

Understanding Escheatment and How to Keep Your Property Safe

By Cynthia Nisley | Published by North American Precip Syndicate | December 2014

(NAPSI) – If you have a bank account, are holding uncashed checks, own stock, are heir to an insurance policy or have property in a safe-deposit box, there are steps you can take to help protect your property from escheatment.

“Escheatment” is the term that describes how “abandoned,” “unclaimed” or “lost” property is turned over to the state. If the property owner cannot be found or hasn’t demonstrated an interest in the asset, the U.S. state where the holder lives can take custody of those belongings. If the owner or heir comes forward, he or she can claim it back from the state but early withdrawal penalties or market losses may significantly affect the asset’s value, and the funds may not be immediately available.

You may say, “But I haven’t abandoned my property. I don’t have anything to worry about.” That’s not necessarily so.

Consider the case of an employee of a fast-growing technology company who held stock certificates with a face value of nearly \$500,000. He kept the certificates in a safe and intended to use the funds for his kids’ college education. Unknown to him, his stock had been escheated due to returned mail and lack of contact. His nest egg was ruined, and he was able to claim just under \$20,000, the amount the state sold his stock for at the time of escheatment.

Here are a few similar scenarios that can happen to anyone:

- › If you don’t cash dividend checks, those checks and associated stock may be escheated unless you have made contact with the transfer agent. Since most states sell shares immediately, you will lose out on any market gains, dividends or stock splits that occur after the shares are sold.
- › If you move and do not update your address with your financial institution (such as a bank), it will mark your account as “lost” once it receives two pieces of undeliverable mail from the post office. After three to five years, depending on the state, your assets will be escheated unless you make contact with the institution.
- › If you have a safe-deposit box and never access it or make contact with your bank, the contents of the box may be turned over to the state and sold at auction. You could claim back the cash value—but not the valuables themselves.

This original piece appeared in hundreds of news outlets, including The Daily Tribune, The Southeast Sun, The Cleveland American and Press of Atlantic City.

So how can you protect your assets? Staying in contact with your financial institutions is the key to protecting your property. To actively show interest in all your assets:

- › Keep a list of all the financial institutions you deal with, such as a bank or transfer agent, and contact them at least once per year. This can be as simple as accessing your account online, calling in to the customer service center, cashing a check, updating your address, changing a beneficiary or voting a proxy.
- › Keep your address updated with all your financial institutions if you move.
- › Consolidate accounts, to make it easier to maintain contact and keep track of your assets.
- › If you receive a notice alerting you to the fact that your account is considered “inactive” or “abandoned,” respond immediately. Note that service providers such as Georgeson may contact you, offering to provide assistance in helping prevent escheatment of an inactive or abandoned account. You have the option to use the service or handle it yourself directly with your financial institution—the service provider should disclose all options.
- › Make sure that your heirs know which stocks you own and where you have financial accounts. To find out if any of your property has been escheated, visit www.missingmoney.com and search participating states’ records by the property owner’s name, or for contact information for nonparticipating states.

For more information on escheatment services or how we can help you and your shareholders, please contact Cindy Nisley at cnisley@georgeson.com.