

## Office for Financial Success – Financial Tip of the Week

A service of the Personal Financial Planning Department  
College of Human Environmental Sciences  
University of Missouri-Columbia

**12/9/05**

If I were to ask you what you thought were some of the most pervasive, rapidly growing problems [financially-related] facing our society today, I would likely get a myriad of responses. Credit card and other consumer debt, ballooning mortgage payments, credit problems ... I would agree with all of those responses. What about identity theft? I think most of you would probably agree that it is a rapidly growing problem, but what if I said "child" identity theft. That would probably draw a raised eyebrow ...

It's apparently true. Kids are the fastest growing group of identity theft victims. The December, 2005 issue of "Money" magazine offered examples of victims: a second-grader in Florida with \$13,000 in credit card debt, a suburban Seattle infant who was delinquent on paying their medical bills, and a five-year-old working as a cook in a Utah steak house. All of these things seem amusing enough, but what about years from now when they apply for their first loan or credit card to discover that they have terrible credit.

How can this happen? Well, there seem to be at least a couple different culprits. It used to be that you didn't get a social security number until you began to earn a paycheck. Obviously that is no longer the case. Today, 90% of newborns are signed up for a number before they leave the hospital. Obviously the lack of a credit record makes kids a bigger target. Thieves don't have to worry about a bad credit history. The biggest question that came to my mind was what this communicates about the priorities of "big business." Some security needs are obviously being ignored by the financial service industry in the search for higher profits. Linda Foley, Executive Director for the Identity Theft Resource Center stated that for companies "It's cheaper to absorb the losses than to try to reduce the fraud." A sentiment, that if believed, indicates that the problem is likely to grow ...

The numbers of child ID theft are still relatively small. Children and young teenagers account for an estimated 4% of all cases. That is double the amount in 2002 (source: Federal Trade Commission). Also, given the fact that there are nearly 10 million cases of identity theft each year, 4% would represent about 400,000 children. The Identity Theft Resource Center in San Diego reports that cases involving children account for nearly 1/4<sup>th</sup> of the phone calls it receives.

Obviously you can't entirely control whether you will become a victim. The most conscientious and vigilant person can become a victim. There are things you can do to "minimize" the risk (similar things to minimize your own risk!). More information is available in the "Resource Section" to help you minimize your own risk of becoming a victim as well as what to do if it happens and other helpful resources.

- Order the free credit reports ([www.annualcreditreport.com](http://www.annualcreditreport.com)) from the three credit bureaus annually (there shouldn't be one for the child if they have never had a credit line).
- Avoid giving out the child's social security number.

- Be sure the child knows not to respond to e-mail asking for data.

#### IDENTITY THEFT RESOURCES.

- Steps to take if it happens: [http://www.consumer.gov/idtheft/con\\_steps.htm](http://www.consumer.gov/idtheft/con_steps.htm)
- Resource Center: [http://www.consumer.gov/idtheft/con\\_about.htm](http://www.consumer.gov/idtheft/con_about.htm)
- Minimizing risk: [http://www.consumer.gov/idtheft/con\\_minimize.htm#theft](http://www.consumer.gov/idtheft/con_minimize.htm#theft)
- Complain: [https://rn.ftc.gov/pls/dod/widtpubl\\$.startup?Z\\_ORG\\_CODE=PU03](https://rn.ftc.gov/pls/dod/widtpubl$.startup?Z_ORG_CODE=PU03)
- FTC Publications: [http://www.consumer.gov/idtheft/con\\_pubs.htm](http://www.consumer.gov/idtheft/con_pubs.htm)
- ID Theft Resource Center: <http://www.idtheftcenter.org/>
- Privacy Rights Clearinghouse: <http://www.privacyrights.org/identity.htm>

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