

# Financial Strategies

News You Can Use!!

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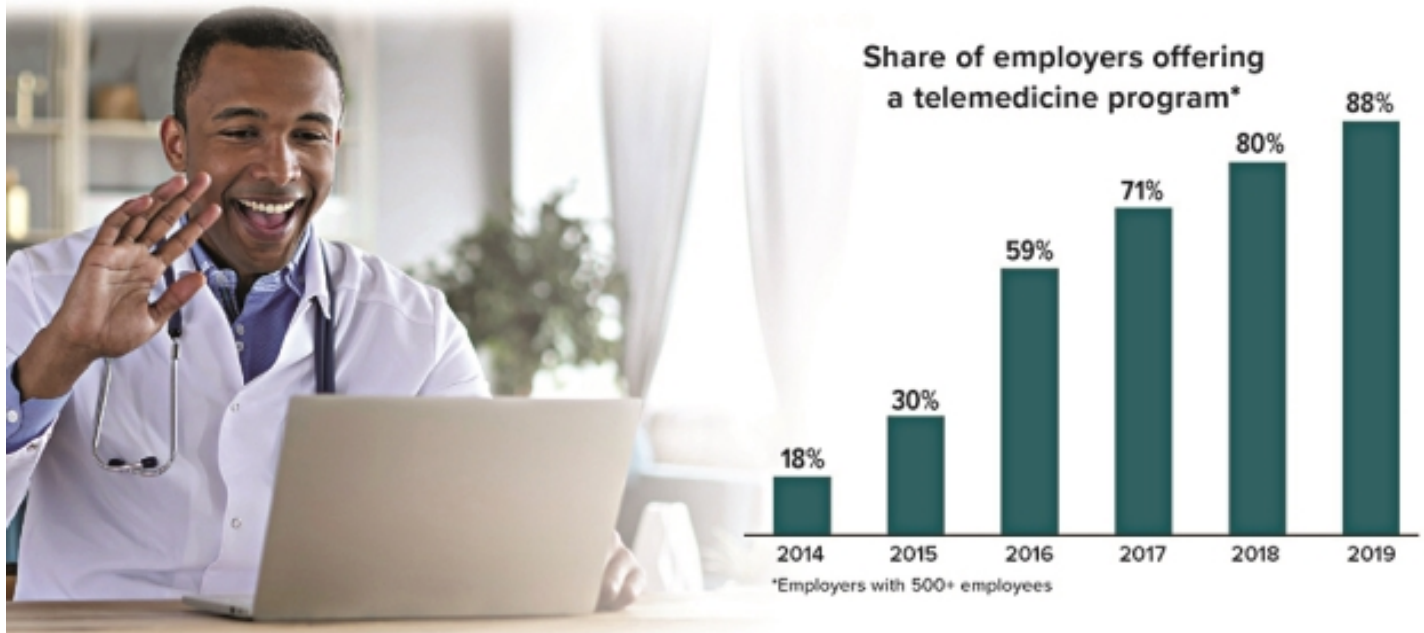
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## Most Large Employer Health Plans Include Telemedicine

Over the past five years, employer enthusiasm for telemedicine benefits has surged. Almost 9 out of 10 large employers now offer employees the opportunity to virtually visit their health-care providers.



Source: Mercer National Survey of Employer-Sponsored Health Plans 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

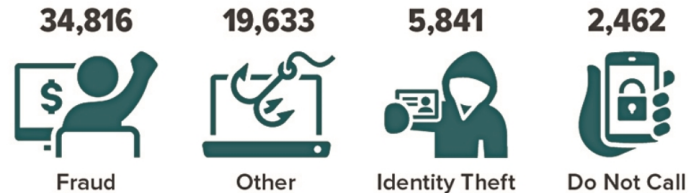
During the coronavirus pandemic, many charitable organizations have been established to help those affected by COVID-19. Unfortunately, scammers sometimes try to pose as legitimate charitable organizations in order to solicit donations from unsuspecting donors. Watch out for charities with names that 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).

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## 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

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## 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.

# Printing Money: The Fed's Bond-Buying Program

The Federal Reserve's unprecedented efforts to support the U.S economy during the COVID-19 pandemic include a commitment by the Federal Open Market Committee (FOMC) to purchase Treasury securities and agency mortgage-backed securities "in the amounts needed to support smooth market functioning and effective transmission of monetary policy."<sup>1</sup>

The Fed buys and sells Treasury securities as part of its regular operations and added mortgage-backed securities to its portfolio during the Great Recession, but the essentially unlimited commitment underscores the severity of the crisis. The Fed is also entering uncharted territory by purchasing corporate, state, and local government bonds and extending other loans to the private sector.

## Increasing Liquidity

The Federal Open Market Committee sets interest rates and controls the money supply to support the Fed's dual mandate to promote maximum employment and stable prices, along with its underlying responsibility to promote the stability of the U.S. financial system. By purchasing Treasury securities, the FOMC increases the supply of money in the broader economy, while its purchases of mortgage-backed securities increase supply in the mortgage market. The key to increasing liquidity — called quantitative easing — is that the Fed can make these purchases with funds it creates out of air.

The FOMC purchases the securities through banks within the Federal Reserve System. Rather than using money it already holds on deposit, the Fed adds the appropriate amount to the bank's balance. This provides the bank with more money to lend to consumers, businesses, or the government (through purchasing more government securities). It also empowers the Treasury or mortgage agency to issue additional bonds knowing that the Fed is ready to buy them. The surge of bond buying by the Fed that began in March helped the Treasury to finance its massive stimulus program in response to the coronavirus.

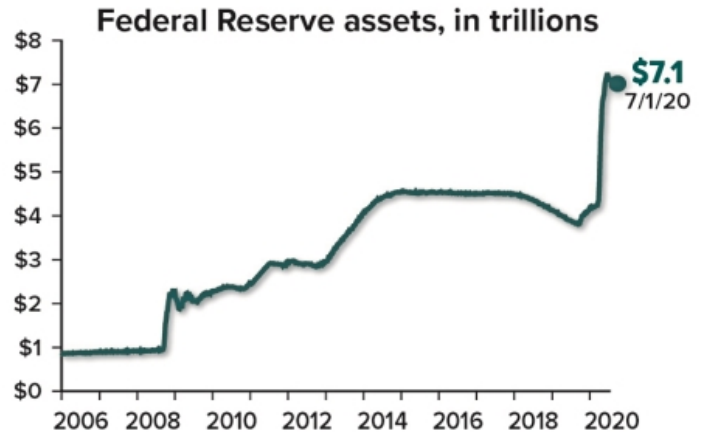
By law, the Fed returns its net interest income to the Treasury, so the Treasury securities are essentially interest-free loans. The principal must be paid when the bond matures, and the bonds add to the national debt. But the Treasury issues new bonds as it pays off the old ones, thus shifting the ever-growing debt forward.

## Protecting Against Inflation

Considering the seemingly endless need for government spending and private lending, you may wonder why the Fed doesn't just create an endless supply of money. The controlling factor is the potential for inflation if there is too much money in the economy.

## Big Balance Sheet

The Federal Reserve's assets grew with quantitative easing during and after the Great Recession. In late 2018, the Fed began to reverse the process by allowing bonds to mature without replacing them, only to back off when markets reacted negatively to the move. The 2020 emergency measures quickly pushed the balance sheet over \$7 trillion.



Source: Federal Reserve, 2020

Low interest rates and "money printing" led to high inflation after World War II and during the 1970s, but the current situation is different.<sup>2</sup> Inflation has been low for more than a decade, and the economic crisis has severely curtailed consumer spending, making inflation unlikely in the near term.

The longer-term potential for inflation remains, however, and the Fed does not want to increase the money supply more than necessary to meet the crisis. From a peak of \$75 billion in daily Treasury purchases during the second half of March, the FOMC began to gradually reduce the purchase pace in early April. By mid-June, it was down to an average of \$4 billion per day and scheduled to continue at that pace through mid-August, with further adjustments as necessary in response to economic conditions.<sup>3</sup>

*U.S. Treasury securities are backed by the full faith and credit of the U.S. government as to the timely payment of principal and interest. The principal value of Treasury securities fluctuates with market conditions. If not held to maturity, they could be worth more or less than the original amount paid.*

1) Federal Reserve, March 23, 2020

2) *The Wall Street Journal*, April 27, 2020

3) Federal Reserve Bank of New York, 2020

# Where to Look for Lost Property

U.S. savings bonds were once so popular (and so often tucked away) that an estimated \$25 billion in matured savings bonds have never been claimed. These bonds have been caught in a legal battle between the federal government and states that want to take control of the bonds on behalf of residents.<sup>1</sup>

In August 2019, a federal appeals court ruled in favor of the federal government, saying that only the rightful owner could redeem bonds that were missing, stolen, or destroyed (typically by providing serial numbers). However, the Treasury has allowed states to redeem bonds in their physical possession and hold the proceeds for their rightful owner.<sup>2</sup> As this conflict illustrates, one of the challenges of finding lost property is knowing where to look.

## State Programs

Every state has an unclaimed property program that requires companies and financial institutions to turn account assets over to the state if they have lost contact with the rightful owner for one year or longer. The state is then responsible for locating the owner.

For state programs, unclaimed property might include financial accounts, stocks, uncashed dividend and payroll checks, utility deposits, insurance payments and policies, trust distributions, mineral royalty payments, and the contents of safe-deposit boxes. State-held property generally can be claimed in

perpetuity by original owners and heirs.

Most states participate in a national database called Missing Money; searching on [MissingMoney.com](http://MissingMoney.com) is free. You might also need to check specific databases for every state where you have lived. For more information, see the National Association of Unclaimed Property Administrators at [unclaimed.org](http://unclaimed.org).

## Federal Programs

Unclaimed property held by federal agencies might include tax refunds, pension funds, funds from failed banks and credit unions, funds owed investors from U.S. SEC enforcement cases, refunds from FHA-insured mortgages, and unredeemed savings bonds that are no longer earning interest. There is no central database for federal agencies, but you can find more information at [usa.gov/unclaimed-money](http://usa.gov/unclaimed-money).

## Proceed with Care

Finding and receiving unclaimed property to which you are entitled should not cost you money. Though there are legitimate companies that may be paid to locate or offer to help rightful owners obtain property for a fee, you do not need to pay them in order to receive the property. Be on the lookout for scammers who claim to have property in order to obtain other information about you or your finances. If you have questions, contact your state's unclaimed property office.

1-2) *The Wall Street Journal*, August 3 and August 13, 2019

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