



What the Dark Web Means to You

I became curious about cybersecurity, specifically newer scams perpetuated against all of us during the pandemic. It seemed to me that scams were increasing in frequency and were targeting new and different areas. I called Harbor's IT services group, Iconic IT and spoke to Kyle; his remarks were illuminating. He started with the observation that the pandemic created a trifecta of circumstances, perfect for scammers to flourish. Fear, a siloed existence, and the fact that we all became very busy homeschooling children while working full time and caring for loved ones. Too, we had to become new technology experts quickly securing protective equipment, adding technology and home office set ups all necessary to do our jobs and communicate with friends and family. The immediacy of our daily lives resulted in reduced caution, and the scams became more sophisticated than ever. Remember when a phishing email had very poor grammar and was addressed improperly? They were easy to identify. No more, now emails can be hacked so they are coming from your friend, or family member. Further, the use of local numbers, texts, and personal details such as the restaurants you like to go to, activities you regularly engage in such as travel, hiking, skiing, or going to craft breweries are all woven into a scammed message in the effort to fool you into clicking on it.



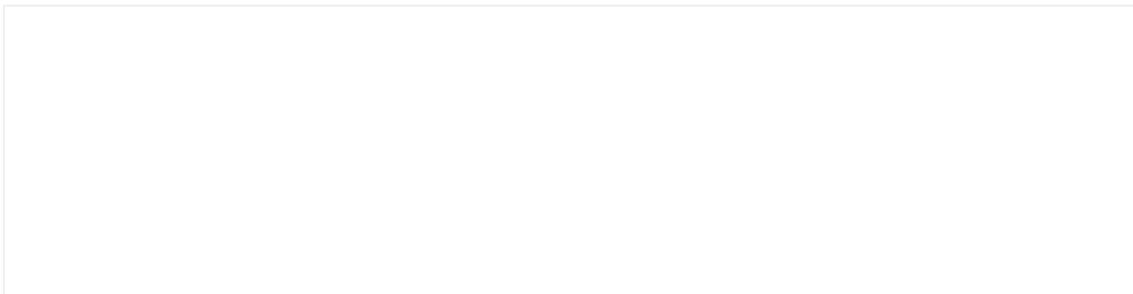
Colorado unemployment records and benefits have been hacked, IRS tax returns fraudulently filed under your social security number, scams around failing to appear for jury duty, a loved one needing money, a property tax bill not paid and foreclosure imminent, the list is long. Even unsubscribing to an email you don't want can be a scam in disguise, you click and are redirected to a scammers site.

My next question- are the offers for a dark web search worth consideration and Kyle definitively said yes. He then offered to search my personal email and that of all Harbor staff emails. The results were interesting. The report indicates passwords that are on the dark web, sites that have been hacked that you have visited or are affiliated with including dates of the breach. As an action item, he suggested changing all passwords that have been compromised and avoiding new ones that contain words that might be associated with you and are therefore identifiable, for example if you live in Colorado and like to ski you might avoid moresnowcolorado. Too you may want to employ a PW generator, many of the hacked sites we saw encrypt your PW so it shows up unidentifiable, you can do the same. Two factor verification is also a good choice.

As dark as the subject matter is, I find it fascinating and like the idea of trying to be proactive. Kyle has offered to run a dark web scan for any Harbor client who would like one. Please email one of your team members and we will put you on the list. We are also planning a webex session on the subject, hosted by Iconic IT.

In the meantime, enjoy our newsletter, filled with interesting information about new tax legislation, a deep dive into one of your investments and a big welcome to new staff members Griffin and Aditya. I wish you a summer filled with fun, family, friends, and activities you love!

Elyse





Value Vs. Growth in A Rising Interest Rate Environment - ...

As we anticipate a gradual increase in interest rates over the next several years, we want to examine the differences in growth vs. value stocks and what historical performance of each type could tell us about the environment we may be heading...

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2021 Legislative Update

In an effort designed to generate increased state tax revenue, Colorado legislation is pending that will change the way Colorado residents deduct 529 plan contributions. HB-21-1311, among other items, includes changes that will limit state tax deductions for contributions to 529 college savings plans. The bill would place a \$20,000 yearly cap for individuals (\$30,000 for a joint return) on tax-free contributions. Legislators who support the bill say the cap would close a loophole and make the system fairer, while reducing tax breaks for wealthier families. It will also place Colorado's college savings accounts funding and deductibility in line with other states. This would affect the tax breaks Harbor clients would receive, especially those who consider front-loading 529 plans with 5 years of the annual exclusion amount of \$15K each (\$75K total for individuals and \$150K for married couples), referred to as 'superfunding'. The entire amount is currently deductible on your CO State Tax Return for the year of contribution. If the current proposal is passed into law, a full state tax deduction for this front-loading strategy would no longer be allowed. This becomes a planning item for the 2021 tax year as the new law is scheduled to take effect January 1, 2022.



Fund Focus: Wasatch Micro Cap Fund (WGICX)

In January, Harbor added Wasatch Micro Cap Fund (WGICX), a small growth micro-cap fund, to our portfolio.

Harbor targeted the possibility of replicating the historical risk-return profile of small-cap funds; as small-cap companies have grown substantially in relative size in past decades, we believe micro-cap securities better represented that profile.

WGICX seeks the long-term growth of capital; to this end, the fund identifies and invests in companies that it considers high growth (companies with minimum annual earnings growth of 20%), core growth (high-quality, stable growing companies), and fallen angels (growth companies that have suffered a temporary setback).

The managers of this fund aim to invest at least 80% of assets in micro-capitalization companies, the majority of which have holdings of less than \$1.5 billion.

Ken Korngiebel, Lead Portfolio Manager for WGICX, writes that as inflation begins to rise, micro-caps are better positioned to weather the storm, as they often, “offer niche products and services for which customers are more likely to tolerate price increases.”¹

¹[Wasatch \(rightprospectus.com\)](https://www.rightprospectus.com)

Aditya Sinha

Quarter Market Recap

The economic recovery continued at a strong pace in the second quarter of 2021 with solid returns across the major indices. U.S. equity markets enjoyed a strong return, finishing the quarter at a new record high. The Delta variant of the COVID-19 virus has been a growing concern, however the [Pfizer](#), Moderna, and Johnson & Johnson vaccines have been effective against this strain.

Inflation was a major theme of the quarter, fueled by the reopening of economies and rapid rebound in activity. The May Consumer Price Index report showed consumer prices rising at their fastest pace in over ten years, as the rapid reopening economy ran into massive supply shortages. The Federal Reserve sees this inflation as mostly transitory, however the central bank has acknowledged that they are monitoring it closely.

Unemployment was also a key issue, hitting a 14-month low in May and finishing the quarter with an unemployment rate of 5.9%. This is still well above pre-pandemic levels, but with hiring and spending on the rise, the hope is that this number will continue to decline.

Overall, markets continued to climb upward. The S&P 500 increased by 8.17%, followed by the Russell 2000 returning 4.05%. The MSCI EAFE returned 4.37%, while bonds gained 1.83% over the period.

Griffin Young



Changes to Child Tax Credits in 2021 - Harbor Wealth...

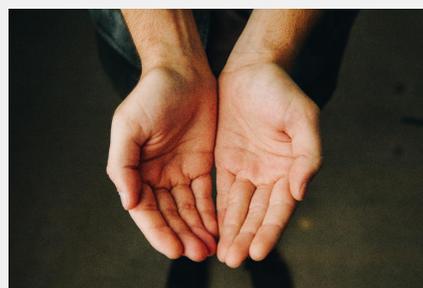
Effective July 15, the IRS will start issuing child tax credits on a monthly basis to eligible families as part of the American Rescue Plan. This enhanced Child Tax Credit expands the benefit from a \$2,000 credit up to \$3,600 per child. Who is...

[Read more](#)

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Freedom Service Dogs

Freedom Service Dogs transforms dogs into custom-trained, life-changing assistance dogs for people in need. They serve people with disabilities like autism, traumatic brain injury, multiple sclerosis, muscular dystrophy, Down syndrome, cerebral palsy, spinal cord injuries, and more.



Reading is Fundamental

Reading Is Fundamental is committed to a literate America by inspiring a passion for reading among all children, providing quality content to make an impact and engaging communities in the solution to give every child the fundamentals for success.

Harbor donates to numerous charitable organizations annually and we've dedicated this section of our newsletter to share information about these charities.

Harbor is a Fee-Only advisor. **Karen Didde**, CFP® explains the importance of working with a fee-only advisor and the benefits to you.

[Visit our Instagram for more on this!](#)



HARBOR HAPPENINGS

Harbor Office Update: Our staff has returned to our office in Boulder and we are inviting in person meetings for those fully vaccinated by appointment only. We are following all relevant CO and CDC guidelines. We would love to hear from you!

New Faces at Harbor - Welcome!

Griffin Young has joined the Harbor Wealth Management team as a Portfolio Analyst. He is responsible for portfolio and investment research, investment strategy, providing overall client service, and account maintenance. Prior to joining Harbor, Griffin worked at Mercer Advisors for two years as a Portfolio Operations Specialist. He earned a Master of Science degree in Finance at the University of Colorado, Boulder, and holds the FINRA Series 65 license.

Aditya Sinha has joined Harbor's team as a Wealth Management Intern. He is a Senior pursuing a bachelor's degree in Finance and Information Management from the Leeds School of Business at the University of Colorado and plans to graduate in May 2022.

Say
Hello!



2021 Office Closures

Our office is closed on the following New York Stock Exchange holidays in 2021: September 6, Labor Day; November 25, Thanksgiving Day; November 26, half day; December 24, Christmas Eve.

Securities Offered through Schwab Institutional. Member FINRA and SIPC.

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