By: Joanna Crane, Identity Theft Assistance Center

Child identity theft has seen an increase in public awareness, legislative activity, and research in the past few years. The Federal Trade Commission and Department of Justice's Office for Victims of Crime's 2011 forum, *Stolen Futures: A Forum on Child Identity Theft*, identified several unique challenges around the prevention and detection of, and recovery from, child identity theft. Yet no reliable metrics were available to help understand the scope of the problem. Three studies were discussed, but they were non-scientific reports, so the data they provided could not be projected to the general population or used to estimate the total number of child identity theft incidents.

ITAC, the Identity Theft Assistance Center, a nonprofit supported by financial services companies, and Intersections, Inc., a provider of identity management services, commissioned Javelin Strategy & Research to conduct a survey to get more accurate statistics about the crime. The goal is to share the information with others in government, child advocacy, and financial services to help stakeholders develop solutions to protect children.

The *2012 Child Identity Fraud Report*, released December 4, 2012, surveyed 5,100 adults with dependents under age 18. The survey provides statistically reliable data that confirms much of what stakeholders have observed about the crime, but has some surprising highlights as well. Below are some highlights from the survey:

Incidence Rate

2.5 percent of U.S. households with children under age 18 have experienced child identity theft over the lifetime of the family. This equates to an estimated 844,000 households in total. Put another way, an estimated one in 40 households with minor children has experienced the theft and misuse of at least one child's identity.

The child identity theft incidence rate for the one-year period prior to the survey was 0.85 percent, which equates to nearly 287,000 households. By comparison, according to Javelin Strategy & Research's *2012 (adult) Identity Fraud Report*, the annual rate of adult identity theft

in 2011 was 4.9 percent, which equates to over 11 million adults.

These statistics in all likelihood do not capture the full scope of child identity theft. The survey interviewed parents or guardians, and only asked about children who were under age 18. Underreporting would be a factor because family members who are the perpetrators would not likely admit to the fraud. In addition, victims who did not discover their childhood identity theft until after age 18 were not included in the survey.

Demographics play a role

Lower income families are at greater risk. As family income decreases, the risk of child identity fraud increases. Specifically, the study found that households with annual incomes of $100,000 or higher only comprised 10 percent of child identity fraud victims, while households with incomes of $35,000 or lower accounted for 50 percent of all victims.

Age impacts vulnerability. Children between the ages of six and eleven are the most vulnerable to identity theft. Both the initial misuse of personal information and the discovery of the crime are more likely to take place during this interval than any other.

Other Highlights

Social Security numbers are used to create "Synthetic IDs." The survey shows that Social Security numbers (SSN) are the most commonly stolen piece of children's information. Criminals actively seek children's SSNs to create a "Synthetic ID," where the thief combines the SSN with a different date of birth to create a fabricated identity. Fifty-six percent of survey respondents reported theft or misuse of a child's SSN.

More serious types of fraud predominate child identity theft. The survey shows that only one-fourth of respondents reported the misuse of their child's existing account. By contrast, well over three-fourths of adult identity theft involves the misuse of an existing account, with nearly half involving existing credit cards, where discovery and resolution can often occur in

just one day.

For Non-Account and New Account fraud, the picture is very different. While less than one-sixth of adult victims report that the thief committed non-account fraud with their information, more than half of children victims have their information used this way. The leading forms of non-account fraud reported by survey respondents were tax fraud, housing rental, obtaining employment, and concealing one's identity when stopped by law enforcement. Similarly, less than one-fifth of adult victims report that the thief opened new accounts using their information, while more than three-fifths of child victims report this type of fraud. Studies done on adult identity theft have consistently found that there is a strong relationship between more serious types of fraud and greater measures of harm.

Child identity theft is harder to detect and resolve than adult identity theft. The survey showed that these crimes took an average of 334 days to detect, which is nearly seven times longer than for adults. Child identity theft took an average of 44 hours to resolve, which is more than 3.5 times longer than for adults. Seventeen percent of children were victimized for a year or longer before detection. These statistics indicate that child identity fraud is both more difficult to detect, and more difficult to resolve, than adult identity fraud.

Interestingly, 32 percent of parents who responded to the survey said that issues related to their child's identity theft remained unresolved, compared to just nine percent of adult identity theft victims. This suggests that many child identity theft victims will experience problems down the road as young adults.

The more serious types of fraud committed with children's information may contribute to why it takes so much longer for child identity theft to be discovered and resolved than that of adults. In addition, the *Stolen Futures Forum* noted that identity theft prevention, detection, and recovery mechanisms that can work for adults, such as credit reports and fraud databases, are less effective for children.

To further explore the issues surrounding child identity theft, ITAC is hosting a *Forum on Child Identity Theft* in Washington, DC, on February 4th, 2013. If you are interested in attending the Forum, or receiving a copy of the *2012 Child Identity Fraud Report*

, contact Taylor Murray at taylor.murray@fsround.org.

Prevention Tips

Parents should take precautions to safeguard their child's identity, including being careful about with whom they share the child's information. For example, if a camp asks you for your child's SSN, ask if they can use an alternate form of information. If they do need it, ask how it will be used and where it will be stored.

Also talk to your child about identity theft and what type of information they should never share, especially on social media sites. It's better to take precautions before identity theft happens than to have to resolve it after the fact.

For more prevention tips, visit the ITAC website . The Federal Trade Commission has additional materials about child identity theft, including Safeguarding Your Child's Future .

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