



Theme 5: Protect

Topic Connections: Connects with *Money Smart* curriculum in the classroom: Lesson 10 (Protecting Yourself) and Lesson 11 (Financial Risk).

Topic Overview:

Whether or not students are making their own purchases at this age, they are vulnerable to identity theft, fraud, and other risks. This is an important time to teach young people how to protect themselves online, shopping, and banking. Additionally, it is an opportune time to help students understand the risks involved in making purchases (such as car and home purchases) and how to protect those investments.

From the classroom:

What is identity theft? Identity theft is the crime of using another person's name, credit or debit card number, Social Security number, or another piece of personal information to commit fraud.

How can you prevent identity theft? Follow the Justice Department's **SCAM** rules:

- 1) Be **S**tinky about giving out your personal information both in person and online. If someone from a reputable financial institution or company calls to acquire personal data, ask him or her to send you a written request.
- 2) **C**heck your financial information regularly. You should receive monthly statements on all bank and credit card accounts that list your most recent transactions. If you aren't receiving your monthly statements, call the bank right away. Check your statements thoroughly to make sure there are no unauthorized withdrawals or charges.
- 3) **A**sk periodically for a copy of your credit report. Your credit report should list all bank and financial accounts under your name, and will provide other indications of whether someone has wrongfully opened or used any accounts in your name.
- 4) **M**aintain careful records of your banking and financial accounts. Financial institutions are required to maintain copies of your checks, debit transactions, and similar transactions for five years, but you should, too, for at least one year. If you need to dispute a transaction, your original records will be accessible and useful.

What is risk management? Risk management is the process of calculating risk and devising methods to minimize or manage loss (for example: by buying insurance or diversifying investments).

How is insurance a form of risk management? Insurance is a risk management tool that protects an individual from specific financial losses with specific terms and premium payments, as described in a written policy document. Types of insurance include: auto, disability, health, homeowners, liability, life, long-term care, and renters. For example: health insurance covers specific medical costs associated with illness, injury, and disability.

Words To Know:

Identity Theft: When someone steals another person’s identity to commit fraud, such as by using his or her name or Social Security number to get something.

Insurance: A contractual relationship that exists when one party (the Insurer), for a fee (the premium) agrees to reimburse another party (the Insured or third party on behalf of the Insured) for a specific loss.

Phishing: When fraudsters impersonate a business or government agency to try to get you to give them personal information, such as through an email or text message. Can also be thought of as “fishing” for confidential information.

Risk: The possibility that something unplanned or unintended may happen (such as losing money); uncertainty about outcomes that are not equally desirable. In finance, it refers to the degree of uncertainty about the rate of return and the potential harm that could arise when financial returns are not what the investor expected.

Risk Management: The process of calculating risk and choosing approaches to minimize or manage loss.

Conversation Starters ... Ask Your Teen:

- Do you know what it looks like when your social media (e-mail, Facebook, Twitter, Instagram) accounts are hacked? Do you know how to protect yourself? What should you do if your account is hacked?
- Can you think of a situation where something bad might happen with your money? What can you do to prevent those bad things from happening?
- How might someone who is trying to steal your identity do it? What might you do to protect yourself?

Try This ...

At Home:

Finding Fraud: When you see an account that has been hacked on your own social media feed, or a phishing e-mail designed to get money, point it out to your child and explain methods of protection.

Shopping Shadow: Allow your child to “shadow” you or look over your shoulder as you make an online purchase. Point out the safety features of the purchasing site when it comes to protecting their purchases. Visit <https://www.fdic.gov/consumers/consumer/news/cnspr14/safeshopping.html> for safe shopping tips.

Insurance Investigation, Part 1: Review insurance options with your child – either your own or the examples provided. For example: discuss how much a car accident repair might cost with insurance versus without insurance? Discuss the types of insurance that adults can purchase and the advantages of each.

Around Town:

Insurance Investigation, Part 2: As you encounter different purchases that need protection, like cars and homes, point them out. It might be of particular interest to students to talk about why insurance is needed and how it helps reduce costs for owners.

Resources:

Articles:

- *10 Ways to Protect Your Personal Information and Your Money* by the FDIC: Advice about how to avoid scams, fraud, and identity theft.
www.fdic.gov/consumers/consumer/news/cnwin1314/fraud.html
- *Avoiding Fraud, Protecting Your Privacy: Best Practices for Young Adults* by the FDIC: Tips geared toward young people about how to protect yourself online, over the phone, and via mail.
www.fdic.gov/consumers/consumer/news/cnfall12/avoidfraud.html

Games/Apps:

- *Can You Spot a Scam?* by the FDIC: An online quiz to determine whether you can recognize fraud.
www.fdic.gov/consumers/consumer/news/cnfall10/fraudquiz.html
- *You Are Here: Where Kids Learn to Be Smarter Consumers* by the Federal Trade Commission: Play consumer-oriented games, design advertisements, and learn to protect yourself and your finances.
www.consumer.ftc.gov/sites/default/files/games/off-site/youarehere/index.html
- *Invasion of the Wireless Hackers* by Office of Justice Programs: To win the game, students must answer questions about protecting themselves online.
www.onguardonline.gov/media/game-0006-invasion-wireless-hackers
- *Risk & Insurance* by Junior Achievement: An online activity to help students understand the concepts and terms associated with risk and insurance.
<http://games-juniorachievement-org.s3-website-us-west-2.amazonaws.com/courseware/final/index.html>

Online Tools:

- The Federal Trade Commission offers resources that describe the warning signs of child ID Theft, how to check for your child's credit report, steps to go about repairing a child's credit damage, how to prevent and protect against ID Theft, and what to do when a child turns 16.
www.consumer.ftc.gov/articles/0040-child-identity-theft