

RNL & Associates

Working Toward Reaching Your Financial Goals



Timothy O'Connor, EA, CFP®
Katherine B. Brady, CFP®
RNL & Associates
86 North Main Street • Rutland • VT • 05701
802-773-4115 • Fax 802-773-3046
www.lazzaroassociates.com



Dear Friends,

Enclosed are some interesting articles that reflect areas of interest, that have come up recently in our practice, that we thought would be helpful to share with you.

We will continue our work of monitoring, assessing, and guiding you through the areas of financial planning that are important to you, and invite you to call to discuss any of these topics or other questions you may have.

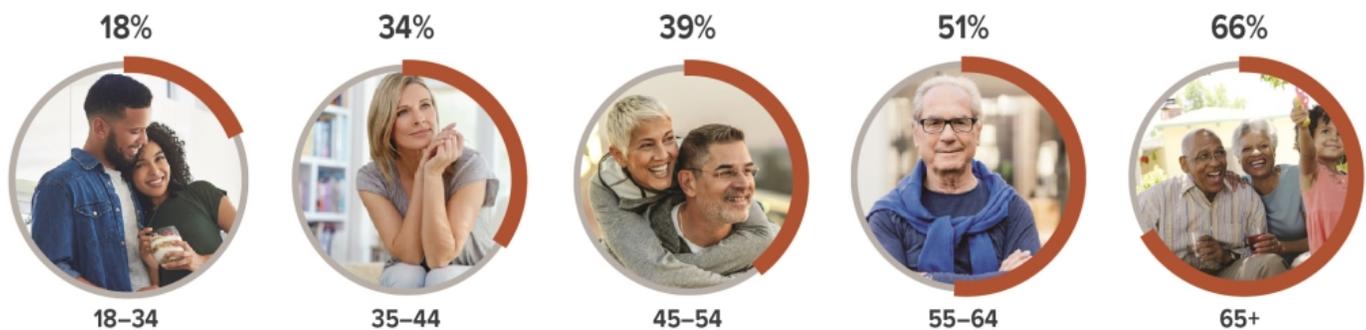
For now, we wish you the very best!

Tim and Katie

Do You Have a Will?

Although 76% of U.S. adults say having a will is important, only 40% actually have one. The most common excuse is, "I just haven't gotten around to it." It's probably not surprising that older people are more likely to have a will, but the percentage who do is relatively low considering the importance of this legal document.

Percentage of U.S. adults who have a will, by age group



Source: Caring.com, 2019

Surge in COVID-19 Scams

Fraudsters and scam artists have always looked for new ways to prey on consumers. Many are now using their tactics to take advantage of consumers' heightened financial and health concerns over the coronavirus pandemic. Federal, state, and local law enforcement have issued warnings on the surge in coronavirus scams and offer advice on how consumers can help protect themselves.

Here are some of the more prevalent coronavirus scams that consumers need to watch out for, along with some tips for protecting yourself from becoming the victim of a scam.

Fraudulent Treatments, Vaccinations, and Home Test Kits

The Federal Trade Commission (FTC) issued warnings about scam artists attempting to sell fraudulent products that claim to treat, prevent, or diagnose COVID-19. The FDA has warned consumers to be wary of companies selling products that are not authorized or approved by the FDA. You can visit [fda.gov](https://www.fda.gov) for more information.

Phishing Scams

Scammers have been using phishing scams related to the coronavirus pandemic to obtain personal and financial information. Phishing scams usually involve unsolicited phone calls, letters, emails, text messages, or fake websites that pose as legitimate organizations and try to convince you to provide personal or financial information. Once scam artists obtain this information, they use it to commit identity or financial theft.

Be wary of anyone claiming to be from an official organization, such as the Centers for Disease Control and Prevention or the World Health Organization. And remember that government organizations, such as the Social Security Administration and the Internal Revenue Service, will never initiate contact with you to ask for personal and financial information, such as your Social Security number. In addition, be on the lookout for nongovernment websites with domain names that include the words "coronavirus" or "COVID-19," as they are likely to be malicious.

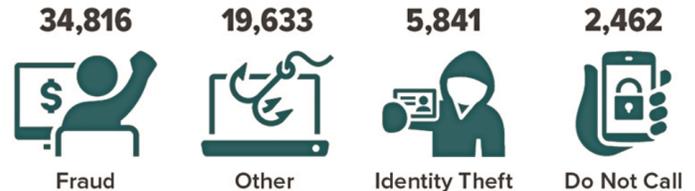
Coronavirus-Related Charity Scams

During the coronavirus pandemic, many charitable organizations have been established to help those affected by COVID-19. Unfortunately, scammers sometimes try to pose as legitimate charitable organizations in order to solicit donations from unsuspecting donors. Watch out for charities with names that are similar to more familiar or nationally known organizations such as the American Red Cross.

Before donating to a charity, make sure it is legitimate. Never donate cash, gift cards, or funds by wire transfer. The IRS website has a tool to assist you in checking out the status of a charitable organization at [irs.gov/charities-and-nonprofits](https://www.irs.gov/charities-and-nonprofits).

FTC COVID-19 Complaints

Over 60,000 complaints related to COVID-19 were reported to the Federal Trade Commission during the period between January 1 and June 3, 2020, with a total fraud loss of \$45.32 million.



Source: Federal Trade Commission, 2020

Protecting Yourself from Scams

Here are some steps you can take to help protect yourself from becoming the victim of a scam, including a scam related to the coronavirus pandemic:

- Don't click on suspicious or unfamiliar links in emails, text messages, social media feeds and instant messaging services.
- Don't answer a phone call if you don't recognize the phone number — let it go to voicemail and check later to verify the caller.
- Never download email attachments unless you can verify that the sender is legitimate.
- Keep device and security software up-to-date.
- Maintain strong passwords and use multi-factor authentication whenever possible.
- Never share personal or financial information via email, text message, or over the phone.

If you receive a fraudulent email, text or phone call, report it to the appropriate government agency such as the Federal Trade Commission or Internal Revenue Service and your local police department.

Four Things to Consider Before Refinancing Your Home

Mortgage refinancing applications surged in the second week of March 2020, jumping by 79% — the largest weekly increase since November 2008. As a result, the Mortgage Bankers Association nearly doubled its 2020 refinance originations forecast to \$1.2 trillion, the strongest refinance volume since 2012.¹

Low mortgage interest rates have prompted many homeowners to think about refinancing, but there's a lot to consider before filling out a loan application.

1. What is your goal?

Determine why you want to refinance. Is it primarily to reduce your monthly payments? Do you want to shorten your loan term to save interest and possibly pay off your mortgage earlier? Are you interested in refinancing from one type of mortgage to another (e.g., from an adjustable-rate mortgage to a fixed-rate mortgage)? Answering these questions will help you determine whether refinancing makes sense and which type of loan might best suit your needs.

2. When should you refinance?

A general guideline is not to refinance unless interest rates are at least 2% lower than the rate on your current mortgage. However, even a 1% to 1.5% differential may be worthwhile to some homeowners.

To determine this, you should factor in the length of time you plan to stay in your current home, the costs associated with a new loan, and the amount of equity you have in your home. Calculate your break-even point (when you'll begin to save money after paying fees for closing costs). Ideally, you should be able to recover your refinancing costs within one year or less.

While refinancing a 30-year mortgage may reduce your monthly payments, it will start a new 30-year period and may increase the total amount you must pay off (factoring in what you have paid on your current loan). On the other hand, refinancing from a 30-year to 15-year loan may increase monthly payments but can greatly reduce the amount you pay over the life of the loan.

3. What are the costs?

Refinancing can often save you money over the life of your mortgage loan, but this savings can come at a price. Generally, you'll need to pay up-front fees. Typical costs include the application fee, appraisal fee, credit report fee, attorney/legal fees, loan origination fee, survey costs, taxes, title search, and title insurance. Some loans may have a prepayment penalty if you pay off your loan early.

4. What are the steps in the process?

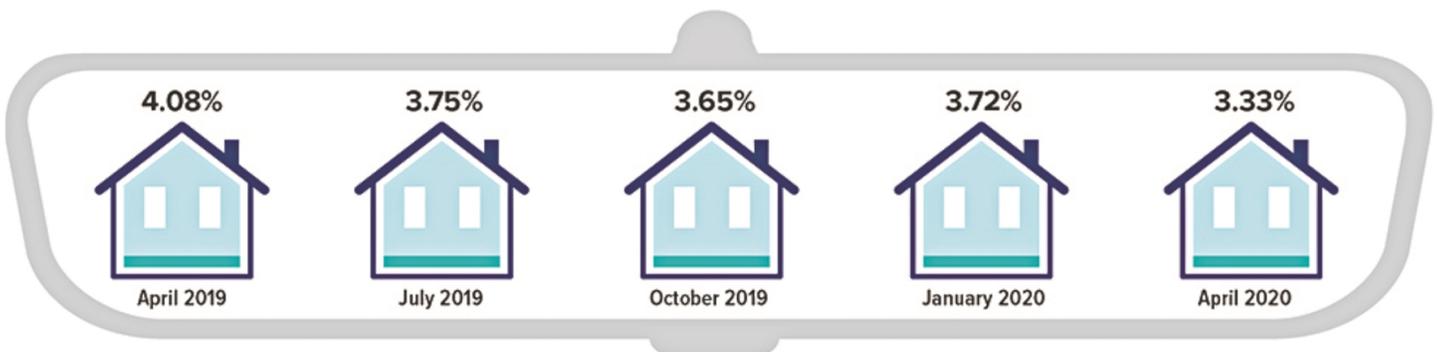
Start by checking your credit score and history. Just as you needed to get approval for your original home loan, you'll need to qualify for a refinance. A higher credit score may lead to a better refinance rate.

Next, shop around. Compare interest rates, loan terms, and refinancing costs offered by multiple lenders to make sure you're getting the best deal. Once you've chosen a lender, you will submit financial documents (such as tax returns, bank statements, and proof of homeowners insurance) and fill out an application. You may also be asked for additional documentation or a home appraisal.

1) Mortgage Bankers Association, March 11, 2020

Rear-View Look at Mortgage Rates

In a single year, the average rate for a 30-year mortgage fell by 0.75%. Low mortgage interest rates often prompt homeowners to refinance.



Source: Freddie Mac, 2020 (data as of first week of April 2020)

Going Mobile

After a slow start, mobile payment usage is growing in the United States. In 2019, an estimated 64 million Americans (about 29% of smartphone users) made a point-of-sale proximity payment with their mobile phones at least once in the previous six months. Mobile peer-to-peer applications, which allow transactions between individuals, have been even more widely adopted, with 69.2 million users in 2019.¹

Younger people have been the fastest to adopt these new technologies, but mobile payment apps offer features that could be helpful for consumers of any age.

Proximity Payments

A proximity payment involves using your mobile phone to pay at a point-of-sale terminal, typically by scanning a barcode generated on your phone or tapping the phone on the terminal (or holding it close) using near-field communication technology. This allows you to use a mobile phone instead of a credit card or debit card. The mobile payment application is connected to your bank account, a credit card, or a balance within the app.

Proximity payments were originally dominated by proprietary applications controlled by mobile phone manufacturers, but apps offered by specific merchants are now competing with the more general apps. Banks and credit-card companies are also entering the sector as they face competition from new technologies.

Peer-to-Peer Payments

Whereas proximity payments perform a similar function to a credit card or debit card, peer-to-peer payments can replace cash or a personal check.

For example, one member of a group might pay the bill at a restaurant or one roommate might pay the rent, and others can transfer their shares of the payment to the payer through a peer-to-peer application. Such applications are also useful for transferring funds to college students. The payment app is typically connected to the bank accounts of both parties.

Security Concerns

More than half of consumers across all age groups express concerns about the security of personal information when using mobile payment technology.² With proper precautions, however, paying with your phone could be more secure than paying with plastic.

Most mobile payment apps generate random numbers or tokens, so the merchant does not receive your underlying financial information. (Linking to a credit card offers greater protection from fraud than a debit card or bank account.) Strong passwords and fingerprint access or facial recognition on mobile phones add another layer of protection. However, it's important to be vigilant against phishing or malware attacks, just as you would with your computer.

1–2) eMarketer, 2019

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