

The Century Papers

Research and
insight for high
net worth
families and
their advisors

VOLUME 02

Identity Theft: Protecting Yourself From Unseen Threats

Background and strategy
to proactively protect
yourself from identity theft



5350 Poplar Avenue, Suite 395
Memphis, TN 38119
P: 901.850.5532 F: 901.682.1822
www.CenturyWealth.com

Identity Theft: Protecting Yourself From Unseen Threats

In August of 2009 *Newsweek* reported that the nation's chief banker, Ben Bernanke, was a victim of identity theft. A thief stole his wife's purse which included their joint checkbook and within days someone was cashing checks fraudulently from their checking account. It turns out that the theft was part of an elaborate identity fraud ring that stole more than \$2.1 million from unsuspecting consumers – ordinary citizens and central bankers alike.

If the chairman of the Federal Reserve can't protect his own identity how are ordinary consumers supposed to stand a chance? Below are some strategies and resources that consumers (and central bankers) can employ to effectively deter identity theft.

Deter, Detect, Defend

The FTC provides consumers with some great resources to understand and consequently prevent identity theft from happening to you.

The first step is awareness of the common ways identity theft occurs. The FTC lists five main ways theft occurs including dumpster diving, skimming card information during processing, phishing via e-mail and spam, stealing, and changing your address without your knowledge. Next, the FTC defines the process to stop identity theft from happening to you as Deter, Detect, and Defend.

You can **deter** theft from happening by taking some very practical measures. Shred documents with any personal identification on them before throwing them out. Try and limit the information you carry in your purse or wallet – especially your Social Security Card or health insurance cards with Social Security numbers. Never give personal information to anyone over the phone, internet, or mail without knowing exactly who they are. Don't click on unsolicited e-mails, and use anti-spyware and virus protection software. Finally, keep personal information in a safe place, and always use good passwords on your computer – avoiding obvious passwords like birth date, mother's maiden name, pet names, or your address.

Lowering your public profile by limiting the amount of personal information available to others is a powerful deterrent as well. There are easy steps you can take to help minimize your

Deter, Detect,
and Defend:
A three
pronged
approach to
protecting
your identity

Lowering your public profile protects your privacy and may make your life more enjoyable

exposure, protect your privacy and maybe make your life more enjoyable:

- To stop telephone calls from national telemarketers, list your telephone number with the Federal Trade Commission's National Do Not Call Registry by calling (888) 382-1222 or registering online at www.donotcall.gov.
- To remove your name from most national mailing and e-mailing lists, as well as most telemarketing lists, write the Direct Marketing Association at 1120 Avenue of the Americas, New York, NY 10036-6700, or register online at www.dmaconsumers.org.
- To remove your name from marketing lists prepared by the three national consumer reporting agencies, call (888) 567-8688 or register online at www.optoutprescreen.com.
- When given the opportunity to do so by your bank, investment firm, insurance company, and credit card companies, opt out of allowing them to share your financial information with other organizations.

You can **detect** any suspicious activity by being aware of your financial activities. For example, bills that do not arrive as expected, unexpected statements, denial of credit, and information about purchases you did not make can all be signs of suspicious activity. Further, you should also monitor your credit reports (more on that later) and also review any financial statements for your accounts regularly and thoroughly.

The third step is to **defend** your identity. This can be done directly by placing a fraud alert or a credit freeze on your credit report with the 3 major credit reporting companies. Another option is to partner with a third party provider offering identity theft protection services (see more below).

If you feel you may be at-risk for fraudulent activity, you can place fraud alerts on your credit reports -- these alerts basically require creditors to follow certain procedures designed to protect you when anyone tries to apply for credit in your name. Fraud alerts are free, last for 90 days, and are most applicable when you suspect you have recently been or are about to be a victim of identity theft.

A second option is to place a credit freeze on your credit reports. Freezes essentially seal your credit by restricting third parties from accessing your credit report. A freeze must be placed with all three credit reporting companies separately and there is a small fee, which varies by state. Credit freezes can be temporarily lifted if you need to apply for credit or grant access to your credit report. You will also incur a fee to lift the freeze at each of the three credit reporting companies. Freezes are not

The three major consumer reporting agencies are required by law to give you a free copy of your credit report annually

normally a good option for people who are frequently opening new accounts or need to grant access to their credit reports on a continual basis.

Although fraud alerts and credit freezes are both great tools to help defend against identity theft, it is important to note that neither tool provides complete protection. They will not protect you from any fraudulent activity that was occurring before they were in effect, or any activity relating to your current accounts. Fraud alerts and credit freezes are tools designed to prevent future fraudulent activity by stopping someone from opening a new account in your name.

Anytime you suspect fraudulent activity you should contact the company involved immediately, keep all records documenting the activity, and eventually close any affected accounts. If you are indeed a victim of identity theft you should file a police report that you can give to current or future creditors to prove your claim.

For more detailed information from the FTC visit:

<http://www.ftc.gov/bcp/edu/microsites/idtheft/consumers/index.html>

Credit Reports

Monitoring your credit report is an important component of protecting your identity and managing your finances, but be wary here – many services and providers claiming to offer “free” credit reports and scores actually charge for their services and can be misleading.

The good news is that Federal law requires that the 3 major nationwide consumer reporting agencies give you a free copy of your credit report once every 12 months if requested by you. The only “official” credit report service is Annual Credit Report and can be found at:

<https://www.annualcreditreport.com/cra/index.jsp>

If you want to understand more about credit reports be sure to look on this website under the “Frequently Asked Questions” link for some good information.

It is important to note the distinction between a credit report and a credit score. A credit report contains all of the credit information maintained in your credit file. However, a credit report DOES NOT contain the credit score that is calculated by these agencies. The credit score will almost always cost extra so be wary of “Free Credit Score” claims.

Identity theft
is a risk we
need to
guard
against
constantly

Protection Services

Several third-party service providers offer identity theft protection that can be purchased for a recurring monthly or annual fee. While none of these services can guarantee protection from identity theft, they can help take the headache out of monitoring your credit, and some even come with a protection guarantee. A few of the leading providers are (in no particular order): LifeLock, Trusted ID, Identity Guard, Zander Insurance, and ID Patrol. While we do not endorse or recommend any of these specifically, more information can be found at each one's individual websites, or a good summary review can be found at:

http://www.nextadvisor.com/identity_theft_protection_services/compare.php?kw=gidx6%20identity%20theft%20protection

Conclusion

The bottom line is that identity theft is a risk that we need to guard against constantly. Fortunately, there are some great resources available and practical measures you can take that will help you to be one step ahead of the game so that identity theft does not happen to you or your family.

About Century Wealth Management

Century Wealth Management is a multi-family office serving as advisor, facilitator, and investment manager to select clients who are driven to achieve their greater family vision and to ensure their legacy. We are dedicated to inspiring and empowering families to live at their highest potential.

Our family office model expands on traditional wealth management by offering a broader array of services in support of comprehensive long-term thinking. We offer integrated services in the areas of investment management, advanced financial strategies, lifestyle services, personal advancement and business development.



5350 Poplar Avenue, Suite 395

Memphis, TN 38119

P: 901.850.5532 F: 901.682.1822

www.CenturyWealth.com
