedures. I'll look you up on the web and I'll call you back. That's the way it goes. Report your card if loss is stolen immediately. Limit your liability and help keep your bank costs low.

Most cards today are chip, reduced chip and signature in the US chip and pin over in Europe. But you want to make sure, therefore, if possible, avoid swiping the card. Now that's a fraud approach. You go ahead and you go up to a a station, put the card in wrong. It's a stolen [00:31:00] card. For example. Put it in wrong, chip doesn't work.

Put it in wrong. Chip doesn't work. Putting wrong chip doesn't work. Now go ahead and swipe the card. It's a whole lot easier to counterfeit the mag stripe than it is the chip that goes onto the card. So be careful of things like that and if they just want you to swipe your card. They should be asking for a chip.

Something's up. You can always sign up for alerts or even freeze your credit, which you'll talk about in a moment about the importance of managing your credit and possibly inconvenience or danger of freezing credit. But if you do those things, you can reduce the risk of fraud. Now, when we talk about your credit, you can obtain a free credit report.

The Fair Credit Reporting Act requires each of the three me major credit reporting bureaus, which would be Equifax, Experian, and TransUnion, to provide you with one free credit report every 12 months. You can report online, you write mail, or by phone. Two of them are pretty decent. One of them, no matter what you do, and they're not going tocall them out by name.

Maybe I should not Enough information. Not enough information. You have to send it in, writing in and, and I was like, okay, fine. I mailed it off, and then a few weeks later, you get it in the mail. [00:32:00] Other ones are like, boom, here you go. It's online, but review it for errors. You're going tofind little typos in there from time to time.

I remember, you know, growing up at home, my mom had the first initial that I did, and so there was a lot of M Hardy's out there that it was at the address. Well, the two of us, my mom and me, and I had like a. Department store credit card. I was on there for, mom was really good about paying her bills, so it didn't ding me, but you could track your credit score.

Some banks who do it for free, you can use Credit Karma. Credit Sesame, Mint, other places will allow you to track that. And you can see if your numbers go up and down, typically they go up to a scale about 850 being sort of like a perfect score. But if you're above 800, you're in great shape when you're in the 700 s.

And again, I'm not going toget into the details here. Because different companies use different scales and things such as that, but it's very useful to make sure that you know what your credit is. Why? because you go to apply for a car loan, a home loan. It could reduce your interest rate or even make the difference as to whether you get.

Loan or not. There are paid credit monitoring services if you want to. We see somebody who puts a social security number on the side of a truck and say, use this credit protection thing. I'm a [00:33:00] little bit wary of that. I don't think I, I've never felt a need for it and I've never really had any problems.

This is not an invitation for anybody to cause me a problem, but it suggests that if you pay careful attention to what you're doing, something doesn't look right when I see a strange charge or whatever, and sometimes there's a little test charge. You see if a account is no good. I've called it out to the bank and said, Hey, I need a new card number right now.

And they've issued it. And the problem is though, you don't know what happens after that, they're not going tosay, yeah, somebody tried to attack your account a week later or whatever. The Consumer Financial Protection Bureau has resources and tools, and there's even a credit score simulator on their website where you can see if I pay off this early, if I catch up with this, let me go.

Some things on your credit report. Age and Die. It takes a while. Sometimes up to seven years if you do something like a bankruptcy, but it is something you can rehabilitate over time. Now what if your PII gets compromised, your personally identifiable information and it, and it comes out in a data breach somewhere?

First of all, you may hear from it. I got a letter sitting somewhere here on my desk from some organization said, yeah [00:34:00] your information was in our database and you got compromised and didn't even heard of this company. Somebody else on marketing database from some other company that was a third party.

My stuff got coughed up and I'm being offered credit reporting services. Well, if I. Had a hundred dollars bill for every time someone stole my credit card information, I had a credit breach. I'd be retired. I used to say that until, I think it was the Equifax breach where they said, Hey, we'll give a hundred dollars.

Everybody subject to attorney's fees. It's like, well, I don't know. I guess to sign up for it, I think net you ended up being just a couple dollars. It wasn't even worth your effort. The attorneys made all like big dogs, but check for breach notifications. You'll get notified typically by mail or by email, depending upon what the legal requirement is in the state in which the company had the, the account that got compromised.

And just monitor your accounts, look for unusual activity, and if you see anything unauthorized. Report it immediately. Take the time to kind of look into those details. Place a fraud alert on your credit report. If you think there's a problem, you can contact each of these three different credit bureaus and say, Hey, I think there's a problem.

Alert [00:35:00] lenders and creditors that something might be up and take extra steps to validate somebody. Now there's something called a credit freeze. And a credit freeze means that you basically tell each of these three companies, put a little indicator, little flag saying the card holder has said they want to freeze their count.

Now it doesn't mean. They're an ambitious. Salesperson is not going tobe able to say, well, I can't give you credit because it's frozen. They might do it anyway just to try to get the commission, but they might also give it to somebody who's not you, which creates a bit of a problem. Sometimes you have to pay for that service to turn it off and on, but if you do use credit freeze as a defensive measure, you might have to turn it off for a short period of time to go ahead and apply for a loan.

You need to leave it open for a little while to give them a chance to do your check, and then, Put the shields back up again and also look for phish scams, because there's a lot of ways that phish scams are going totry to get credentials compromised. I got one a couple weeks ago, it looked pretty good. It was they had opened up recently, a hardware store around the corner and this one happened to say, Hey, it's we're doing a drawing for new customers and [00:36:00] you could win this nice toolbox and you'd only pay.

$5 and 95 cents instead of what it's worth. I look it up online, it's like $70. I'm like, well that's a good deal. It's almost too good of a deal. And I go through it like, this looks nice, this looks bad, and it is the right company, et cetera. But there's just something a little bit fishy about it. I mean, it really was PH fishy when you get to the point where they weren't carrying them up my name or my address or my phone number.

Cause I put in goofy stuff that was not correct. For example, you know, 1 23 Main Street in. Chicago, Wyoming, zip code 0 0 0 2. It's like, okay, it's like you ought be checking that stuff so when it asks for, Hey, just give us your credit card number for that $5 fee. Yep, that's a scam. So be careful about stuff like that.

Now, if we talk about password management, which is another important thing, rather than keeping track of a whole bunch of passwords, and I know, you know, some people have a little book and they write them all down, heaven help you spill coffee on or you lose it. Is use a tool like a password management software.

And what allows you to [00:37:00] generate pseudo random passwords to with certain level of complexity. Give me a 20 character password with uppercase, lowercase numbers and special characters, and then populate it in this field on this website and track it for me. And effectively, if you do that, you could have super complicated passwords at every place you go.

You don't have to remember any of them because remembered buy this password management tool. Something like a bitwarden or onepass or but one password are out there that work pretty well. What to think about. The only one you need to remember is the master password, and for that I recommend using a pass phrase, something that's long, not complicated.

The little girl went to the store to buy some food for her cat. All right. NSA can't crack that password because it's just so long. Even though there's only ball, lowercase 26 to the end power, and that's, I dunno, 50 or 60 characters. That's off the scale. No computational engine will go that far. And then, Set up multifactor authentication.

So we want to log into your thing. You got to go ahead and use your phone and then you can go ahead and trust on that. Use unique passwords at every [00:38:00] site, and a lot of times these applications will tell you whether or not you've duplicated the password. That audit feature will help you duplicating that.

There's also a website called haveibeenpwned.com Have I been pwned .com? And you can see if you're in a data breach. And it's kind of interesting when you put in your email addresses, say, yes, you are in this data breach. And that might have been something you'd never even heard of before. Now if you have children, you want to protect them online, and that's really important because there's parental control software to blot inappropriate content and you can monitor your children's activity, but for the most part, they're going towant to get around it.

Hey, if you're in security, they be learn. They want to be a hacker just like mom and dad. So think about how to protect them from the risks of online. One of the things you can do is install that parental control software that allow you to limit access to places you should not go. I do a corporate equivalent of that with my Cisco umbrella, where I say, you can't go to certain.

Top level domains. We don't go to .ru. We don't do any business there, but there's a potential for that to be dangerous. We don't [00:39:00] go to hair and xxx, so those are all blocked. You can be a lot more granular by using certain filters like open DNS that will look for things that could be dangerous to kids.

Content blocking is available out there. Educate your children. Sit down and talk to them. It's the birds and the bees. Talk about the internet. Not everybody's out there to be nice to you. And in the same way, you should have a conversation with your kids. If some stranger says, Hey, dad said we'd pick you up at school, you should have a safe word established.

If some website is asking you for personal identifiable information, tell not to do that. Particularly if they're under the age of 13. The Children's Online Privacy and Protection Act, COPA has some severe penalties for companies who solicit information from kids under 13. That's why places like Facebook and likes say, if you're that age, I can't have it.

I remember trying to get my dog a Facebook page years ago and said, Nope, not old enough. So when you turned 13, I got him a dog book page and then set boundaries and rules, help your kids understand what's appropriate, not appropriate. You can get sucked into some things, and it's okay if they wanted to talk to their friends back and forth, et cetera.

Although [00:40:00] personally, I believe face-to-face is better and go out and play. And I don't care if you get dirty, just take a shower before you come home for dinner. You know? That's what we do when we're kids. But there's also a book out there that we found called Digital for Good, raising Kids to Thrive in an Online World.

The author is Richard Culatta, CULATTA, It's on Amazon for about 15 bucks. And he talks about things such as understand how much tech use is healthy for your kids, and set a balance be informed and knowing what they're doing, and consider multiple viewpoints of things such that when you're looking at things online, help kids to evaluate stuff.

A lot of fake news out there. See if they can help spot it and discuss with you as a parent, Hey, why does this not look right? What do you think is not true about this? You could use that tech to improve your community and help people out, and then be aware of the actions that you could take place that could affect your family.

See, no method is going tobe foolproof when it comes to online protection, but we do find out that there are ways to go ahead and raise the. I [00:41:00] know limits of your kid's resistance. So they go, Hmm, this doesn't look quite right. I'm not so sure about that. And as a result, that stop, hesitate and think about it.

Another good thing that I also recommend for adults is that if you get an email and it gets an emotional response, haha, guess what? It's probably phishing as most emails should not solicit. A response. And of course if it says answer right away, it's email. It's email, it's store and forward. It's asynchronous.

If somebody wanted you right away, Call you on the phone and say, Hey, pick up the phone right now. I did that to my son and he said, dad, why are you calling me? That's rude. I said, what do you mean? He said, send me a text. I'll call you when I'm available. It's like, dude, I'm your dad. You're going topick up the phone when I call you.

Well, we've worked that. We've worked through that, but that was back, I think, wag when he was a teenager in early twenties, like, I'm too important to take my Dad's call. He does now, and I really appreciate that. One more thing to think about. Let's see, how about a family emergency plan? What if you had to get out at [00:42:00] Dodge House, catches fire, or there's a flood or hurricane or earthquake or fire, or you name it, you might want to have an emergency plan to include emergency contacts, your friends, neighbors, other people you can call healthcare providers. Make sure everybody has a copy of that list. Put in your wallet or purse, laminate it so if it gets wet, it doesn't get done. Yeah, you could have it in your phone, but what if you lose your phone?

You want everything in there? Put on the refrigerator. Maybe do a little quiz on that. Who's on it? Have evacuation routes set up? How do you get out of town quickly in Florida? They've got to evacuation route for hurricane. Go this way. Go that way. Go that way. Of course, everybody's going that way and nobody can move.

But you want to have some practices also practice getting out of the house. What happens if you're on the second floor and there's a fire in the kitchen or something? Do you know what window to climb out of? Can you get down to keep a a, any line or wire or rope up there that would help out? Have a communications plan.

Make sure everybody has access to a cell phone or they know how to reach it or set up something with a store in [00:43:00] four. You could have a, a shared Google mailbox or something like that where you can drop messages, have a go bag in emergency supplies, food, water, medication, first aid, a personal hygiene, and also have some food set aside for a couple days.

If you lose air conditioning, you lose electricity, depending on whether it's summer or winter, could make a difference. But you also want to make sure that you're in, in a situation where you're, you're stuck and you have to go out and do things that you didn't want to do, and make sure all your family members know that they have copies of that plan.

Keep it safe, keep it up to date, and you're able to go ahead as circumstances change and keep it going. Well, I hope you enjoyed today's episode. It's a little bit different from a regular focus on cyber, but I'm recording this today on Mother's Day. And so I thought thinking of family, that we'd help you think about your family as well.

So people will always be your most important asset. You should think about that, and particularly your family, the people who are going tospend their time with you and that you spend time with them. So think about how to protect them, whether it's through emergency fund, establishing life insurance, a 401K [00:44:00] or an ira, a family budget, having a go bag in case you have to get out a dodge or something else.

You can make a difference and lower the impact when bad things happen in the lives of the people you care about. Hey, if you enjoyed today's show, be sure to follow us on YouTube. We've got a YouTube channel. If you're watching me there, great. If not, go ahead and subscribe or follow us. Get our numbers up there because we've got a lot of followers on LinkedIn.

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