How to Protect Your Financial Information Before a Computer Upgrade
Protect your data before getting rid of your old computer

Your old computer may still contain sensitive data like financial information, your Social Security number, passwords, and personal files. If you're planning on getting rid of your old computer, you should first take precautions to protect that data.

Back up your files

Before you throw out or sell your old computer, think about what information it contains that you want to save. Does it have digital copies of your tax records? Important photos, videos, and financial documents you may need in the future? Ascertain everything you want or need to keep, then determine how much storage space you will need to save the data elsewhere.

When it comes to saving all that data, you have a few options. The Federal Trade Commission recommends three: transferring the files to your new computer, saving them to an external storage device, and saving them in the cloud.

Ideally, you should do all of these. Backing up important files is always a good precautionary step against theft or accidental data loss, and all three steps are quite affordable unless you require large amounts of storage. Saving your files in the cloud, however, does require a little more thought.

"When you save your information in the cloud, you're trusting someone else to keep that information safe," the FTC says. "If you're thinking about using cloud storage, find out what level of privacy or security the different services offer. Do they have privacy and security settings you can adjust to? Do they use encryption to protect your data?"

When sensitive financial information is concerned, you should always take the extra step to ensure your data is protected.

Disconnect and log out

After you've backed up your data, disconnect your device from your online accounts. Many websites and online services, such as Netflix or Facebook, recognize the devices you use so that you don't have to log in each time you want to watch a TV show or check your social media feed. Evidently, this can pose a security risk if you're not the one using the device. Even if you have no financial information on Facebook, it gives an easy way for identity thieves to pose as you and potentially engineer their way to other accounts. Logging out of these websites on your old computer can prevent this from happening, and in most cases, you can even do so remotely from another device.

Wipe the data

Even if you don't think anyone would go through the trouble of trying to extract data from your old computer, you should still strive to eliminate that chance. The method by which you can wipe your data depends on the operating system of your machine, such as Windows 10 or macOS Catalina. Nonetheless, you should be able to find a program or function on your computer that erases all of the files from the hard drive and reset the computer to factory settings — in other words, as new.

Unfortunately, that may not be enough. "If your computer uses an older, mechanical hard drive (i.e. not an SSD), certain bits of data may still be recoverable by tech-savvy users with the right tools," David Nield writes for Wired.

Ultimately, the best way to totally destroy all of the data on your old computer is to physically destroy its storage drive. "Specialized services are available that will disintegrate, burn, melt, or pulverize your computer drive and other devices," says the U.S. Department of Homeland Security.

However, it also says you can drive nails or drill holes into the drive to get the job done yourself, as long as the remaining physical pieces of the drive are at least 1/125 inches small.

That being said, this form of precaution goes to the extreme and is only necessary if you have exceptionally sensitive data on your old computer or suspect that someone has specifically targeted your old electronics.

Reuse the storage drive

If you don't plan to sell or donate your old computer, another available option for you is to reuse its drive. Instead of tossing your old computer in the trash with a wiped drive whose secrets data thieves may or may not be able to recover with the right tools, you can simply take out the drive and install it on your new computer. This does require a small amount of computer savviness and can be a little tricky with laptops — but with a desktop, it's almost as simple as opening the case and plugging the hard drive in. Alternatively, you can convert it into an external drive.

There are several upsides to this. You no longer need to back up your data, as you are not throwing away the old storage drive in the first place, nor do you need to wipe the data or destroy the drive, as it is still in your possession. And finally, you'll even have an extra drive for more storage, as presumably your new computer already comes with one of its own.

It's never a bad idea to be careful when it comes to protecting your data. Make sure to work with your financial institution to learn more about the ways it can safeguard your sensitive financial information, including on the cloud.