
Identity Theft

By Greg Beck, MPERS Assistant Executive Director

Sadly these days you cannot pick up a newspaper or peruse the news outlets on the internet without reading about another case of identity theft. With modern technology came many advancements and it appears that ways to steal money also modernized. I am writing this article to give our members some practical recommendations to combat identity theft and a few horror stories to perhaps prompt you to take action.

Two years ago, a friend (we will call him Bob) told me that when he submitted his federal tax return, the IRS denied it because they said he already turned it in and received a nice big refund check! That was his first time submitting his tax return but alas, someone committing fraud weeks earlier submitted a false W-2 and filed a false tax return to claim a refund on Bob's social security number. Bob contacted the IRS to resolve the issue. He asked them why they did not question the return as the factual data was not even close to what he submitted to the IRS in past years. The agent said that the taxpayer returns come in well before the other forms, such as the employer forms (W-2s for instance), so they have nothing to cross-reference for several months. By then, it is too late.

You may have noticed some news articles lately advising taxpayers to turn in tax returns as soon as possible so that **THEY** are the ones getting the refunds rather than the criminals. After all, I cannot imagine anyone submitting a tax return that states the taxpayer OWES federal tax dollars. This gets us to the first recommendation – **do not wait to file your tax return**. Once you have all of your tax documents and your return is finished, send it off to the IRS.

Two weeks ago, Bob told me yet another story of identity theft that he is battling. (I am not making this up and **yes**, this is a real person with both of these problems.) Bob received a notice from a collection agency asking him, not so politely, to repay the \$5,000 student loan he took out three or four months ago. The agent told Bob that he had not made any repayments on the loan and was therefore in clear violation of the loan agreement. As you might guess, Bob did not take out this loan and was once again fighting identity theft. During the second call with the collection agency, the agent said that after an “extensive investigation” they concluded that Bob was indeed the person who took out the loan. If you are reading this article, and believe that these identity theft instances are simply resolved with yelling into the phone, “*that was not me and quit bothering me*,” then you are in for quite the surprise if you ever have to resolve a problem like this. This leads to the second recommendation – **freeze your credit**.

What does that mean and what does that entail? I will not lie to you; it is not simply a few clicks of the mouse to freeze your credit, nor is it free. I firmly believe that anyone who is not freezing his credit is asking for a bit of a headache in the not so distant future given the fast pace of technology and how much we rely on technology to conduct our business.

Here is what you need to do to freeze your credit (also known as freezing your credit report):

Step 1 – Jot down the following on a piece of paper to use for Step 2:

- Your name
- Address
- Social Security Number

Step 2 – Call each of the three nationwide credit reporting agencies:

- Equifax (800) 349-9960
- Experian (800) 397-3742
- TransUnion (888) 909-8872

They will ask you for personal identification noted in Step 1 and probably some other information to prove that you are who you say you are.

Step 3 – Pay them \$5 to \$10 *each* to freeze your credit.

Step 4 – Each of these credit reporting agencies will send you a confirmation letter containing a unique personal identification number (PIN) or password. Keep them safe and **do not lose them** as you will need it to remove the credit freeze in the future.

Step 5 – If you want to get a new line of credit (*i.e.*, a new credit card, bank loan, car loan, etc.) you will have to lift the freeze temporarily by using the PIN/Password provided in Step 4. Ask the loan officer which of the three credit reporting agencies they use so that you just have to contact one of them. The reporting agency will probably charge you to lift the freeze temporarily. The credit agencies have three business days to lift the freeze.

You should also be aware of the following before making your first call to a credit reporting agency:

- A credit freeze does not affect your credit score.
- A credit freeze does not prevent you from getting your free annual credit report (www.annualcreditreport.com).
- A credit freeze will prevent a thief from making charges to your existing accounts.

The last bullet point leads to the third and final recommendation. **Review your account statements.** Review your bank account statements for strange looking debits to your account, review your credit card statements for charges you did not make, and review insurance statements/medical bills for trips to the doctor or pharmacy costs that are not yours.

Fraudsters like to make small purchases on your credit card to see if it can be processed. Then they make a few BIG purchases and stop using your credit card number suddenly for fear they will be caught. So do not ignore small purchases on your credit card statement – they may signal a much bigger problem on the horizon.

We encourage you to take the possibility of identity theft seriously before it happens to you. A few simple steps, a small cost, and a little time could prevent big problems. Isn't a little inconvenience worth a lot of peace of mind?
