

A part of the process for managing your finances that is easy to overlook is protecting your digital assets. Not your online persona (e.g., "Fly Fishing Bill"), but your records, statements, passwords, etc. Computer viruses, malware and identity theft are certainly concerns to take action on, but so is protecting your files containing your financial information.

I bring this up because last weekend I completed a long-outstanding project on my to-do list: I set up an online backup service for my computers at home. I had previously been periodically backing up to an external hard drive, but for reasons I'll explain momentarily this wasn't a safe enough solution.

Before I get into the whats and whys, I do want to address the issue of the computer itself. Those of you still running Windows XP should upgrade your computer; Microsoft no longer provides security updates for that operating system. I've been using a laptop with Windows 10 for about a month now and have been pleased with it. The user interface is far more intuitive than Windows 8 and the operating system is stable. November's issue of Computerized Investing has our annual [PC Buyer's Guide](#), which contains useful guidance on what to look for.

Computer experts recommend routinely backing up your computer. Hard drives fail and a backup drive protects your files. External hard drives are fairly cheap, with one-terabyte (TB) external drives available online for about \$50. I suggest going a step further, however, and maintaining a backup outside of your house.

Here's why: If both your computer and your external hard drive fail simultaneously or if something happens your house—such as burglary or a fire—you can lose all of your files. An offsite backup is a cheap insurance policy, especially if you keep important files on your computer (e.g., Quicken, TurboTax, statements, tax data, etc.). The easiest solution is to use the cloud. I chose [Code 42's CrashPlan](#) because it's automated, encrypted and gets good reviews. There are variety of alternatives including [Carbonite](#), [Google Drive](#) and [Dropbox](#), among others. You could also keep a hard drive or a USB flash drive outside of your house, but that would require you to physically carry it back and forth. Plus, you are more likely to routinely back up your files if the process is automated.

Those of you who are concerned about putting personal files online can encrypt them first. Macs have the ability to print documents as encrypted PDF files or to encrypt entire folders (use the Disk Utility application) as part of their operating system. Windows users will have to download separate software; [7-Zip](#) is a free program that has received good reviews, though I have not used it.

Anti-virus and firewall software on a PC is a no-brainer. They will protect your computer from malicious software and other cyber threats. I personally use Norton on my laptop at home, though there are other choices. Those of you who do use Norton should consider buying new versions from Amazon or another vendor rather than merely renewing your license, because it's a lot cheaper to do so. I paid \$27.99 for [Norton Security Deluxe](#) on Amazon over the weekend, though the website is known for frequently altering its prices. (Viruses on Macs are rare, though you at least should have your firewall turned on and your computer password protected.)

You can also protect yourself by varying your passwords. It's a good idea to have a different password for every financial website you use, be it a brokerage firm, a bank or your credit card account(s). Though words are easy to remember, you are better off mixing up letters and numbers. A password manager can help with this. I use [Dashlane](#), but there are others such as [LastPass](#). Alternatively, you could keep a small notebook or a Rolodex, but if something happens to them, you may have to reset all of your passwords.

None of this completely guarantees that you will not lose your files or will avoid being hacked. You still have to be very careful about clicking on links in emails and prudent about what you download to your computer. The aforementioned suggestions are simply an insurance policy against unwanted hassles and headaches. As is the case with other aspects of investing, simply getting the odds in your favor goes a long way.