



State of Tennessee
Department of Children's Services
Identity Theft Tip-Sheet for Child Welfare Staff

Supplemental to DCS Policy: 3.25, Credit Reports for Youth

In 2009, 11.1 million people were victims of identity theft. This equates to 1.2 victims every 3 seconds. Once someone becomes a victim it can take days, weeks, even months to clear up their credit. Currently, 18-24 year olds are the group most likely to be victims and children/youth transitioning into adulthood are at greater risk.

Federal law states that youth in foster care who have attained 14 years of age must receive, without cost, a copy of any consumer report. Therefore, to be in compliance with this requirement, TN DCS must have a copy of the credit report, if one exists, from each of the three main credit reporting agencies (CRAs): [TransUnion](#), [Equifax](#), and [Experian](#).

Federal law requires that each child age fourteen (14) and older in foster care receive a copy of any consumer credit report annually, until discharged from foster care, and must receive assistance interpreting the credit report and resolving any inaccuracies (P.L. 112-34 [section 475(5)(I)] of the Act).

1. What is identity theft?

Identity theft occurs when someone uses another individual's personal identifying information, such as name, Social Security number, or credit card number, without permission, to commit fraud or other crimes. Identity theft is serious. While some identity theft victims can resolve their problems quickly, others spend hundreds of dollars and many days repairing damage to their good name and credit record. Some consumers victimized by identity theft may lose out on job opportunities, or be denied loans for education, housing or cars because of negative information on their credit reports. In rare cases, they may even be arrested for crimes they did not commit.

2. Why is it important to inform foster youth about identity theft?

As a youth transitions to adulthood, it is important for him/her to have a clean credit report for numerous reasons. If a youth applies for an apartment, student loans, or a car loan, she/he needs to have a good credit report. Unfortunately, children in out-of-home care are at a higher risk of being a victim of identity theft.

3. Case Manager Role in explaining a credit report

- a) Assist youth age fourteen (14) and older in reviewing his/her credit report each year until he/she exits foster care.
- b) Notate in TFACTS (case recording) dates of discussion about what credit is and how to interpret the reports.

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- c) Explain that credit is not just about credit cards. Utility, phone and medical bills, student loans, mortgages and any other situation in which you are obligated to pay a person or institution all contribute to your credit rating.
- d) It's important to have a basic understanding of credit cards. Education about fees, annual percentage rates and paying off balances can help steer young people away from unnecessary costs and products that don't match their lifestyle or spending habits
- e) Be careful about sharing personal information with others. Young people should understand the importance of protecting their Social Security number, birth date and address. They should not share this information with anyone they do not know and trust, nor should they share it with family members who are dealing with complex issues such as debt or drug and alcohol abuse.
- f) Protect important documents. Young people should keep documents such as Social Security cards and birth certificates in a locked box or safe drawer wherever they live. While they should always carry some form of identification, such as a school ID or driver's license, they should not carry unnecessary ones, such as a passport, unless they need it. Most importantly, they should avoid carrying their Social Security card whenever possible.
- g) Shred all documents containing personal information before disposing of them. If they do not have access to a shredder, youth can cut or tear up such documents by hand to ensure that names, addresses, birth dates and other information are not accessible to identity thieves.
- h) Beware of sellers of fake IDs. These individuals can misuse information shared with them and are sometimes part of criminal gangs. Young people should know that when they buy a fake ID, their identities may be in jeopardy.
- i) Practice online safety. Young people can also protect themselves online by following some simple guidelines: Use strong passwords, ideally with at least eight characters that include numbers and symbols. Never store a password on a computer or allow a site to recognize it every time they log in. Use a computer with updated antivirus and firewall protection. Be careful about sharing files through peer-to-peer software. Watch out for phishing scams.

4. Case manager role in interpreting the credit report:

- a) Provide financial literacy information to the youth using :
Keys to Your Financial Future. DCS and Jim Casey Youth Opportunity. Retrieved August 18, 2015 from:
<https://www.tn.gov/assets/entities/dcs/attachments/Credit+Check+Training+7.30.15.pdf>
- b) **Identifying Information**
Your name, address, Social Security number, date of birth, and employment information are used to identify you. You may have multiple versions of your name. These factors are not used in credit scoring and updates to this information come from information you have supplied to lenders.

c) **Credit Inquiries**

A soft inquiry, or involuntary inquiry, is when a creditor orders your report prior to sending you one of those "pre-approved" offers for credit. This type of inquiry does not affect your credit rating.

d) **Public Record and Collection Items**

Credit reporting agencies also collect public record information from state and county courts, and information on overdue debt from collection agencies. Public record information includes bankruptcies, foreclosures, suits, wage attachments, liens and judgments.

e) **Satisfactory Accounts and Negatives Items**

All three of the major credit reporting agencies (TransUnion, Equifax, Experian) will separate positive accounts from negative ones, thereby making the interpretation of your report a little easier. In the section showing the negative items, these accounts are listed showing when a late payment occurred and how late it was, the balance on these accounts, and if this account was a charge-off or went to a collection agency. It usually has the address of the creditor and the account number listed as well.

5. Additional Resources

- **Youth and Credit**, 2013. The Annie E. Casey Foundation. Retrieved August 18, 2015 from https://www.tn.gov/assets/entities/dcs/attachments/Protecting+the+Credit+of+Youth+in+Foster+Care_1.pdf
- Additional credit report training materials are available at this address: <https://www.tn.gov/dcs/article/Maintaining-Credit>

To contact us: TN DCS Office of Independent Living, 844-887-7277.

Web Inquiry Form: <https://www.tn.gov/dcs/program-areas/youth-in-transition/yit/independent-living/fill-out-this-form-to-contact-us.html>