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Scoring points for your financial future

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New weapon to battle identity thieves unsheathed this week

By Sandra Block
USA TODAY

Identity theft has become so pervasive that owning a credit card is almost as dangerous as sitting courtside at a professional basketball game.

But starting Wednesday, consumers will have a new line of defense against identity thieves. Under a federal law enacted last year, consumers in 13 Western states (see box) will be able to order free credit reports from all three major credit bureaus. The rollout will continue across the country through next Sept. 1, when all consumers will be eligible for free annual credit reports.

Consumers still will have to pay for their credit scores, which lenders use to measure the likelihood you'll repay your debts. You can buy your score from any of the three credit reporting agencies. Prices range from \$4 to \$8.

Monitoring your credit report is one of the most effective ways to protect yourself against identity theft, an insidious crime that often goes undetected until victims start receiving

calls from collection agencies about fraudulent accounts. Some victims spend months, or even years, trying to restore their credit.

The easiest way to order your credit reports is through a central Web site set up by the Federal Trade Commission, www.annualcreditreport.com. You must go through the FTC site to get a free report; if you order directly through the credit bureaus' Web sites, you'll have to pay for your report.

You also can order your credit reports through a toll-free number, 877-322-8228, or by writing: Annual Credit Report Request Service, P.O. Box 105281, Atlanta, GA 30348-5281.

When you request your reports, you'll be asked to provide your name, address, Social Security number and date of birth. The credit bureaus also may ask you for specific identifying information, such as the amount of your monthly mortgage payment.

You can order all three of your credit reports at once, or stagger them over several months. Spreading them out

allows you to check changes in your credit report over time, says Evan Hendricks, author of *Credit Scores and Credit Reports: How the System Really Works*.

However, if you plan to apply for a mortgage or car loan in the next few weeks, you may want to order all three credit reports at once, he says. That way, you can correct any errors before you apply for a loan.

In either case, order all three reports, Hendricks says. Some lenders report information to just one or two of the credit reporting agencies, so ordering all three reports is the only way to get a complete picture of your credit profile.

Deciphering your reports

Once you've obtained your reports, you should review them carefully for trouble spots that could hurt your ability to obtain good credit.

Some potential problems and how to identify them:

► **Fraud.** Check the credit card

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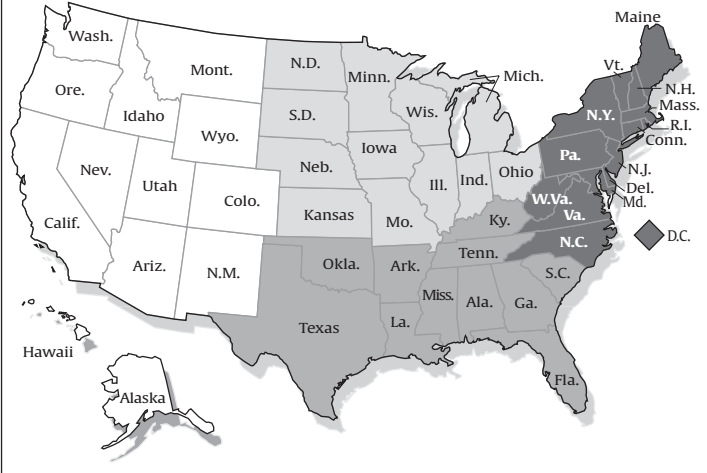


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Schedule for free credit reports

By September 2005, all consumers will be eligible for a free copy of their credit report. The program is being rolled out in stages, starting Dec. 1. Here's the schedule:

□ Dec. 1 □ March 1, 2005 □ June 1, 2005 □ Sept. 1, 2005



Source: Federal Trade Commission

By Adrienne Lewis, USA TODAY

accounts in your reports carefully. If a report lists unfamiliar accounts with large credit lines, you may be a victim of identity theft, says David Chung, interim president of CreditXpert, which sells credit-management products. Identity thieves often open new accounts in victims' names and use them to make purchases.

You also should review the "inquiries" section of your reports, which tells you who has been reviewing your credit

history. If you live in Maryland and a car dealer in Texas has pulled your credit report, you may be the victim of identity theft, Hendricks says.

► **Mistaken identities.** Credit bureaus process millions of pieces of information every year, and sometimes mix-ups occur. Information about someone with a similar name or address may show up on your credit reports.

If your doppelganger has a tattered credit record, misplaced information could hurt your ability to get a loan.

► **Inaccuracies.** Late payments can hurt your credit score. If one of your reports shows a delinquent credit card payment and you know you've paid your bills on time, "get ready to dispute it," Hendricks says.

You also should check the "public records" section of your reports for errors. This section shows tax liens, bankruptcies and default judgments against you.

Those types of items are tremendously damaging to your credit score, so it's important to challenge errors right away.

You can learn more about disputing information in your credit reports at www.ftc.gov/credit.

Consumers Union, an advocacy group, also has published tips on its Web site, www.consumersunion.org.

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Objectives:

Students will:

- read a recent article about the national rollout of free credit reports.
- check their comprehension of key facts in the article.
- develop and present a mock telemarketing script that illustrates an understanding of credit-repair scams.
- devise an innovative way to eliminate ID theft.

Concepts:

- consumer issues
- credit reports
- responsibility
- personal finance
- technology
- problem solving

Preparation:

Pre-reading: Ask students what they know about credit reports. Who uses them? Why are they necessary? How do they affect a person's ability to qualify for a loan at a reasonable interest rate?

Distribute the article, "New weapon to battle identity thieves unsheathed this week." Have students read the story silently. As a class, discuss the questions on the following page.

Divide the class into small groups, and introduce the activity.

After, direct individuals to complete the graphic organizer on eradicating identity theft. What unusual ideas did students generate?

Activity at a glance:

- Grade level: 9-12
- Subjects: personal finance, language arts
- Estimated time for this activity: 1-3 hours

Materials:

- Reading: "New weapon to battle identity thieves unsheathed this week" (one copy per student)
- Graphic organizer: "Problem Solving: Eradicating Identity Theft"
- USA TODAY newspaper

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Discussion:

How can monitoring your credit report help prevent identity theft? Why is it necessary to order three reports? What will the “inquiries” section of the report tell you? What other information should consumers check?

Activity:

As a computer-lab or homework assignment, ask students to visit <http://www.ftc.gov/bcp/online/pubs/credit/repair.htm> and print out “Credit Repair: Self-Help May Be Best.” They should then read the document and highlight important information.

According to the Federal Trade Commission, “Fraudsters convince consumers that they can help them remove truthful, negative information from their credit report, or establish a new credit record. They can’t, and (such) schemes are illegal.” In small groups, discuss the information on credit repair scams from the FTC website (at the address listed above). Then, develop a savvy phone pitch from a bogus repair service that subtly includes just one false claim or warning sign. Role-play your pitch for peers, and ask them to identify the problems with it. Finally, take a copy of your script home for your parents to read. Thoroughly explain the scam to them.

Activity extensions:

- Direct student groups to develop a TV, radio or print ad that announces the roll-out of free credit reports. Groups’ spots should be clever, concise and convincing. In short, they should encourage as many consumers as possible to help fight the battle against identity theft by ordering their three reports.

Additional resources:

- Goodpayer.com offers a handbook entitled “Learn Now or Pay Later” that helps young adults understand the basics of credit and debt. Go to www.goodpayer.com and click on “College Students.” You will see the book, available in PDF format, at the top of the page.
- The Federal Trade Commission provides free information for consumers on topics such as telemarketing, privacy, investments, e-commerce and more. Visit: <http://www.ftc.gov/ftc/consumer.htm>.

Problem Solving: Eradicating Identity Theft

In the article, the term identity theft refers to the fraudulent use of an individual's personal financial information. *Webster's* defines identity as "the sense of self, providing sameness and continuity in personality over time." Consider your identity for several minutes. In the space below, jot down all the reasons why it can't actually be stolen. (Write down all your ideas, even those that seem odd or ridiculous.)

Now, without thinking too much, brainstorm future technologies inspired by the reasons you listed above that could eradicate identity theft.

Choose one of your ideas, and elaborate on it in a paragraph.
