



Protect Your Wealth and Your Identity

Consumers today need to be vigilant in protecting personal credit information and guarding against identity theft. An effective way for a consumer to do this is to request and review a copy of his or her credit report. Under the Fair and Accurate Credit Transactions Act (FACT), the three major credit bureaus—Equifax, Experian, and TransUnion—are required to provide consumers with a free annual credit report upon request. Unfortunately, most consumers fail to take advantage of this opportunity, leading to a greater probability of having an inaccurate credit report or becoming a victim of identity theft.

The website annualcreditreport.com has been established to provide consumers with a convenient and secure method of requesting a free credit report from each of the three major credit bureau agencies. Reports can also be requested by phone or mail. Be careful of other websites that appear to offer free credit reports. Often those sites require you to purchase additional products or services to obtain a “free” credit report.

Under FACT, consumers are allowed one free credit report from each credit agency every twelve months. One strategy to monitor your credit information throughout the year is to request a credit report from alternating agencies every four months. This allows a consumer to continually review his or her credit report and quickly identify and address any errors or suspicious activity. If you are reviewing your credit report for the first time, you may consider requesting reports from all three agencies initially to make sure they are reporting similar data. However, as all three free credit reports would be requested upfront, any future credit reports requested during the next twelve months may incur a slight charge. After the initial year, if there are no issues with your credit report, you could begin to request reports every four months, as described above, to routinely monitor your credit throughout the year.

There are several benefits obtained by a consumer continually monitoring his or her credit report to protect it from inaccuracies. An inaccurate credit report can decrease your credit score and have a significant impact on



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the cost and availability of credit. Maintaining an accurate credit report, and ultimately a higher credit score, is important as it can significantly impact a consumer’s financial well-being. While often overlooked, a compromised credit score can impact several areas of a consumer’s personal life including, but not limited to, the following:

1. Ability to obtain credit;
2. Access to lower cost financing;
3. Ability to negotiate better credit terms;
4. Increased insurance rates;
5. Difficulty in obtaining an apartment lease; and
6. Impact on cell phone contracts.

As noted above, another significant benefit of continually monitoring your credit report is that consumers will be able to better protect themselves against identity theft, which has become a significant issue and is very difficult to rectify the longer someone’s identity has been stolen. By monitoring credit reports routinely, consumers can quickly identify accounts that have been established without their authorization, alerting them that someone may have stolen their identity.

After reviewing a credit report, if a consumer discovers inaccurate or incomplete information, he or she should contact both the credit agency and the company that provided the information to the credit agency, requesting that the information be corrected. If a consumer believes he or she may be a victim of fraud, it is imperative that a fraud alert be placed on the consumer’s file immediately by contacting one of the three credit reporting agencies. By placing a fraud alert on an account, it becomes more difficult for someone to get credit under your name as it raises a red flag to alert creditors to take addi-

tional steps to verify the legitimacy of a new credit request. Once you have contacted one of the credit agencies and they have placed a fraud alert on an account, the other two are automatically notified to do the same. To be safe, however, the consumer should confirm directly with the other agencies that a fraud alert has indeed been placed on his or her file.

Victims of identity theft should visit IdentityTheft.gov to file a report and establish a personal recovery plan. In addition, if a consumer’s identity has been stolen, he or she should consider placing a credit freeze on their credit reports, which prevents a report from being pulled by third parties that the consumer is not already doing business with. While the consumer will still have access to his or her existing credit lines while a credit freeze is in place, it will be more cumbersome to establish new credit lines if the consumer wished to do so. Nonetheless, as a security freeze prevents a credit file from being disclosed to third parties, it is more effective than a fraud alert in preventing unauthorized accounts being established in a consumer’s name.

In today’s digital world, where there’s so much information online, it is critical that we take every precaution to keep our personal information safe and secure. One of the best ways to do this is to take advantage of free credit reports. It is a simple process, but the benefits to consumers are significant and far reaching.

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