

Your Guide To Perfect Credit

(second edition updated April 2007)



“Don’t be a prisoner of debt! Know the rules before you play the game”

By Dave Capra “The Debticator”

www.yourguidetoperfectcredit.com

thedebtonator@yourguidetoperfectcredit.com

1.888.369.0429

Introduction

In the following pages you will discover everything that you need to know about credit, debt and debt management. The *decision* that you made to obtain this book was one of the most important *decisions* that you will make in your life. It is a *decision* to become educated in an area of your life where average people have little or no knowledge, yet most are swimming in a sea of debt. Some are drowning! So your *decision* to reach out for help, to educate yourself, was truly a wise one.

de·ci·sion [di sĭzh'n] (*plural* de·ci·sions)

noun

1. something somebody has chosen: something that somebody chooses or makes up his or her mind about, after considering it and other possible choices

- *made a final decision on the guest list*

2. firmness in choosing something: the ability to choose or decide about things in a clear and definite way without too much hesitation or delay

- *a man of decision*

3. process of choosing: the process of coming to a conclusion or determination about something

The word decision was used in the above paragraph several times for a reason. It is when you truly decide to take action that good things start to happen. Using the techniques in this book, you will begin to change your financial life and how you perceive credit, credit cards and debt. You will be taken by the hand and shown step by step what you need to know to get out of debt and stay that way. You will have a far better understanding as to what credit and debt are and how they can affect your lives. Good and bad. You will learn how to strategies that will alleviate your bad habits and change the way you deal with credit and debt.

So *CONGRATULATIONS!* on a wise decision.

Dave Capra “The Debtonator”

Chapter 1 - Your Social Security Card



In the United States, the nine digits that make up your **Social Security number** (SSN) may be the most important numbers in your life. You are required to apply for your SSN when you start your first job, and it stays with you from then on! We use our SSNs daily, although many times we don't even know it.

Important as it is, we may not know much about the origin of our specific number and how SSNs generally came to be. We certainly do know we don't want other people using our SSN as their own, especially not 40,000 other people, as happened to one woman we'll discuss a little later!

In this chapter, we'll tell you about about how the **Social Security program** began and answer some common questions regarding SSNs. We'll also tell you what to do if your card is lost or stolen and how you can deal with and prevent Social Security fraud. But first, we'll tell you what your numbers are for, what they mean and how you get the specific number you'll have for the rest of your life.

What is Social Security?

Generally, the term **social security** describes a program that uses public funds to provide a degree of economic security for the public. The specific social security discussed here is the United States government program established in 1935 that provides old age, disability, and survivors insurance, as well as **supplemental security income**, an income for elderly or disabled people.

In the United States, employers and employees are required to pay Social Security taxes. The money raised from these taxes primarily goes to providing benefits for those who have reached retirement age or are otherwise currently eligible. In this way, today's workers provide funds for the people drawing benefits today, and when today's workers retire, the workers of that time will (at least theoretically) provide the funds. You receive Social Security benefits based on the amount of Social Security taxes you have paid, which, up to a certain maximum amount, is based on your income. People who have had greater incomes tend to get greater Social Security benefits. But Social Security also pays a disproportionate amount to people earning low incomes. They need the money more, and a dollar they pay in Social Security taxes provides them higher benefits than a dollar paid by a high-roller. In this way, Social Security in principle provides for those in need.

Social Security reform is in the news pretty consistently If you're counting on Social Security for a portion of your income when you retire . The debate over Social Security reform has generated many competing claims and confusing projections. But the most important issue is this: Will the current Social Security system provide our children and our grandchildren with a secure and

comfortable retirement? Since the answer to that simple question is no, there's no denying the need for reform.

This booklet <http://www.socialsecurity.org/toolkit/itsyourmoney.pdf> explains the state of the Social Security system today and describes how we can fix the flaws in its structure that, if left unchanged, will burden our children and grandchildren with unnecessary debt and taxes.

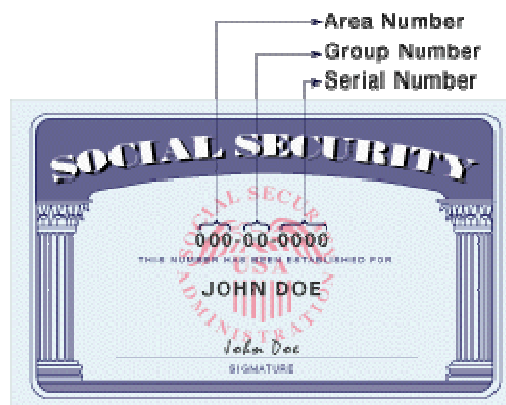
The good news is that, with revisions to the Social Security system, we will be able to provide future generations with a program that actually accomplishes more successfully what the creators of the original Social Security program hoped to achieve real retirement security.

What Do The Numbers Mean?

The original and essential purpose of SSNs is to keep track of the money you put into the Social Security program so that you can get the benefits you're entitled to. The government needs lifelong, unique identity numbers to keep track of people's payments throughout an entire working life, no matter how often we move or change occupations or even change our names.

SSNs are not assigned consecutively; the first was not the lowest number, and the most recent is not the highest. They are assigned regionally and in batches.

The nine-digit SSN, which has been issued in more than 400 million different sequences, is divided into three parts: **area** numbers, **group** numbers and **serial** numbers.



- **Area numbers**

numbers
the state in

**The numbers on your Social Security card
actually mean something!**

applied for a Social Security card. Numbers started in the northeast and moved westward. This meant that people on the east coast had the lowest numbers and those on the west coast had the highest. Since 1972, the SSA has assigned numbers and issued cards based on the ZIP code in the mailing address provided on the original application form. Since the applicant's mailing address doesn't have to be the same as his residence, his area number doesn't necessarily represent the state in which he resides. For many of us who received our SSNs as infants, the area number indicates the state we were born in.

- The first three
originally represented
which a person first

Since 1973, social security numbers have been issued by our central office. The first three (3) digits of a person's social security number are determined by the ZIP Code of the mailing address

shown on the application for a social security number. Prior to 1973, social security numbers were assigned by our field offices. The number merely established that his/her card was issued by the SSA offices in that State.

The chart below shows the first 3 digits of the social security numbers assigned throughout the United States and its possessions.

001-003	New Hampshire
004-007	Maine
008-009	Vermont
010-034	Massachusetts
035-039	Rhode Island
040-049	Connecticut
050-134	New York
135-158	New Jersey
159-211	Pennsylvania
212-220	Maryland
221-222	Delaware
223-231	Virginia
691-699	
232-236	West Virginia
232	North Carolina
237-246	
681-690	
247-251	South Carolina
654-658	
252-260	Georgia
667-675	
261-267	Florida
589-595	
766-772	
268-302	Ohio
303-317	Indiana
318-361	Illinois
362-386	Michigan
387-399	Wisconsin
400-407	Kentucky
408-415	Tennessee
756-763	
416-424	Alabama
425-428	Mississippi
587	
588	
752-755	
429-432	Arkansas
676-679	

433-439	Louisiana
659-665	
440-448	Oklahoma
449-467	Texas
627-645	
468-477	Minnesota
478-485	Iowa
486-500	Missouri
501-502	North Dakota
503-504	South Dakota
505-508	Nebraska
509-515	Kansas
516-517	Montana
518-519	Idaho
520	Wyoming
521-524	Colorado
650-653	
525,585	New Mexico
648-649	
526-527	Arizona
600-601	
764-765	
528-529	Utah
646-647	
530	Nevada
680	
531-539	Washington
540-544	Oregon
545-573	California
602-626	
574	Alaska
575-576	Hawaii
750	
751	
577-579	District of Columbia
580	Virgin Islands
580-584	Puerto Rico
596-599	
586	Guam
586	American Samoa
586	Philippine Islands
700-728	Railroad Board**
729-733	Enumeration at Entry

The same area, when shown more than once, means that certain numbers have been transferred from one State to another, or that an area has been divided for use among certain geographic locations. Any number beginning with 000 will NEVER be a valid SSN.

700-728 Issuance of these numbers to railroad employees was discontinued July 1, 1963.

- **Group numbers** - These two middle digits, which range from 01 through 99, are simply used to break all the SSNs with the same area number into smaller blocks, which makes administration easier. (The SSA says that, for administrative reasons, group numbers issued first consist of the odd numbers from 01 through 09, and then even numbers from 10 through 98, within each area number assigned to a state. After all the numbers in group 98 of a specific area have been issued, the even groups 02 through 08 are used, followed by odd groups 11 through 99.)
- **Serial numbers** - Within each group designation, serial numbers -- the last four digits in an SSN -- run consecutively from 0001 through 9999.

Although SSNs are issued in some order, there is no simple way to tell a person's age based on his Social Security number.

The History of Social Security

According to SSA historians, the social security program began with the **Social Security Act of 1935**, originally titled the **Economic Security Act**. The term "Social Security" was coined in the United States by activist **Abraham Epstein**, who led a group called the **American Association for Social Security**.

Social Security taxes and benefit payments began in January 1937. Initially the government paid retirement benefits only to a family's primary worker, but in 1939 it added survivor's benefits and benefits for the retiree's spouse and children. **Disability benefits** began in 1956, and in 1965 Congress signed **Medicare** into law. The Civil Service Commission adopted the SSN as an official federal employee identifier in 1961, and the Internal Revenue Service adopted it as the official taxpayer ID number in 1962.

While the Social Security Act did not specify the use of numbered cards, it did call for the formation of a record-keeping plan. The first group of SSNs were assigned and distributed through 45,000 local post offices across the United States, since the SSA had not yet developed its current network of 1,300 field offices. The cards themselves were made in more than 1,000 post offices designated as "typing centers."

Between November 1936 and June 1937, more than 30 million SSN applications were processed. First, the SSA distributed **SS-4 applications** to employers, asking them to report the number of employees in their businesses. Then, the SSA sent the appropriate number of **SS-5 forms** to employees for them to complete. When the employees returned these forms to the post offices and typing centers, the SSA assigned SSNs and typed them up on the first Social Security cards. **Fred Happel**, the New York artist who had created the Flying Tigers logo used during World War II, provided the design for the cards.

Fred Happel of Albany, N.Y. designed the original Social Security card back in 1936. He was commissioned by the Social Security Board to submit three designs, one of which was ultimately selected. Mr. Happel was paid \$60 for his work. (Mr. Happel was a skilled artist who also designed the famous "Flying Tigers" logo used by General Chennault's forces during World War II.)

In 1985, Mr. Happel's surviving niece, Emily Bailey of Greensboro, Maryland, donated the original artwork for the card to SSA's History Room in Baltimore.



Former Commissioner of SSA Martha McSteen (left) and former SSA Historian, Sid Leibovitz (center), receive a donation to the History Room of the original artwork done by Fred Happel, from his niece, Emily Bailey. 1985. *SSA History Archives*.



Happel's original design.

The First Social Security Numbers

So who got that first number? According to government historians, no one knows for sure. The first card was issued sometime in mid-November 1936 at one of the 1,074 typing centers. Officially, no cards should have been issued before November 16, SSA historians say, provided that the 45,000 local post offices followed procedure, which is unlikely. Even if the first issuance

date could be determined, it's likely that hundreds of thousands of citizens across the country received their cards on that day.

The First "Official" Record

Once received in Baltimore, SSN records were grouped in sections of 1,000, and master records (on the earnings and Social Security taxes of each individual) were formulated.

When the first block of records was complete, the head of the SSA's Division of Accounting Operations pulled off the top record -- SSN 055-09-0001 -- and designated it as the first official card.

That first Social Security record was assigned to a 23-year-old New York man, **John David Sweeney, Jr.** Ironically, Sweeney died in 1974 at the age of 61 without ever receiving any Social Security benefits (full retirement age was initially set at 65; today, benefits are reduced by five-ninths of 1 percent for each month you are retired before 65, up to a maximum of 20 percent for people who retire the month they reach 62). Sweeney's widow, however, did receive benefits until she died eight years later.

The Low-Number Holder

Concord, New Hampshire, resident **Grace D. Owen** was issued the first card typed in Concord, which because of the numbering scheme happened to be the card with the lowest possible number -- 001-01-0001. Owen received the number after it had been offered (as an honor) and declined by both **John G. Winant**, Social Security board chairman, and **John Campbell**, Federal Bureau of Old Age Benefits' regional representative for the Boston region.

Who was the first to receive Social Security benefits?

During the Social Security program's start-up period between January 1937 and December 1939, the SSA only made one-time, lump-sum payments. According to SSA historians, **Ernest Ackerman** was the first recipient of Social Security benefits -- 17 cents, paid to him in January 1937. The first person to receive monthly benefits was **Ida May Fuller** from Vermont, who retired in November 1939 and started collecting benefits in January 1940 at age 65. In the three years that Fuller worked under the program, she contributed a total of \$24.75. Her first benefit check was for \$22.54 and she went on collecting benefits for 35 years, until 1975, when she died at age 100. In this time she collected a total of \$22,888.92.

Problems With Your SSN

Because SSNs are unique, lifelong identification numbers, they serve many beneficial functions. However, those same qualities can also make SSNs problematic.

Should I Give My SSN To Anyone That Asks?

You are not necessarily required to give your SSN to government agencies asking for it. These agencies must provide you with a Privacy Act of 1974 Disclosure Notice, which explains which law allows them to ask, whether you are required to answer and what penalties you face if you refuse to provide the number.

If a business or private company insists on knowing your SSN (they are not bound by the restrictions mentioned above), you can choose either to provide it or to take your business elsewhere.

Sharing your SSN is a potential problem because of the many secondary ways we now use SSNs. During the first few decades that Social Security cards were issued, they contained the phrase "Not to be used for identification." No reinforcing law was passed, however, and since SSNs never change, many institutions -- including hospitals and some banks and brokerage firms -- have found SSNs to be the perfect form of identification.

Some organizations, primarily banks, then began to use SSNs as secret codes or passwords, assuming only the owner would know them. Unfortunately, this is often not the case. The SSA says that if someone knows your name and your SSN and is a good enough actor to convince a clerk or teller that he has forgotten the account number, he might be allowed to transfer funds or conduct other fraudulent business with your money.

Such inconsistencies in the use of SSNs are at the root of the problem, experts say. Our SSNs might appear on our driver's licenses, on mailing labels and on university reports made available to the public in order to maintain federal funding. As such, they can't safely be used as secret passwords or codes; they're too accessible to too many people.

According to the Privacy Rights Clearing House, identity theft now occurs at a rate of about 400,000 cases a year -- and that number is growing 40 percent annually. Although Internet identity theft is raising a lot of new fears, experts say that low-tech identity theft, often stemming from criminals finding bits of information in stolen mail or garbage, is still the greater threat. (Before you toss that next credit card offer in the trash, shred it so that no one else can apply for credit in your name!)

Social Security Fraud Hotline

P.O. Box 17768
Baltimore, MD 21235
(800) 269-0271 (10 a.m.-4
p.m. EST)
Fax: (410) 597-0018
Email: oig.hotline@ssa.gov

Experts suggest you take the following steps to lessen your chances of becoming a victim:

- Don't carry your Social Security card, passport or birth certificate in your purse or wallet.
- Cancel any credit cards you don't use.
- Don't share your SSN when it isn't necessary. (For purchases and business transactions other than banking, trading stock or buying property, it isn't necessary.)
- Remove your name from mailing lists. By calling (888) 5OPT-OUT, you can get your name off the marketing lists of the three primary credit bureaus. (This will, in turn, decrease the number of pre-approved credit offers you receive.)
- Request a copy of your Social Security Personal Earnings and Benefit Estimate Statement at least every three years to make sure the information in your file is correct. (You can do this online through the SSA Web site.)
- Be aware of what's on your credit report -- pull your report once or twice a year to be sure it's correct.
- If your bank uses your SSN as a personal identification number (PIN) or as the identifier for banking by phone, write or call to request a different number. If you use the last four digits of your SSN as your ATM PIN, change it to something less predicible (not your birth date!).
- If your state Department of Motor Vehicles uses SSNs as driver's license numbers, ask for an alternate number. Most will cooperate.

Thank You for previewing this eBook

You can read the full version of this eBook in different formats:

- HTML (Free /Available to everyone)
- PDF / TXT (Available to V.I.P. members. Free Standard members can access up to 5 PDF/TXT eBooks per month each month)
- Epub & Mobipocket (Exclusive to V.I.P. members)

To download this full book, simply select the format you desire below

