

THE EQUIFAX DATA BREACH AND WHAT TO DO ABOUT IT

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McCarthy Asset Management, Inc. is an independent, fee-only investment advisory firm that has been helping people invest wisely for over fifteen years. Our mission is to help you better understand and improve your financial situation. We specialize in Retirement Planning, Portfolio Management and Tax Planning.



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As discussed in the email I sent to clients on September 11th, last month Equifax reported a massive data breach affecting 143 million U.S. consumers. The hack exposed critical pieces of information that can be used by identity thieves to impersonate people and conduct fraud, including: names, Social Security numbers, addresses, and birth dates. In addition, Equifax said the hackers stole credit card numbers for 209,000 people and gained access to driver’s license numbers for a yet-to-be-determined number of Americans. This is probably the most consequential data breach in history, considering that nearly all U.S. adults have their credit histories on file with Equifax and the other two credit bureaus, Experian and TransUnion.



The four pieces of information exposed in the attack are generally needed for consumers to apply for many forms of consumer credit, including credit cards and personal loans. If you find out your information was hacked, our recommendation is to place a freeze on your credit. Here are various steps to consider:

Determine if Your Information Was Hacked: You can see if you were a victim of Equifax’s hack by visiting equifaxsecurity2017.com/potential-impact/ and entering your last name and the last six digits of your Social Security number. Be sure to also check this for your spouse and any children that may have established credit.

Freeze Your Credit: The single most effective action potential victims can take now is to freeze their credit. A credit freeze does not impact your credit score. What it does is restrict access to your credit report, which in turn makes it more difficult for fraudsters to open new accounts in your name. Lenders need to see your credit report prior to extending credit or approving a new loan. While freezing your credit can be a hassle because you will need to unfreeze it every time someone needs to run a credit check on you—it will prevent someone from taking out new credit in your name. A credit freeze locks your credit file at each bureau with a special PIN that only you know. The PIN must be used in order for anyone to access your credit file, or add new credit in your name. **Be sure to save your PINs in a safe place.**

To set up a security freeze, you must contact all three bureaus individually. This process can be done online or over the phone. You will be asked some questions to confirm your identity, but it only takes a few minutes. Depending on your state of residence, freezing your credit can cost anywhere from \$0 to \$10 at each bureau. I have heard from a number of clients who have taken this action. While some were able to do so easily, others were asked to mail additional information to one or more of the credit bureaus to complete the freeze.

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You can freeze your credit by using the following phone numbers or links:

- **Experian:** 888-397-3742
[Freeze your credit](#)
- **Transunion:** 888-909-8872
[Freeze your credit](#)
- **Equifax:** 866-349-5191
[Freeze your credit](#)

Our Services

Investment Management Services:

- MAM creates and manages customized investment portfolios based on each client's investment objectives, timeframe and risk tolerance.

Financial Planning Services:

- The Net Worth Analysis (NWA) tracks the accumulation of Invested Assets for pre-retirees and the retention of Invested Assets for retirees. Updated annually.
- "Retirement Analysis" a comprehensive analysis of your retirement goals, which produces easy-to-read, interactive working plan, stored in the cloud. Updated as needed for life events.

Tax Services:

- Clients have the option of utilizing the income tax services provided through the firm Stephen P. McCarthy, CPA. These services are offered at an hourly rate and may include:

- Tax Return Preparation
- Income Tax Projections
- Tax Minimization Ideas
- Tax Authority Representation

Other Services:

- MAM has retained several outside experts, whose services are available at no cost to our clients:
 - Medicare Planning—
Eileen Hamm of Superior LTC Planning Services, Inc.
 - Long Term Care Planning—
Allen Hamm of Superior LTC Planning Services, Inc.

To lift your freeze, simply contact the bureau used by the lender and provide your PIN to remove the freeze for a certain period of time. This can also be done online or over the phone. It may take a few days for the freeze to be lifted, so be sure to do it a few days in advance of when needed. Note that if you are job hunting, it is possible a prospective employer will want to run a credit check on you. In this case, I recommend holding off on placing the credit freeze until you have completed your job search.

Place a Fraud Alert: As an alternative to placing a freeze on your credit, a simpler but less protective measure is to place a fraud alert on your credit report. You do this by contacting one of the credit reporting agencies and requesting an initial fraud alert be placed on your credit report. They will then contact the other two agencies about the fraud alert. While placing the fraud alert is free, it is effective for only 90 days. It can then be renewed every 90 days.

The purpose of placing a fraud alert is to warn new creditors that you may be a victim of Identity theft. In doing so, you reduce the risk of an identity thief opening credit in your name. Furthermore, those with a fraud alert will receive notification whenever there is an attempt to check on their credit history. Personally, at least for now, I have opted for the credit freeze rather than placing a fraud alert because I feel a freeze provides greater protection.

Sign Up for Credit Monitoring: The purpose of a credit monitoring service is for consumers to have their credit monitored for suspicious activity. IdentityGuard and LifeLock are examples of these services. These companies are supposed to alert consumers to credit inquiries, new credit lines and other important changes to one's credit file. Recently, one tech-savvy MAM client, who has utilized LifeLock for a number of years, told me that he has been pleased with the service. I just recently signed up for the most basic plan from LifeLock to see if I find the service beneficial and to share my experience with clients.

Regularly Monitor Your Financial Accounts: Even if your data was not breached, we think it is a good idea to regularly monitor your credit cards and bank accounts. Be certain to report any unusual or suspicious activity to the financial institution.

Please let me know if you have any questions or comments regarding any of this.