



Identity Theft is Hazardous to Your Wealth

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We’ve all heard the horror stories related to identity theft. Someone steals and uses someone else’s personal information, such as a Social Security number or account number, to commit fraud.

A worst case scenario happens when an entire financial identity is stolen and new credit is established without the victim’s knowledge. The damage has been done by the time the crime is discovered. Then there is a financial mess to clean up.



You may have taken steps to protect yourself from this painful situation through monitoring your accounts and checking your credit reports. You may have even subscribed to an ID theft protection service. But did you ever consider protecting your child’s identity?

Child identity theft is the new frontier for fraud, according to a Carnegie Mellon CyLab study. Using a database of 42,000 child IDs, the study found that one in 10 were victims

of identity theft through stolen Social Security numbers. Fifteen to 18 year olds were the most common targets, making up 43 percent of the total. But there were 303 victims under the age of five, with the youngest being five months old.

Why is stealing a child’s identity preferable to that of an adult’s? It all comes down to awareness. Adults can keep tabs on their information through reviewing their accounts, statements and credit reports. But a child can’t acquire credit and may only have a basic savings account, and parents won’t be aware of fraudulent transactions occurring in their child’s name. It gives the thief more time to operate before being detected. This mode of operation usually includes combining the child’s Social Security number with a different date of birth to create a “synthetic identity.” The thief will then open lines of credit with the new identity, using his own address. This type of fraud is especially difficult for authorities to discover.

Identity thieves can score by accessing personal and financial details from your home computer if it is not adequately protected. Passwords and user names can be hacked to break into accounts. Malware, intrusive software used to disrupt computer operations or gather personal information, can be downloaded through innocent-looking links. Phishing emails that claim to be from reputable agencies and ask for passwords or sensitive information can be an identity threat. If your children are online frequently, they can be easy targets for these ploys. Information gathered from mobile devices and texting also can lead to identity trouble.

Another way identity thieves hit pay dirt online is by trolling for personal information on social media sites. Many unsuspecting teens share too much about themselves online or

through using mobile apps.

What can you do to safeguard your child's identity? Be proactive by doing the following:

- Keep your child's Social Security card, birth certificate and other personal information safely locked away.
- Give out your child's Social Security number sparingly and only to those you know and trust.
- Use a shredder to destroy documents containing your child's personal information.
- Use anti-virus and firewall protection online and keep it updated.
- Unless it's an emergency, do not access your child's credit report if he is younger than 16. This could count against you or your child's credit history and alert thieves that a report is on file.

Teach your child these online privacy rules before allowing computer or smartphone use:

- Create strong passwords and change them frequently.
- Be careful and think before clicking on a link.
- Don't respond to emails or texts asking for personal or family information.
- Don't post personal details when using social media.
- Don't accept friend requests from strangers.

Try our ID Intelligence Quiz on page 22 with your child to reinforce these rules. The information learned will help kids fight the battle against identity theft.



Financial Education Resources

The Kansas City Fed is committed to promoting economic and financial literacy and greater knowledge of the Federal Reserve's role by providing resources for teachers, students and the public. Visit our website at KansasCityFed.org for more information. The resources below are a few of many available on this subject.

Website Resources

www.zdnet.com/blog/btl/identity-thefts-next-frontier-your-kids/46816.

This article gives information about the Carnegie Mellon Cylab study on child identity theft.

www.consumer.ftc.gov/topics/protecting-your-identity.

This website gives information on warning signs of child identity theft and how to repair the damage if theft occurs.

Federal Reserve Resources

Protecting Yourself Against Identity Theft

www.philadelphiafed.org/consumer-resources/publications/protecting-yourself-against-identity-theft.pdf.

This publication discusses what consumers should do to keep their identity safe. For adults.

Let's Get Financially Focused

www.philadelphiafed.org/education/teachers/lesson-plans/PersonalFinanceGrades9-12.pdf. This lesson teaches students about the negative impact that identity theft can have on their financial health. For ages 14-18.

To Pay the Price

www.Kansascityfed.org/publicat/education/teachingresources/Pay_the_Price.lesson.pdf. This lesson and role play introduces students to online banking and addresses identity theft. For ages 10-13.

Fiction Books

Identity Theft: Book Two in the Identity Mystery Trilogy by Carolyn Keene
Nancy Drew fights back against cyberbullies who steal her identity. For ages 8-12.

Hardy Boys #2: Identity Theft

by Scott Lobdell and Daniel Rendon
Frank and Joe Hardy are assigned a case of stolen identity to solve. For ages 8-12.

Nonfiction Books

50 Ways to Protect Your Identity in a Digital Age

by Steve Weisman
This book suggests how to avoid identity theft risks, minimize the risks you can't avoid and take the right steps if you've been victimized. For adults.

Stopping Identity Theft: 10 Easy Steps to Security

by Scott Mitic
This book offers ideas to secure your online presence and spot identity theft scams. For adults.

ID Intelligence Quiz

Check your knowledge of identity theft and how to avoid the risks by taking the true/false quiz below. Remember, the identity you save may be your own!

- | | | |
|--|---|---|
| 1) Identity theft is against the law. | T | F |
| 2) Kids don't have to worry about identity theft until they're 18. | T | F |
| 3) Always carry your Social Security card with you so you'll have it when you need it. | T | F |
| 4) Using your middle or last name for a password is OK. | T | F |
| 5) You should not click on links you're unfamiliar with. | T | F |
| 6) You should not list your address or school on your Facebook page. | T | F |
| 7) You can accept friend requests from someone you don't know, as long as another friend knows them. | T | F |
| 8) Your identity can't be stolen through the mobile apps on your smartphone. | T | F |
| 9) Identity thieves sometimes use texts to get personal information. | T | F |
| 10) Child identity theft is growing in the United States. | T | F |

Answers:

1) T 2) F 3) F 4) F 5) T 6) T 7) F 8) F 9) T 10) T

