

## Millennial Money

# We won't freeze, but your credit should

In a world where data breaches are common, credit report freezes are now a necessity.

BY AMRITA JAYAKUMAR  
*NerdWallet*

Before you tackle lofty financial resolutions like paying off debt this year, do yourself a quick favor and freeze your credit reports. It's free, doesn't affect your credit score and helps protect your financial future.

Credit reports summarize your payment history with creditors and are automatically generated by the three major credit bureaus: Equifax, Experian and TransUnion. Freezing them prevents fraudsters from opening a new line of credit using your personal information.

Data breaches may feel like an annoying fact of life, but the 2017 Equifax breach dramatically increased the likelihood that your personal information is out there, waiting to be misused.

"The Equifax data breach exposed the critical financial information of more than half of the American adult population," says Chi Chi Wu, staff attorney at the National Consumer Law Center, a nonprofit advocacy organization. Data exposed includes Social Security numbers, names, birthdates, addresses and some driver's licenses. If the Equifax breach or any others have put your infor-

mation in the hands of scammers, they could get a credit card or loan in your name, rack up debt and wreck your credit.

### Why you should freeze your credit

Choosing to place a credit freeze — or not — boils down to how you think about your personal information being exposed. You could ignore it and hope nothing bad happens, or you could take action now to prevent damage.

In a world where data breaches are commonplace, freezes aren't a luxury — they're a necessity. As a millennial building your financial life, you're better off protecting your credit as soon as possible.

Think of it as adding a deadbolt on your front door. You hope no one will be able to get through your existing lock, just as you hope personal data like your Social Security number stays private. But by adding the deadbolt, you have an extra layer of protection in case that first lock is picked.

### How free credit freezes work

The process for placing a freeze differs slightly at each



Associated Press

credit bureau, but you can do it online or over the phone. The freeze then blocks lenders from accessing your credit reports. If a bad actor applies for credit in your name, the lender can't see your reports to make a lending decision and won't approve the application.

When you want to apply for credit, you unfreeze one or more of your reports by logging in to your account. (Experian gives you a special PIN to unfreeze the report). "It's something you can do with your phone even as you're walking into your lender's office," says John Ulzheimer, a credit expert who has worked at Equifax and credit scoring company FICO. You can also designate a period of time to tem-

porarily lift the freeze, such as when shopping for a mortgage, Wu says.

Your credit score — the three-digit number that is based on information in your credit reports — is not affected. (You can check your own credit reports with no consequences to your score, whether you have a freeze or not.)

Freezing and unfreezing your credit reports is now free, thanks to congressional action after the Equifax breach. Parents also have the right to have credit reports created for their minor children and freeze them for free, Ulzheimer says. Freezing your children's credit helps protect them from identity theft.

### What a credit freeze does not do

Protect against some forms of identity theft. A freeze stops new credit from being opened, but if someone has the details of your existing credit card, they could make fraudulent charges on it. If they have your Social Security number, they could file a fake tax return or claim Social Security benefits in your name. It's still essential to monitor your credit card transactions and other financial accounts and to report any suspected identity theft immediately, Wu says.

Lenders with which you already have a relationship can still see your credit reports. Debt collectors can also access them.

### Stay vigilant

It's a good idea to check your credit reports and credit score regularly so you can act quickly if you spot an anomaly.

Many personal finance websites, banks and credit card issuers offer a way to check your credit. Look for one that offers both credit score and credit report information, updates routinely and is free.

*This column was provided to the Associated Press by the personal finance website NerdWallet. Amrita Jayakumar is a writer at NerdWallet. Email: [ajayakumar@nerdwallet.com](mailto:ajayakumar@nerdwallet.com). Twitter: [@aihbombau](https://twitter.com/aihbombau).*