THE BOTTOM LINE

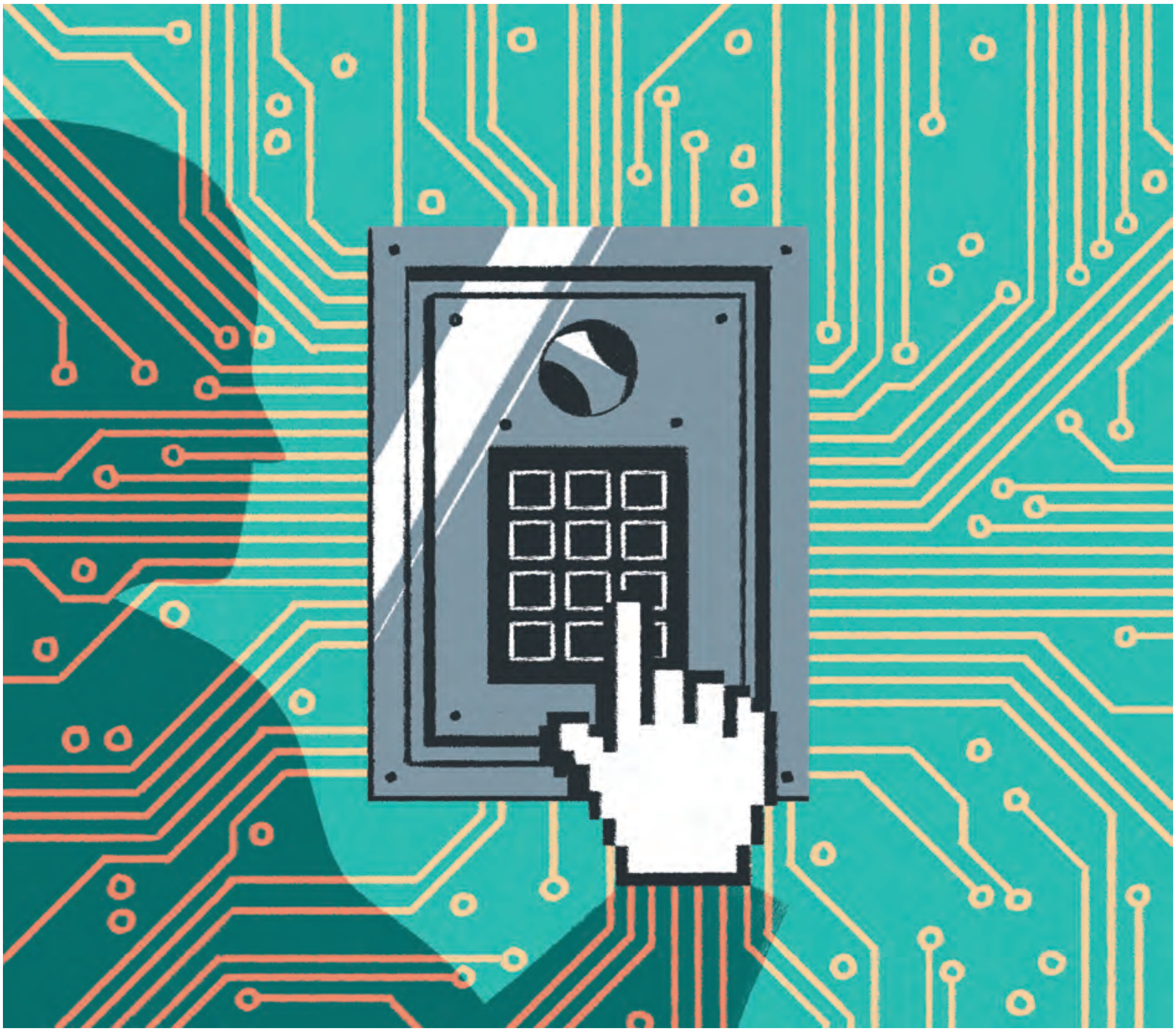

ILLUSTRATION BY TOMMY PARKER

Keeping Digital Pirates at Bay

Threats abound, but simple precautions can keep your financial data safe.

If you think about the growing role the internet plays in our financial lives, it's easy to get nervous. According to the Identity Theft Resource Center, the number of data breaches grew 40% from 2015 to 2016. But Bashar Abouseido, Schwab's chief information security officer, says a few straightforward steps can help protect your investments online.

1 **Use a unique password for each account.** Varying your passwords can make it tougher

for cybercriminals to use credentials stolen from one site to access your data on another. Bashar suggests using a password-manager app to keep track of all those digital keys.

2 **Vary usernames, too.** The principle is the same as with passwords: Using different logins, especially for financial apps, can provide an added layer of protection. Avoid using your primary email address as your username whenever possible.

3 **Use your fingerprint.** The biometric identification available on many smart devices is an especially robust safety feature. Enable it on all of the hardware and software for which it's offered (including Schwab's mobile apps).

4 **Beware public Wi-Fi.** Before opening a financial app or making a purchase online, make sure you're connected to a private, secure Wi-Fi access point.

5 **Keep your profile information current.** Updating your contact information—and enabling alerts on all your financial apps—helps ensure you'll receive timely notice of account activity, allowing you to react more quickly to unauthorized use.

The bottom line *Implementing these simple safety measures can help secure your financial information and guard against identity theft.*

See page 42 for important information. (0517-SF1C)

LEARN MORE

See how Schwab protects clients' accounts at **schwab.com/schwabsafe**.

Don't Discount the Future

How hyperbolic discounting can undermine your goals.

Economists and psychologists agree: People value the present more than they do the future. Why? Because immediate needs are by definition more pressing than those we can only imagine.

In economic terms, this causes us to discount the future: It's literally worth less to us—a dangerous prospect, particularly when saving for retirement. "A 25-year-old has a hard time processing the needs of her or his 65-year-old self," says Mark Riepe, senior vice president at the Schwab Center for Financial Research.

This so-called hyperbolic discounting causes people to choose a smaller reward today over a larger reward tomorrow. However, when given a choice between two future rewards, people are more likely to choose the larger one, even if it will come later. That's because waiting is easier when it is going to happen in the future.[1]

It turns out that saving is also easier when it's scheduled for the future. In one study, workers agreed to sock away a larger percentage of their salaries after their next raise. The result? Saving rates soared.[2]

Mark says that investors can achieve a similar result by signing up for automatic contributions to a savings plan—either a fixed amount or, better yet, a percentage of pay that rises along with their income. "Behavioral biases impact every decision we make," he says, "but putting investment decisions on autopilot can help avoid these pitfalls."

The bottom line *Automating your investment contributions can help you properly prioritize your future.*

[1]Kris N. Kirby, "Bidding on the Future: Evidence Against Normative Discounting of Delayed Rewards," *Journal of Experimental Psychology: General*, 1997, Vol. 126. | [2]Richard H. Thaler and Shlomo Benartzi, "Save More Tomorrow: Using Behavioral Economics to Increase Employee Saving," *Journal of Political Economy*, 2004, Vol. 112.

See page 42 for important information. (0517-TSC0)

NEXT STEPS

To set up recurring contributions to a Schwab account, log in to **schwab.com/contribute**.

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