

PROTECTING YOUR CREDIT

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According to a 2004 report by the US Justice Department's Bureau of Justice Statistics, approximately 3% of the households in the United States, or 3.6 million households, experienced some form of identity theft. According to the study, 48% experienced an unauthorized use of their credit cards, 25% had their banking accounts misused without their knowledge, 15% had their personal information misused, and the remaining 12% bore the brunt of multiple identity thefts. Over 65% of these victims were subject to a loss of money with the average loss amounting to \$1,290, but based on more recent reports both the number of households impacted and the dollar amount of loss has continued to increase. It is only due to good fortune that my family avoided becoming one of these statistics.

One evening in 2005 we went to bed and made two simple, yet not uncommon, mistakes. The first was forgetting to lock one of our cars and the second was leaving personal information in the car which included a driver's license and credit card. While we were fortunate to catch it early the next morning and were able to both cancel the card and put a freeze on our credit, it left us feeling very vulnerable and concerned. As a result we implemented a simple idea as a result of this experience to help us monitor and protect our credit.

As you may be aware the Federal Government has required all three major credit rating agencies (Equifax, Experian, and Transunion) to provide a copy of your credit report once per year at no charge. While these free copies do not provide you with your actual credit score (also known as your FICO score) the information contained in the report is what is of value. The report provides a listing of all credit lines currently outstanding as well as old lines that have been closed. What we look for is any existing credit line that we did not apply for or open. This report can be used as a first line of defense to monitor credit activity in your name throughout the year. And best of all it's free! Every four months we contact one of the three credit rating agencies and request a copy of our credit report.

To obtain a copy of your personal credit report you can either call the toll-free number (877) 322-8228, or request a copy online at www.freecreditreport.com. In addition, if you are married you can also use either method to request your spouse's credit report (as long as you know the information being requested) which can be helpful if they are too busy to request it themselves.

Based on our personal experience we prefer the format received from the report ordered over the phone. The only drawback is it takes a week or so to receive the report while the online version can be viewed instantly. Either way, it is a simple way to monitor and protect your credit.

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