

**IDENTITY THEFT: AN UPDATE ON THE EXPERIENCE OF OLDER COMPLAINANTS****Key Findings**

In 2003, the AARP Public Policy Institute issued a report examining 2001 identity theft complaint data from the Federal Trade Commission (FTC).<sup>1</sup> This Data Digest updates that report using the latest data (2003) from the FTC's Identity Theft Data Clearinghouse. Our analysis shows that complainants age 50 and older were more likely to report several different identity theft crimes than were the all-complainants group. These crimes include:

- *Existing Credit Card Account Fraud*  
Fraudulently using a complainant's existing credit card account.
- *New Credit Card Account Fraud*  
Fraudulently establishing a new credit card account in the complainant's name.
- *Attempted Identity Theft*  
Stealing a complainant's identifying information and using it in unsuccessful attempts to commit fraud.

In addition, the analysis found that the District of Columbia had the highest per capita rate of identity theft for complainants age 50 and older, followed by Nevada, California, Arizona, Texas, New York, Colorado, Oregon, Florida, and Michigan.

**Introduction**

The extent and cost of identity theft have made this crime a topic of great concern to policymakers, consumers, and businesses alike. A 2003 national survey sponsored by the FTC estimates that approximately 10 million Americans were victimized by identity theft in the year prior to the study.<sup>2</sup> The study estimates

that the financial cost of identity theft to businesses during this period reached almost \$50 billion, while the cost to individual victims was \$5 billion.<sup>3</sup>

Identity theft occurs when someone steals an individual's personal identifying information (for example, name, Social Security number, date of birth, or mother's maiden name) and uses it to commit fraud or engage in other unlawful activities.<sup>4</sup> Often, the thief uses this stolen information to establish credit, run up debt, or take over existing financial accounts. As a result, identity theft is referred to as an enabling crime since it enables criminals to commit other crimes, such as credit card or bank fraud.<sup>5</sup>

Typically, identity theft damages the victim's credit, making it difficult for the victim to buy a home or car, rent an apartment, obtain employment, or purchase insurance. Victims often spend substantial amounts of time and money to undo the damage done by the identity theft.

Policymakers have introduced a wide array of legislation to combat identity theft, at both the state and federal levels. For example, legislation related to identity theft was introduced in 32 states in the first four months of 2004.<sup>6</sup> At the federal level, the recently enacted Fair and Accurate Transactions Act of 2003<sup>7</sup> contains a number of measures designed to help prevent

<sup>3</sup> Ibid.

<sup>4</sup> U.S. General Accounting Office (GAO). *Identity Theft: Prevalence and Cost Appear to be Growing* (March 2002).

<sup>5</sup> Testimony of James G. Huse, Jr. (Inspector General of the Social Security Administration), before the U.S. Senate Special Committee on Aging (July 18, 2002).

<sup>6</sup> Pending state legislation as of April 19, 2004, as summarized by the National Conference of State Legislatures. [http://www.ncsl.org/programs/lis/privacy/IDTheft2004\\_Pending.htm](http://www.ncsl.org/programs/lis/privacy/IDTheft2004_Pending.htm). (Retrieved May 25, 2004).

<sup>7</sup> Signed into law December 4, 2003. This act amends the Fair Credit Reporting Act, 15 U.S.C. 1681 *et seq.*

<sup>1</sup> N. Walters and A. Jackson. "Identity Theft: Experience of Older Complainants." AARP Public Policy Institute. DD 85 (March 2003). [http://research.aarp.org/consume/dd85\\_idtheft.html](http://research.aarp.org/consume/dd85_idtheft.html)

<sup>2</sup> Federal Trade Commission (FTC). *Identity Theft Survey Report* (September 2003). <http://www.ftc.gov/os/2003/09/synovatereport.pdf>

identity theft and aid victims of identity theft in restoring their credit.<sup>8</sup>

Concerns regarding identity theft have also led consumers to take action to protect themselves against such theft. A 2003 AARP survey<sup>9</sup> found that 98 percent of consumers age 45 and older took some sort of action to protect their identity and credit. These actions included shredding credit card receipts and other financial documents, limiting the number of identification cards carried on their person, and routinely reviewing credit card and other financial statements.

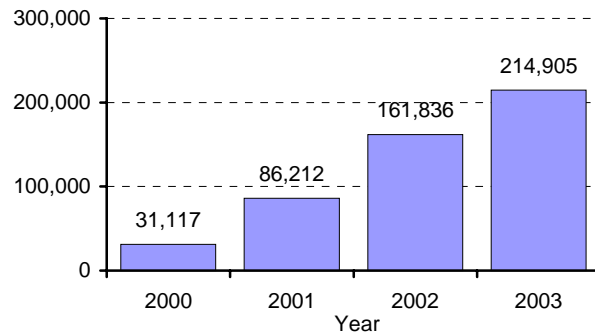
Businesses have also responded to increasing concerns about identity theft. Several businesses have started free programs to assist customers who become identity theft victims.<sup>10</sup> Other businesses promote a range of services that, for a fee, promise to help protect consumers against identity theft. These services often involve providing access to credit reports, e-mail alerts indicating changes in credit status, and insurance to cover the expenses of those who do become victims of identity theft.<sup>11</sup>

## Methodology

The primary source of data on the prevalence of identity theft is the FTC's Identity Theft Data Clearinghouse, established under the Identity Theft Assumption Deterrence Act of 1998. Since the inception of the database, the FTC has reported a substantial increase in the number of

identity theft complaints to its Clearinghouse hotline (Figure 1).<sup>12</sup>

**Figure 1.**  
**Identity Theft Data Clearinghouse Complaints, by Year**



Source: AARP Public Policy Institute

Data analyzed for this update are taken from special tabulations of 2003 complaint data gathered through the Identity Theft Data Clearinghouse by the FTC for the AARP Public Policy Institute.<sup>13</sup> Complaint data are based on self-reporting<sup>14</sup> by the complainant to either the FTC or another agency that subsequently forwarded the complaint to the FTC. The 2003 data report on 214,905 identity theft complainants, with 197,475 complainants reporting age information. The complaint data were divided into three groups: all complainants (214,905 complainants), complainants 50–64 years of age (31,989 complainants), and complainants age 65 and older (12,400 complainants).

## Findings

### Age Distribution of Complainants

Among complainants reporting age, more than three-fourths (78%) were younger than 50 years old, while 16 percent were 50–64 years of age, and 6 percent were 65 years of age or older (Figure 2).

<sup>8</sup> These measures include truncating debit and credit card numbers, truncating the consumer's Social Security number, requiring fraud alerts to be placed in the victim's credit file, requiring credit bureaus to block identity theft-related accounts, and providing all consumers with one free annual credit report from the national credit bureaus.

<sup>9</sup> AARP. "2003 Consumer Experience Survey: Insights on Consumer Credit Behavior, Fraud and Financial Planning" (October 2003).  
[http://research.aarp.org/consume/cons\\_exp\\_1.html](http://research.aarp.org/consume/cons_exp_1.html)

<sup>10</sup> E. Alt Powell. "Financial Institutions Set up Programs to Help Deal with ID Theft." Associated Press (April 14, 2004). In addition, a group of the country's largest financial institutions is setting up a pilot program, called the Identity Theft Assistance Center (ITAC), to provide a central source for identity theft victims to receive assistance.

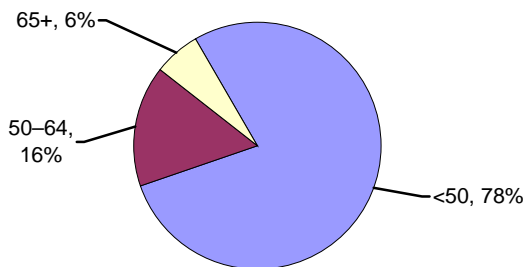
<sup>11</sup> B. Bergstein. "As Identity Theft Jumps, So Do Costly Monitoring Services." Associated Press (May 19, 2004).

<sup>12</sup> Data from FTC Clearinghouse Reports: Figures and Trends on Identity Theft; available at:  
<http://www.consumer.gov/idtheft/stats.html>.

<sup>13</sup> Access to Clearinghouse data is restricted to FTC staff and law enforcement agencies. The FTC report is entitled "Identity Theft Victim Complaint Data: Figures and Trends on Identity Theft for AARP January 1—December 31, 2003" (March 2004).

<sup>14</sup> Because data used in this report are self reported, they may not necessarily reflect overall or national trends.

**Figure 2.**  
2003 Identity Theft Complainants, by Age Groups



Source: AARP Public Policy Institute. N=197,475

### Types of Identity Theft Fraud

The FTC groups identity theft crimes into a number of different fraud types. Table 1 lists the general fraud types identified by the FTC and the total number of complaints from all complainants in 2003.

**Table 1.**  
Types of Identity Theft Reported to the FTC in 2003

Theft Types	All Complainants	
	Number of Complaints	Percent of All Complainants*
Credit Card Fraud	69,948	32%
Phone or Utilities Fraud	45,548	21%
Bank Fraud	37,412	17%
Employment-Related Fraud	23,878	11%
Loan Fraud	11,915	6%
Government Documents/Benefits Fraud	17,483	8%
Other Identity Theft Fraud	41,453	19%
Attempted Identity Theft Fraud	17,110	8%
<b>Number of Complainants</b>	<b>N=214,905</b>	

\* Total percentages exceed 100 because approximately 19 percent of complainants experienced more than one type of identity theft.

### Credit Card Fraud

#### All Complainants

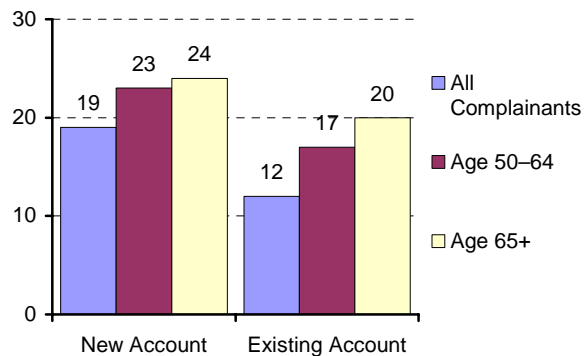
Thirty-two percent of all complainants reported that their stolen personal information was used to commit credit card fraud. Of this group, 19 percent reported that their information was used to establish new credit, while 12 percent reported their information was used to access existing credit accounts (see Figure 3).<sup>15</sup>

<sup>15</sup> One percent did not specify the type of credit card fraud.

#### Complainants Age 50-64

Forty percent of complainants age 50-64 reported that their stolen information was used to commit credit card fraud. Of this group, 23 percent reported that their information had been used to establish new credit, while 17 percent reported that their information was used to access existing credit accounts (see Figure 3).

**Figure 3.**  
Credit Card Fraud, by Type



All Complainants N=214,905    50-64 N=31,989    65+ N=12,400  
Source: AARP Public Policy Institute

#### Complainants Age 65+

Forty-four percent of complainants age 65 and older reported that their stolen information was used to commit credit card fraud. Of this group, 24 percent reported that their information had been used to establish new credit, while 20 percent reported that their information was used to access existing credit accounts (Figure 3).

### Attempted Identity Theft Fraud

#### All Complainants

Eight percent of all complainants reported that their personal information had been stolen and used in an attempt to commit fraud, but the thief was unsuccessful in his or her attempts to use the information to commit fraud.

#### Complainants Age 50-64

Twelve percent of complainants age 50-64 reported attempted identity theft fraud. Complainants in this age group reported this crime 1.5 times as often as did complainants in the all-complainants group.

