

## Do You Really Need to Pay for Identity Theft Protection?

The fear of identity theft has created a multi-billion dollar identity protection industry which is not above trying to alarm us with headlines like: "Identity Theft is the Fastest Growing Crime in the U.S." or "9 Million Americans Were Victims of Identity Theft Last Year," But how real is the problem and do you really need to pay for identity theft protection?

The *New York Times* reports that "[i]dentity theft isn't a single act, a single problem with a single solution. Most often, identity theft encompasses any type of fraud involving someone impersonating someone else, usually as a way to get money. The FTC [Federal Trade Commission] has cataloged around 30 types of identity theft. Over the past year, the most common forms of identity theft reported to the FTC include

credit card fraud, benefits fraud, loan or lease fraud, and tax-related fraud."

Identity theft protection companies (and there are lots of them—LifeLock, Complete ID, Equifax, IdentityForce, Identity Guard Premier, IDShield, ID Watchdog, and PrivacyGuard Total Protection to name just a few) promise to be protectors of your private, personal information for annual fees for a couple ranging from \$240 to more than \$750. As you would expect these companies then like to upsell you for additional services for additional fees, of course. But you may not actually need these services; you may be able to protect your identity for less—maybe even for free—if you are willing to put in a little effort.

You should consider paying for an identity theft protection service, according to *Nerdwallet.com* "only if:

- You're already the victim of identity theft or at high risk of it.
- You are unwilling to freeze your credit reports.
- You know that you won't go through the effort of actively monitoring your own credit.

*Consumer Reports* says you don't need to buy ID theft protection because:

- **"The threat is exaggerated.** Two-thirds of cases of ID theft reported to the annual National Crime Victimization Survey involve stolen



The first thing consumers need to do if they're worried about ID theft is just to freeze their credit reports.

credit cards, not stolen identities. Federal regulations limit your liability, usually to \$50 per account, and even that is often waived by card issuers. Add stolen debit cards and check forgery, and existing-account fraud makes up 80 percent of so-called ID theft.

- **Marketing can be deceptive.** Regulators have slapped the ID-protection industry several times for deceptive marketing practices. Last summer, after actions by federal regulators, Capital One and Discover Financial Services agreed to pay a combined \$410 million in refunds and penalties related to deceptive marketing of identity protection, credit monitoring, and other services. Prior to that, Affinion, Experian Consumer Direct, and LifeLock had been caught and punished for alleged deceptive marketing practices, such as not

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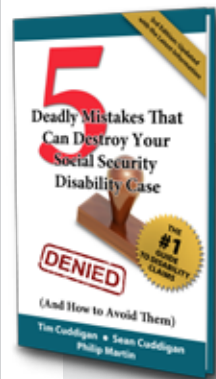
Identity Theft...cont.

adequately disclosing automatic sign-up after “free” trials and promising to prevent ID theft, even though the services don’t actually do that.

- **\$1 million insurance is overkill.** Most services offer up to \$1 million in ID-theft insurance. But they don’t pay if your loss is covered by federal consumer protections, your homeowners or renters insurance, or a merchant, which is the norm. The majority of ID-theft victims had zero out-of-pocket loss in 2011, according to Javelin. A minority did lose money—the average was \$309 for existing-account fraud and \$1,205 for new-account fraud.”

*“Regularly monitor your credit reports to spot any suspicious activity. You are entitled to free credit reports from all three bureaus.”*

You can perform the basic services offered by these companies yourself, often at no charge. The first and most important step according to many consumer advocates is to freeze your credit (and it is something that identity theft protection companies cannot do for you). When you freeze your credit with the three major credit bureaus—Experian, Transunion, and Equifax—it prevents a scammer from opening credit cards or obtaining loans in your name.



**“5 Deadly Mistakes That Can Destroy Your Social Security Disability Case” is the #1 guide to improving the odds of winning a disability case.**

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When you want to access your credit you can “thaw” your credit for a specific, limited length of time. Freezing your credit online with the bureaus only takes a few minutes. “The first thing consumers need to do if they’re worried about ID theft is just to freeze their credit reports,” says Chi Chi Wu, staff attorney at the National Consumer Law Center. “Freeze, freeze, freeze. Everything else is gravy on top of that.” Federal law allows consumers to freeze and unfreeze their credit reports at no charge.

Regularly monitor your credit reports to spot any suspicious activity. You are entitled to free credit reports from all three bureaus. You can get them at no charge as often as every week through April 2021. After that they are free once a year. By spreading out your three credit report requests you can get a credit update every four months.

CNBC advises that you should “[s]et up alerts with your financial institutions. Depending on your bank and credit card issuer, you may be able to opt in for alerts on transactions exceeding a particular dollar threshold, those that originate overseas, or are made online, by phone or mail (where the physical card isn’t present).”

Finally here are two other steps to consider: Secure your digital life by using a password manager to generate difficult to hack passwords which are unique for each website you regularly visit. Shred important documents, especially those with account numbers and other sensitive data, before you toss them into the trash.



**Comfort Food**

From the kitchen of Janet Cuddigan

Valentine’s Day is coming up soon. Here’s an easy way to treat your sweetheart to something sweet.

**Valentine’s Day Dessert**

- 1 (18 ounce) package refrigerated sugar cookie dough
- 1 (8 ounce) package cream cheese
- 1 cup confectioners’ sugar
- 1 (21 ounce) can cherry pie filling
- 1 (8 ounce) container frozen whipped topping, thawed



Preheat oven to 350 degrees F  
Roll the cookie dough to 1/4 inch thick and form it into a heart shape. Place the heart shape on a cookie sheet. Bake at 350 degrees F (175 degrees C) for 10 minutes, or until the cookie is lightly brown on the edges. In a large mixing bowl, mix cream cheese with confectioner’s sugar. Spread the mixture on cooled cookie dough. Cover with cherry pie filling and whipped cream.

Adapted from allrecipes.com

**Some Veterans May Get a Big Bill This Month from the VA**



Because of the extensive job losses due to the COVID-19 pandemic, last April the Department of Veterans Affairs put a hold on billing veterans for medical debts. However, in mid-December the VA announced that it would start collecting again starting this month. In a letter to those affected by this change, the department said [veterans] will have to pay “new copay charges for medical care and prescriptions they received from April 6, 2020, through

December 31, 2020.” The letter further stated that the bills could also include unpaid balances for care received before April.

For most veterans with a disability caused by their military service which is rated at 50% or higher medical treatment at a VA facility is free, but veterans with a lower disability rating may be obligated for some copayments for medical care. Most veterans with little or no income are not liable for copays.

Both Republican and Democratic members of Congress called on the VA to extend the nine-month pause on billing veterans for medical debts. Responding to the lawmakers, VA Press Secretary Christina Noel said in a letter, “VA feels it is in the veterans’ best interest to notify them of a potential debt. If they are unable to repay the debt or if doing so would cause a financial hardship, VA can work with individuals to provide relief based upon their unique circumstance.”



**Sudoku (Medium)**

For the solution go to [cuddiganlaw.com/library/newsletter](http://cuddiganlaw.com/library/newsletter)

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1		3		8	2			7

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