



“What can I do to protect myself from Cyber Attacks and Identify Theft?”

This may be one of the most important letters that we send this year, and we encourage you to share this information with friends and family.

The Bad News: In the first 9 months of 2021, there were over 1,200 data breaches exposing nearly 281 million records, including passwords and Social Security numbers, belonging to hundreds of millions of people¹. Criminals can use this highly sensitive information to pose as the victim to open loans, credit cards, and lines of credit. They can often be operating in distant foreign countries, making their activities difficult to track and prosecute.

Compromise Year-over-Year Totals		
Month	Compromises	Victims
2021 YTD*	1,291	281,451,400
2020	1,108	310,116,907

In just the first 9 months of 2021, this criminal activity affected over 281 million people¹. To put that in some perspective, imagine a sold-out crowd cheering at Madison Square Garden for an afternoon Knicks basketball game. After the early game ends, Billy Joel plays to another sold out

crowd later that evening. Two sold out crowds at Madison Square Garden in the same day! That's a lot of people. It has to be close to the number of people affected by these attacks, right?

Madison Square Garden would have to sell out a double header every day, 365 days a year, for 18 years and 5 months to have 281 million people walk through the doors².

Each of those people represents a person that may have had their name, address, birthdate, Social Security number, or passwords stolen in a 2021 cyberattack³

The Good News: There are a lot of steps that you can take to prevent a criminal from using your stolen identity information to pose as you and cause financial harm, and you're holding some of those important steps in your hands right now!

Much like our advice for investing, the first step is this; Don't Panic. We are going to outline them in detail.

You may have heard the terms "Fraud Alert" and "Credit Freeze" thrown around a lot in news stories that are covering this problem. However, it's very rare to hear answers to common questions:

What exactly is a Credit Freeze?

Does it affect my Credit score, and how much does it cost?

Who do I contact to get started? What are the phone #'s and websites?

How is a Credit Freeze different than a Fraud Alert?

Are there any potential drawbacks to freezing my credit?

These are all important questions. Fortunately, we've found a lot of the answers for you from the Federal Trade Commission⁴. We encourage you to visit their site as an excellent resource <https://www.consumer.ftc.gov> for additional information.

What is a credit freeze?

Also known as a security freeze, this tool lets you restrict access to your credit report, which in turn makes it more difficult for identity thieves to open new accounts in your name. That's because most creditors need to see your credit report before they approve a new account. If they can't see your file, they may not extend the credit.

Does a credit freeze affect my credit score?

No. A credit freeze does not affect your credit score

A credit freeze also does not:

- prevent you from getting your free annual credit report from www.annualcreditreport.com

- keep you from opening a new account, applying for a job, renting an apartment, or buying insurance. But if you're doing any of these, you'll need to lift the freeze temporarily, either for a specific time or for a specific party, say, a potential landlord or employer.
- prevent a thief from making charges to your existing accounts. You still need to monitor all bank, credit card and insurance statements for fraudulent transactions.

How do I place a freeze on my credit reports?

Contact each of the nationwide credit reporting companies:

- Equifax — 1-800-685-1111 <https://www.equifax.com/personal/credit-report-services/>
- Experian — 1-888-397-3742 <https://www.experian.com/freeze/center.html#content-01>
- TransUnion — 1-888-909-8872 https://service.transunion.com/dss/orderStep1_form.page
You'll need to supply your name, address, date of birth, Social Security number and other personal information.

After receiving your freeze request, each credit reporting company will send you a confirmation letter containing a unique PIN (personal identification number) or password. Keep the PIN or password in a safe place. You will need it if you choose to lift the freeze.

How much does it cost to freeze or unfreeze?

It's Free. As a result of the Economic Growth, Regulatory Relief and Consumer Protection Act, the fees formerly associated with freezing or unfreezing a credit report have gone away⁵. This is good news for consumers!

How do I lift a freeze?

In a few states, credit freezes expire after seven years. In the vast majority of states, a freeze remains in place until you ask the credit reporting company to temporarily lift it or remove it altogether. If the request is made by phone or online, a credit bureau must lift a freeze within one hour.

If you opt for a temporary lift because you are applying for credit or a job, and you can find out which credit reporting company the business will contact for your file, you can save some time by lifting the freeze only at that particular company.

What's the difference between a credit freeze and a fraud alert?

A credit freeze locks down your credit. A fraud alert allows creditors to get a copy of your credit report as long as they take steps to verify your identity. For example, if you provide a telephone number, the business must call you to verify whether you are the person making the credit request. Fraud alerts may be effective at stopping someone from opening new credit accounts in your name, but they may not prevent the misuse of your existing accounts. You still need to monitor all bank, credit card and insurance statements for fraudulent transactions.

Three types of fraud alerts are available:

Initial Fraud Alert. If you're concerned about identity theft, but haven't yet become a victim, this fraud alert will protect your credit from unverified access for at least 90 days.

You may want to place a fraud alert on your file if your wallet, Social Security card, or other personal, financial or account information are lost or stolen.

Extended Fraud Alert. For victims of identity theft, an extended fraud alert will protect your credit for seven years.

Active Duty Military Alert. For those in the military who want to protect their credit while deployed, this fraud alert lasts for one year.

To place a fraud alert on your credit reports, contact one of the nationwide credit reporting companies. A fraud alert is free. The company you call must tell the other credit reporting companies; they, in turn, will place an alert on their versions of your report.

“Are there any other steps that I can take?”

Yes. Here are a few that we recommend considering:

1. Request a free credit report from www.annualcreditreport.com. If there are any charges or accounts under your name that you don't recognize, we suggest taking immediate steps. There is a very thorough guide outlined on www.identitytheft.gov. Check your credit report on an annual basis. Federal law allows you to get a free credit report every 12 months.
2. Do not trust anyone that calls or emails purporting to be “helping” from the IRS, Microsoft, or similar institution. Simply hang up the phone or delete the email. The IRS will never call and ask you for your Social Security number.

Remember that being an informed and educated consumer is the best way to protect yourself. As you know from working with us, we take cyber security seriously. We look forward to doing all we can to help you and your loved ones achieve that goal.

Sincerely,



John Whitehead
Founder & Managing Principal



Michael Smith
Financial Advisor, CFP®, CFS®

References & disclaimers:

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<https://www.idtheftcenter.org/post/identity-theft-resource-center-to-share-latest-data-breach-analysis-with-u-s-senate-commercecommittee-number-of-data-breaches-in-2021-surpasses-all-of-2020/>
2. NY Madison Square Garden Capacity <http://www.thegarden.com/faq.html>
3. Equifax Security Breach Website <https://www.equifaxsecurity2017.com/>
4. FTC Credit Freeze FAQ <https://www.consumer.ftc.gov/articles/0497-credit-freeze-faqs>
5. Credit Freezes are Free <https://krebsonsecurity.com/2018/09/credit-freezes-are-free-let-the-ice-age-begin/>

6. New Identity Theft Resource Center Research Shows Consumers Know About Credit Freezes, But Rarely Use Them - ITRC (idtheftcenter.org) <https://www.idtheftcenter.org/post/new-identity-theft-resource-center-research-shows-consumers-know-aboutcredit-freezes-but-rarely-use-them/>

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