

Avoiding Tax-Related Identity Theft

Presented by C.J. Ferrari and Mark Miller

If you're not thinking about your taxes yet, you should be—identity thieves certainly are.

During tax season, there's a significant increase in the sharing of sensitive information, both online and via postal mail. Not surprisingly, it's also when many crooks and scammers come out of the woodwork. For them, it's prime time to steal your personal information and possibly your identity. Or, if you're like the many Americans who fell victim to a major data breach in 2015, your information is already out there, and identity thieves may use tax season to capitalize on it. This year, the Internal Revenue Service expects refund fraud to hit a whopping \$21 billion.

What is tax-related identity theft?

In short, a thief uses someone else's social security number to file a fraudulent tax return and collect a refund. Then, when the real taxpayer files, he or she receives a notice from the IRS stating that a return has already been submitted under that social security number. If an identity thief beats you to the punch and files a phony return using your information, the remediation process can take at least six months, and usually even longer.

Ways to protect yourself

To avoid dealing with a fraudulent tax return, keep these important tips in mind:

- **File as early as possible.** The faster you act, the less time an identity thief has to file a tax return in your name.
- **Stay secure.** If you're filing online, use a secure Internet connection. If filing by mail, don't just drop your return in the mailbox; bring it to the post office instead.
- **Shred it.** Be sure to shred any mail and other documents containing personal or financial data. (Thieves are known to rummage through trash looking for this type of information.)
- **Safeguard your data.** Whether online, over the phone, or by mail, don't provide your personal information unless you initiated the contact. If you receive a message asking for personal information, call that entity on a verified number to confirm that the request is legitimate.
- **Consider enrolling in an identity theft protection service.** Beyond typical credit monitoring, these services can track your personal information across the Internet and public databases, alert you to suspicious activity, and provide an insurance policy to repair damage in the event your identity is stolen.

Other key points

As you prepare for tax season, remember:

- The IRS will never contact you via e-mail, and it very rarely contacts taxpayers by phone.
- If you receive a mail notification from the IRS, call your local IRS branch for additional information.
- Be especially vigilant, not only at tax time but year-round, about how and with whom you share your sensitive information.

- If you do become a victim of identity theft, report it immediately to the Federal Trade Commission at www.ftc.gov and follow the steps at www.identitytheft.gov.

For more information, including ways to reduce your risk of tax-related fraud, visit the IRS's Taxpayer Guide to Identity Theft at www.irs.gov/uac/Taxpayer-Guide-to-Identity-Theft.

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