



## Lock Out ID Thieves

By Jim Mirenda, CFP®

I recently renewed my driver's license and was required to provide my birth certificate. As I looked at that 45-year old piece of paper I thought how easy it would be for somebody to forge it. There is really nothing official looking or sophisticated about my birth certificate, yet it serves as proof of my personal identification to the world.

Identity theft is a real and serious problem. Just about every large corporation has been 'hacked', including banks, retailers, and even the IRS. So you should assume that criminals have your personal information, and it may be a matter of time until they do something with it.

Every year more than 16 million Americans are victims of identity theft. That figure includes over 1 million people who have fraudulent accounts opened in their names. This means somebody pretending to be them obtained credit then went on a spending spree, and the victim was on the hook for it. To do this, crooks may only need a name, birthdate, and Social Security number.

While the most common form of identity theft is credit card fraud, I'm more concerned with somebody pretending to be me and opening an account in my name. Even if I could prove that I didn't buy a \$50,000 boat on credit in Wisconsin, it could take years and sizeable legal fees for me to clear my name. There are proactive ways to monitor and protect personal information. They include shredding papers, checking annual credit reports, and using a credit monitoring services. I also take a more permanent action -- locking my credit files with the credit rating agencies.



There are three credit rating agencies. They gather your credit information so that lenders or other entities can check on your credit worthiness. But this is your information and you have the right to “lock” your files with these agencies so that uninvited people cannot see your information. Subsequently, if an imposter applies for credit in your name and the lender cannot get your credit information then the lender probably won’t issue the credit. This should create enough problems for the thief to move on.

Since most individuals only apply for credit every few years it makes sense to lock those files in the interim. For Vermont residents locking credit files costs \$10 per agency. But also remember that some entities might ask to see your credit report for legitimate reasons. Reopening locked credit files, permanently or temporarily, costs \$5 and can be done pretty quickly with a PIN from each agency. Just make sure to guard those PIN numbers, because unlike your Social Security number they are very private.

I sleep a little better at night knowing that I’ve put up the best protections that I can to stop hackers from using my personal information. Nothing is a 100% perfect but locking my credit files is the best way I know to secure my personal identity. So until the world is free from criminals reading through people’s garbage, my financial advice will stay the same: focus on your plan, on your goals, and on the things that are within your control.

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