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THE EQUIFAX SECURITY BREACH – WHAT DO I DO NOW?

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Data security breaches are now ubiquitous and we do not see that changing. The Equifax incident is just the latest in a long line of such breaches. This breach was particularly egregious because it involved 143 million customers. Let's reasonably assume that includes you and me both. And even if it does not include us both, I am going to go out on a limb here and hazard a guess that it is only a matter of time until it does.

We could vent righteous indignation at Equifax and every other retailer or financial institution who fails to protect our credit information, but doing so does not do anything to protect us. Better that we direct our righteous indignation toward something proactive. To that end, we have done some research as to what the experts say. There is some complexity involved. Rules already vary by state. Equifax is changing daily what it says it is willing to do. And there may be some changes in the regulatory landscape as a consequence of this event.

What follows is an attempt to extract some clarity out of this environment and to describe what we think are your best alternative courses of action to contain the misuse of information that can lead to identity theft. Those courses of action can best be summarized as "monitor" or "freeze". Let's discuss the pros and cons of each.

MONITOR

This is what the credit agencies would like you to do because this is a very big business for them. It is a bit ironic (and galling) that a breach by a credit agency leads us to consider paying money to the very same credit agency to protect ourselves against misuse of the data that we didn't even ask them to collect! But I digress... If you want to go the monitoring route, you can sign up with any of the three major credit agencies or go to an independent firm like LifeLock or Identity Guard. You only need to sign up for one monitoring service, as it will monitor credit inquires at all of the major credit agencies. Some members of the Integris team use these services and they report that they do a very good job of alerting you every time your credit information is accessed, or a new account is set up. The fee varies from firm to firm but is generally about \$20 per month.

The advantage of monitoring is that you are automatically alerted to credit related activity, and if the activity is not yours, you can take steps to shut it down quickly. A disadvantage is, like a lot of people, once the hype has diminished and after you have paid fees for several months with nothing happening,

you will be tempted to drop the service. The cynic in me says that as long as you pay for the service nothing will happen, but as soon as you drop it someone will steal your identity. This leads me to the next option.

FREEZE

Putting a “freeze” on your credit involves contacting each credit agency and requesting that they freeze your information and don’t allow access to anyone with whom you do not already have credit (except some technical details not worth explaining here). Credit agencies are not too interested in this choice since they make very little money on it. The positive is that unlike the monitoring solution, a freeze is preventative. As long as the freeze is in place, almost no one can access your credit report or apply for credit in your name.

The bad news is that “no one” includes you! When you want to apply for a loan, get a new credit card, or otherwise do something that involves a review of your credit history, you have to either go online or call to affect a lift of the freeze. The lift may not take place immediately, but will not take longer than 3 business days to go into effect. The lift lasts as long as you specify and then automatically goes back into place.

An advantage of this over the monitoring solution is that the cost will be much less for people who have an infrequent need for credit inquiries. Rather than paying a monthly fee indefinitely, you pay up to \$10 at each credit agency when you place a freeze on your account and each time you invoke a lift. Generally you only lift the freeze on the one credit agency used by the party who wants to check your credit, so ongoing costs are low. The disadvantage of a freeze is that if you have a frequent need for credit inquiries, your costs increase and the inconvenience could be untenable.

RECOMMENDATION

Security breaches are here to stay. Taking extra steps to protect yourself against what could be an extraordinary hassle and cost of identity theft is probably now just a cost of living in the modern world. We encourage you to consider signing up for a fraud alert monitoring service or freezing your accounts at the credit agencies Equifax, Experian and Transunion.

There is a lot of information available on the internet, but feel free to reach out to us if we can help you with some of the operational details – websites, phone numbers, etc. – or if you would like more detailed information.

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