

Information from **RCU Investment Services** and CFS\* to help keep your financial life in balance

## ViewPoint

## Consumer Sense

### The Crime of Identity Theft

Identity theft victims are often left with a bad credit report and must spend months and even years regaining their financial health. In the meantime, they have difficulty obtaining credit, getting loans, renting apartments, and even getting hired. Victims of identity theft find little help from the authorities as they attempt to untangle the web of deception that has allowed another person to impersonate them.

The crime of identity theft is on the rise. Recent surveys show there are currently 7-10 million victims per year.\*

There are two types of identity theft.

- Account takeover occurs when a thief acquires your *existing* credit account information and purchases products and services using either the actual credit card or simply the account number and expiration date.
- Application fraud occurs when the thief uses your SSN and other identifying information to open *new* accounts in your name. Victims typically don't learn of application fraud for some time, because the monthly account statements are mailed to an address used by the imposter.

The following are strategies for reducing the risk of both types of fraud. Most importantly, check your credit report at least once a year. If you are a victim of identity theft, you may catch it early by checking your credit report regularly. Since December of 2004, consumers can get a free copy of their credit report annually.

Reduce access to your personal data and minimize the amount of information a thief can steal. Do not carry your passport, social security card or birth certificate in your wallet or purse.

Limit the number of pre-approved offers of credit that you receive by removing your name from the marketing lists of the three credit reporting bureaus -- Equifax, Experian and Trans Union by calling 888-5OPTOUT. These pre-approval offers, when tossed into the garbage, are a potential target of identity thieves who use them to order credit cards in your name.

When ordering new checks, pick them up at the credit union. Don't have them mailed to your home. If you have a post office box, use that address on your checks rather than your home address so thieves will not know where you live.

If you are a victim of identity theft place fraud alerts on your three credit reports right away.

If your credit report shows that an imposter has opened new accounts in your name, contact those creditors immediately by phone and in writing.

\*Source: Better Business Bureau

### The New Roth 401(k)

An exciting new retirement-savings option, the Roth 401(k) is coming in 2006. The new Roth combines features of the traditional 401(k) with those of the Roth IRA. It will be offered by employers like a regular 401(k) plan. However, as with a Roth IRA, contributions will be made with after-tax dollars. You won't get an upfront tax-deduction, but the account will grow tax-free. Withdrawals taken during retirement will not be subject to income tax, provided you're at least 59 1/2 and you've held the account for five years or more.

The Roth 401(k) could be an advantage for high-income individuals who haven't been able to contribute to a Roth IRA because of the income restrictions. There are no income stipulations for Roth 401(k).

The Roth 401(k) has the same contribution limits of regular 401(k) s — \$15,000 for 2006, or \$20,000 for those 50 or older by the end of the year. This allows individuals to save thousands of dollars more in tax-free retirement income than they would through a Roth IRA. (In 2006, Roth IRA contributions are limited to \$4,000 a year, or \$5,000 for those 50 or older.) Contribution limits apply to *both* types of 401(k) plans. You can't save \$15,000 in a regular 401(k) and another \$15,000 in a Roth 401(k). There's no new opportunity to save, but there's an opportunity to save with a different kind of tax treatment.

### **Have You Read...**

**How Criminals Steal Your Personal Information, How to Prevent it, and What to Do if You Become a Victim** by [Johnny R. May](#)

This book is full of resources and includes step-by-step guidelines to safeguard your identity and what to do if it is stolen.

### Interested in Learning More?

For more information or to schedule a no-cost, no-obligation appointment, please call us today: **(800) 479-7928.**

