Financial Literacy 101

Fact Sheet: Identity Theft

Identity Theft – A Growing Problem

You've probably heard the term "identity theft" on the news lately. It's a growing problem that costs victims over $5 billion per year.

Identity theft occurs when someone uses your personal information to get credit cards, loans, cell phones or just about anything that requires detailed personal financial information. Worst of all, these fraudulent accounts are opened in your name, using your credit, leaving you responsible for someone else's spending spree. As a result, thousands of people per year have their credit reports damaged.

It can take years and thousands of dollars to repair the damage of identity thieves, during which you could be denied credit, mortgages or even jobs as the result of their actions. In fact, you could even be arrested for crimes committed by someone else that used your identity!

Humiliation, anger, and frustration are among the feelings victims experience as they navigate the process of rescuing their identity.

How Identity Theft Works

Thieves get your personal information by stealing your wallet or mail, stealing passwords from computers, by posing as a legitimate company to fool you into revealing information, by stealing your information from businesses, and through a host of other scams.

After they have your personal information, thieves have a number of strategies for stealing in your name…

- They may call your credit card issuer to **change your billing address**. Because your bills are being sent to a different address, it may months before you recognize the unauthorized charges.

- They may **open new credit accounts** in your name, including credit card, phone, utilities, or even car loans. When they don't pay the bills, the delinquent accounts are reported on your credit report.

- They may **open a bank account** in your name and write bad checks from that account.

- They may **get identification** in your name, such as a driver's license issued with *their* picture.

- They may **give your name to the police** during an arrest. If they don't show up for their court date, a warrant for arrest is issued in your name.

Preventing Identity Theft

The first step to prevent identity theft is to develop an awareness of how and when you use your personal information. By keeping close tabs on your personal information, you can reduce your chances of becoming a victim.

Here are some ways you can protect yourself from identity theft:

- Protect your Social Security number and passwords. Don't carry them with you.

- Don't give your Social Security number to everyone who asks – only employers, government agencies, and financial intuitions actually need your number.

- Report lost or stolen credit cards immediately.

- Check your monthly credit card and bank statements for unusual activity. Check your credit report free at AnnualCreditReport.com.

- Be aware that public computers can have a "key logger" program installed that records every keystroke – including your passwords and other sensitive information.

- Be wary of emails asking you to "verify" your personal information – this could be a "phishing" scam.

- Thieves also may try to trick you into revealing personal information by phone, which is known as "pretexting". Never give personal information unless you made the call.

If you do become a victim of identity theft, contact local law enforcement and one of the three credit reporting agencies to put a fraud alert on your file.

Visit the Resources area of FinancialLiteracy101.org for more information.