

Money Matters

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Some Steps You Can Take Towards Identity Theft Protection

By Aaron Skloff

Q: How can I protect myself from identity theft?

Each year nine million Americans fall victim to identity theft, costing businesses and individuals \$50 billion. In addition to financial loss victims are subject to embarrassing denials of credit, annoying collection agency notices and even outstanding warrants.

The Solution? Protect yourself. Through a combination of shredding documents, memorizing a few key numbers and obtaining a free credit report, you can greatly reduce your probability of identity theft.

Two-thirds of all identity theft victims had credit or debit cards misused, making it the biggest category of theft. Rather than simply throwing away your copy of credit card transactions, shred them at home.

One of the most dangerous things you can do is carrying your PIN number in your wallet or purse. A criminal can easily steal thousands of dollars using your PIN. When creating your PIN use a number that is not associated with your address, date of birth or social security, and memorize it. By consolidating your spending to only one or two credit cards you reduce the chance of losing one of many cards and you may even spend less. Your responsibility on a credit card is limited to the first \$50 when the card is used without authorization. However, there is no such limit on debit card losses.

There are a number of companies that offer credit reports and credit monitoring services for a fee. Some will alert you of unusual activity on your credit cards or changes in application history. Alternatively, you are entitled to receive a free report from each of the three reporting services, Equifax, Experian and TransUnion, once per year. If a theft occurs, request a "fraud alert" from one of the three providers. Once requested, the account will usually be flagged by all three. Financial institutions will then know to contact you directly before issuing an approval to set up an account or issue credit.

Do not carry your social security card in your wallet or purse. Memorize your number and keep your card in a safe place either at home or in a safety deposit box. Any request by any federal, state or local government for your number must be accompanied by a disclosure statement explaining whether providing it is mandatory. Private industry has a right to ask for your number when it is required for identity verification or for IRS reporting.

Like your social security number, your driver's license number is a valuable tool for a criminal. Only provide your driver's license number when it is absolutely necessary. Update your license to a photograph version with embedded photocopy protection. This can reduce the likelihood that it will be duplicated.

In review, shred unnecessary documents, memorize key numbers and order a free credit report. These three steps can easily reduce your probability of identity theft.

Editor's note: Aaron Skloff, an Accredited Investment Fiduciary (AIF) and Chartered Financial Analyst (CFA), holds an M.B.A. and is CEO of Skloff Financial Group, a registered investment advisory firm based in Berkeley Heights, 908-464-3060.