

DOES  
IT PAY  
TO...

# Buy Identity Theft Protection?

Ads for specialty services claiming to prevent ID theft are everywhere. Find out if these companies can really help you, or if they're just another money drain.

BY CHERYL LOCK

With the increasingly common large-scale hacks at big-name stores like Target and Michaels, where credit and debit card information was stolen, ID theft is now a problem for many Americans. What's worse, experts say that no matter how carefully you safeguard your information, it's impossible to completely protect yourself from identity theft.

That said, identity protection services *can* help lower your odds of becoming a victim by monitoring your personal data. Are the fees worth it? To see if a service makes sense, here's what you need to know.

**NEW SAFEGUARD!** Starting in 2015, U.S. shoppers will use a PIN code instead of signing credit card receipts. Merchants who don't make the switch by October will be held responsible for reimbursing fraudulent charges.

## MONTHLY COST

 INDIVIDUAL  
**\$10\***

 FAMILY OF FOUR  
**\$250\***

\*Prices vary based on service.

Monthly fees depend on how many services are included in your package (see "What You Get," right), but they tend to start at \$10 per month for basic, one-person coverage, and can go up to \$250 for a family of four. A basic plan often includes monitoring for your information on new mortgage, credit card or auto loan applications in order to deny fraudulent ones promptly, and helps you replace items in a lost wallet.

The annual cost can add up, but Robert Siciliano of *BestIDTheftCompanys.com* says that if your or your child's ID is stolen, it will cost you more in time and money to resolve it on your own than what you'd pay to help prevent it in the first place. Similar to specialty insurances, your decision to buy depends on your tolerance for risk: You can pass, betting that you'll be fine, but if you are targeted, you might wish you had invested in protection.



## WHAT YOU GET

### Identity monitoring and information scanning

Protection companies often link to the big three credit monitoring bureaus' databases to keep abreast of activity. When your social security number shows up for, say, a loan application, the theft protection company can alert you within an hour or two to ask if you actually applied for it.

#### Do you need it?

You can check up on your own credit at websites such as [annualcreditreport.com](http://annualcreditreport.com), but individuals are eligible for only one free report from each agency in a year, and it's better to check more frequently.

At about \$11.50 per report, getting multiple reports from all three bureaus (TransUnion, Experian and Equifax) is expensive. While your credit card company and bank should flag suspected unauthorized transactions, there is no way to monitor your social security number without a service.

### Restoration of your accounts

The company will clear up identity theft issues if a breach occurs.



#### Do you need it?

Dealing with the fallout from identity theft is the hardest, costliest and most time-consuming aspect of a breach, so finding a company to help you contact financial institutions and complete paperwork is worth it if your identity is stolen. It's unlikely (though possible) to buy a package that includes restoration after the incident.

### Child identity theft protection

The ability to monitor your kid's identity as well as your own.



#### Do you need it?

Children are targeted for identity theft 35 times more often than adults. That's because minors have a clean credit history, which is attractive to credit card issuers. So when a thief applies for a card in your child's name, it's likely to get approved. If the thought of tracking every family member's info is overwhelming, you may want a plan that includes your kids.

## Before You Buy


Be sure to research the company first and read all the fine print, says Paul Stephens, director of policy and advocacy at Privacy Rights Clearinghouse, a nonprofit consumer rights organization. The following companies have Better Business Bureau accreditation ([bbb.org](http://bbb.org)) and receive good marks from *BestIDTheftCompanys.com*, an identity protection service review site.


- **LifeLock** ([lifelock.com](http://lifelock.com))
- **IdentityForce** ([identityforce.com](http://identityforce.com))
- **Experian ProtectMyID** ([protectmyid.com](http://protectmyid.com))


**BOTTOM LINE** *If you don't have the time or patience for all the tasks in the DIY list—and you can afford it—it's a good idea to sign up for the services of a trustworthy company.*


## WHAT YOU CAN DO YOURSELF

Without a paid service, you can still set up effective safeguards on your own by putting in a little time and effort.

 **SHRED MAIL BEFORE TRASHING IT** Destroy preapproved credit card offers or anything with account information on it. Doing so deters thieves from raiding your personal garbage.

 **OPT OUT OF JUNK MAIL** Visit [optoutprescreen.com](http://optoutprescreen.com), a joint venture among the three major credit bureaus and Innovis, a data solution company. Signing up removes your name from lists for preapproved credit card offers.

 **SET UP EXTRA ALERTS ON ALL YOUR CARDS** While most card providers automatically flag suspected unauthorized transactions, certain banks and companies like American Express also let you sign up for extra email and text alerts so you can monitor your activity weekly. You're more likely to catch fraud if you check your balances regularly, instead of waiting for a monthly statement.

 **CHECK AND LOCK YOUR CREDIT** Every four months, order a free report from one of the three bureaus, or pay to check more often than that. For a small fee (\$3 to \$10 per person, per bureau), you can even freeze your credit. This locks your information so no company or individual can access it without your express permission (there's another small fee to release it).

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