

Identify Theft and The Recent Equifax Security Breach

As many of you know by now, Equifax - one of the three major credit reporting agencies, recently experienced a cybersecurity breach. For hackers, this was the motherlode and to date the most extreme example of a personal data breach in history. Based on disclosures, there were 143 million Americans whose personal credit information was exposed. Bottom line, if you have credit, your personal information may have been impacted.

Consumers are concerned that their identity and personal information may be used for false transactions. This security breach started as a known software defect that wasn't fixed followed by the subsequent breach, which wasn't disclosed for months afterwards and gave the thieves a nice head start.

It seems obvious that a trend is developing – the Veterans Administration, Target, My Space, Ebay, Yahoo, Anthem, and Home Depot have all had personal data stolen in recent history. Unfortunately, the frequency and severity of these breaches seems to be increasing. Besides sitting back and keeping our fingers-crossed, what can we do?

We would like to offer a course of action. You can use this to proactively ensure that your credit has not been impacted to date and hopefully utilize one of the methods suggested to either reduce a thief's accessibility to your credit or shorten the time that you become aware of a fraudulent credit transaction.

First, determine if you have been exposed to the Equifax data breach by going to www.equifaxsecurity2017.com. Click the "check potential impact" button and you will be directed to a new page where you will enter your name and the last 6 digits of your social security number. If impacted, you will then be given an opportunity to enroll in TrustedID partners who will provide you with the following: monitoring of the 3 credit monitoring services (Equifax, Experian, and TransUnion), copies of Equifax credit reports, the ability to lock and unlock Equifax credit reports, identity theft insurance, and Internet scanning for Social Security numbers. This service will be complimentary for 1 year. This is a great start – keep in mind, this only lasts for one year and is owned and operated by the same company (Equifax). This process will take 5-10 minutes.

Next, obtain a free credit report from www.annualcreditreport.com. This process will take approximately 15-20 minutes and will provide you with a detailed report of all open and closed credit accounts (including mortgage and home equity loans), balances and recent inquires to your credit. It's recommended that you close any credit cards that are open and are inactive with no foreseeable use. For example, the department store card that offered a huge discount for opening a card during checkout.

If during this process you discover an account(s) that might be fraudulent, keep in mind that you aren't ultimately financially responsible. However, you will have the hassle and aggravation of making sure there is a resolution. Fortunately, there is a handy resource at www.identityTheft.gov which will direct you on the proper course of action, based on the type of theft that needs to be resolved. This is a website run by the Federal Trade Commission.

There is an additional resource at www.idtheftcenter.org, a nonprofit organization that works to educate the public regarding identity theft, data breaches and cybersecurity.

So far, we have identified resources to use if you've been impacted by the Equifax security breach and have reviewed your current credit report. If you enrolled in TrustedID you should be okay for the next 12 months.

Either immediately or prior to your free monitoring expiration, please consider other monitoring options. If you are a AAA member, go to their website at www.calif.aaa.com/financial/identity-theft-protection.html and it's included at no cost with your membership. Most credit unions offer credit monitoring to their members. If you aren't a member, contact a local credit union to determine if this is available. If so, open an account and gain access to this benefit! Also, there are other providers that will offer additional services for a monthly fee. For example, LifeLock has various levels of services and insurance coverage against identification theft. If you go to www.symantec.com and click on Identity Theft Protection you will be directed to LifeLock and receive a promotional offer.

If you decide that you want more added protection than just credit monitoring, strongly consider "freezing" your credit. This will make it more difficult for identity thieves to **open new accounts** in your name since creditors need to see your credit report before extending credit and that information has been frozen/not available. Note, freezing your credit information only protects against NEW accounts being opened in your name. Here are some important things to know as well:

- It won't prevent you from getting a free annual credit report.
- If you expect to open a new credit account, apply for a job, acquire an auto loan, sign a rental agreement, obtain a real estate mortgage, refinance or buy insurance THEN you'll need to lift the freeze temporarily. If you know which credit agency will be used to verify any of the above transactions in advance – that will make it that much easier.
- It won't prevent a thief from making charges to your existing account. This requires reviewing statements and account activity closely for suspicious transactions.
- Existing creditors or debt collectors will still have access to your credit report
- Government agencies may have access in response to a court or administrative order subpoena, or a search warrant.

How to freeze your credit with each of the nationwide credit reporting agencies:

1) **Equifax** – 1-800-349-9960 or go to www.equifax.com and scroll down to the bottom of the page and select "place a security freeze on my reports" submit the information required and you will be provided with a PDF the contains a PIN that will be needed to unlock your credit report in the future. Currently, there is no cost to freeze.

2) **Experian** – 1-888-397-3742 or go to www.experian.com and scroll down to the bottom of the page and select "security freeze" then select "add a security freeze" submit the information requested and a PIN will be mailed to you by regular mail. Currently, the fee is \$10 to add and remove.

3) **TransUnion** – 1-888-909-8872 or go to www.transunion.com at the time of this article the website was unresponsive due to heavy volume. If you call you can place the credit freeze and create your own personal 6 digit PIN over the phone. Currently, the fee is \$10 to add and remove.

In most states, including California, your credit freeze will stay in place until removed. Otherwise, the freeze will be in effect for seven years.

If placing a credit freeze sounds too extreme, you might also consider placing a **fraud alert** on your credit report. This is a free service. However, it's typically utilized when a wallet, Social Security card, or actual financial statements are stolen. There are two types of fraud alerts available:

Initial Fraud Alert - this alert will be in place for 90 days and protect your credit from unverified access. This verification typically comes in the form of a phone call to the number you provide on the alert form.

Extended Fraud Alert - this alert will be in place for seven years. However, this typically requires a police report to be on file.

To place the fraud alert, you simply contact any of the above mentioned nationwide credit reporting companies they will contact the other agencies to place an alert on their reports as well.

In summary, if you haven't checked your credit report in a while, it makes sense to do so now! After obtaining your credit report, take the opportunity to close any unused lines of credit and verify that your account information is accurate. BE PROACTIVE...

Secondly, decide whether freezing your credit information is worth the effort. It's the account that is unknowingly opened that makes identity theft so worrisome. If you feel that freezing your credit might result in a hassle later on to unfreeze and freeze again, remember that you can temporary lift a freeze for a period of time.

Overall, the entire process should take about 45-60 minutes and could save you endless hours of frustration.

Other practical and proactive suggestions are:

- 1) *Contact your credit card companies and sign up / request that an email confirmation of any and all transactions made on credit cards be emailed to you immediately. I have had this service for years and I immediately see any/all transactions made on my credit cards.*
- 2) *Request a credit report at least every six months to check for unauthorized activity.*
- 3) *Review your credit card statements in detail each month.*
- 4) *Change your passwords and PIN numbers once a year.*

Lastly, if you suspect that your Social Security number has been compromised call the Social Security fraud hotline at 800-269-0271. If you suspect that your Schwab account(s) have been compromised call either your financial advisor (us) or the Schwab Alliance team at 800-515-2157.