

## 7 REASONS TO OUTSOURCE YOUR BANK OR CREDIT UNION'S UNCLAIMED PROPERTY SERVICES

Each year, bank and credit union customers and members forego millions of dollars in unclaimed property through escheatment – the process by which assets belonging to lost owners are transferred to the state. Unclaimed property compliance is a growing challenge – as of March 2018 in the state of New York, \$15 billion in unclaimed property was being held across more than eight million accounts, according to state's comptroller<sup>1</sup>. The total across the U.S. is estimated to be north of \$58 billion<sup>2</sup>. These assets include everything from checking and savings accounts, to uncashed checks, safe deposit contents and unused gift card balances.

Each state has its own unclaimed property law, meaning financial institutions face a daunting web of complex laws governing how abandoned property must be handled. Included in these laws are administrative requirements placed on holders that generally require monitoring, reporting and remittance to the state after the asset has remained unclaimed by the owner. Dormancy periods for financial institution assets can range from 1 - 15 years, with three to five years being the most common holding periods.

Financial organizations are heavily impacted by state unclaimed property laws. CDs, checking and savings accounts, and uncashed official bank checks are among the most common forms of unclaimed property. All financial institutions have a legal obligation to track customer activity (or lack thereof), attempt to locate the owners of abandoned assets and reestablish contact, and report/remit the assets if the owner cannot be located – a tremendously time-consuming endeavor.

Financial organizations have the added problem of losing customers when accounts are closed as the escheatment process occurs. Additionally, outreach requirements – which, depending on the state, may include first class postage, certified mail and advertising – are growing more costly every year.

Outsourcing your unclaimed property process is a reliable and convenient option to help you ensure compliance. As with many other complex and time consuming processes and functions, banks and credit unions can recognize the increased efficiency, lower cost and greater accuracy that can accrue from outsourcing to experienced specialists.



<sup>1</sup> <http://www.osc.state.ny.us/ouf/>

<sup>2</sup> <https://medium.com/the-mission/the-state-revenue-source-that-people-arent-talking-about-58209382bc10>

<p><b>Here are seven reasons why your organization should consider outsourcing its unclaimed property services:</b></p>	<p><b>1. Cost control</b></p> <p>Tracking unclaimed property, complying with reporting requirements, responding to audits and managing the escheatment process is costly in terms of both labor and operations - outsourcing the function frees up staff and resources that are better employed elsewhere.</p>	<p><b>2. Risk mitigation</b></p> <p>A third-party unclaimed property vendor will help:</p> <ul style="list-style-type: none"> <li>&gt; Review your records to ensure you're tracking property correctly</li> <li>&gt; Develop risk identification and mitigation steps</li> <li>&gt; Suggest steps necessary to keep you compliant</li> </ul>	<p><b>3. Tracking requirements</b></p> <p>There are 56 jurisdictions with unclaimed property laws (the 50 states, DC, Puerto Rico, the U.S. Virgin Islands, Guam, Northern Mariana Islands and American Samoa), which means staying on top of ever-changing reporting requirements is a complicated task best suited to specialists.</p>
<p><b>4. Policies and procedures</b></p> <p>Specialists in the field can help establish policies and procedures to help monitor due diligence requirements, streamline the unclaimed property process and help avoid escheatment in the first place.</p>	<p><b>5. Larger infrastructure</b></p> <p>Rather than hiring full-time dedicated resources, or adding additional responsibilities to your already busy staff, unclaimed property vendors provide your organization with a full team of experts. You can rest assured that your projects will be managed by an experienced and specialized partner.</p>	<p><b>6. Greater flexibility</b></p> <p>Outsourcing means you can contract for only the services needed -audit support, due diligence, reporting, etc. Some companies choose to handle certain customer-facing elements, such as owner outreach, in-house, while outsourcing the rest.</p>	<p><b>7. Process continuity</b></p> <p>Internally managing the complicated tasks of unclaimed property reporting and compliance means reliance on a few key individuals. The loss of key staff members could be catastrophic - outsourcing the process to a specialist removes this risk.</p>

The banking industry is no stranger to onerous regulations, but unclaimed property is a particularly complicated arena, likely to frustrate even the most competent practitioner. Working with an experienced service provider can improve efficiencies, save money, lower the risk of noncompliance, retain customers/owners and their assets, and allow your institution to get back to concentrating on what's important – attracting and servicing your customers.

Visit [www.GeorgesonBankingUp.com](http://www.GeorgesonBankingUp.com) to learn more about how Georgeson can help your bank/credit union take the worry out of unclaimed property.