

# Escheatment

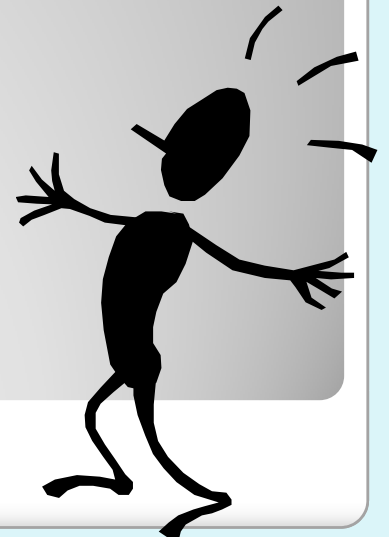
February 23, 2010  
Credit Union League of Connecticut

# Agenda

- ❑ Define Escheatment
- ❑ What if I have nothing to file?
- ❑ Connecticut law
  - ❑ Acceptable charges
- ❑ Responsibilities before escheatment
- ❑ How to escheat
- ❑ How a member recovers escheated funds
- ❑ Safebox escheatment

## Escheatment

Definition: The reversion of property to the state or county, as provided by state law, in cases where a decedent dies intestate without heirs capable of inheriting, or when the property is abandoned.



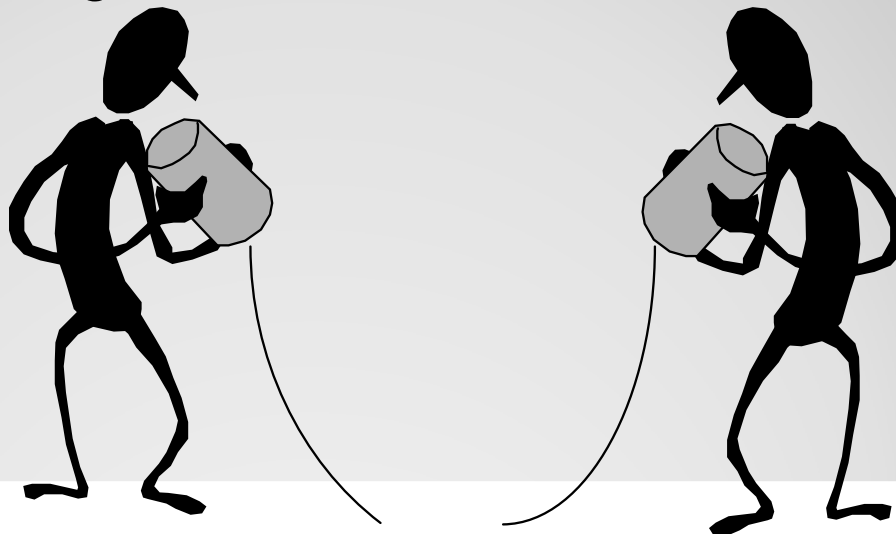
## Escheatment

*In other words...*

Individual's property – including accounts – are sent to the state, as provided by state law, if they die without heirs ***or if the property is abandoned.***

## Escheatment

Abandoned Property: A financial asset for which there has been no owner activity for a specified period of time, usually 3 or 5 years.



## Escheatment

Connecticut law requires financial institutions to remit all property to the state of Connecticut that has been unclaimed for 3 years (5 years for safe deposit boxes).

*Specifically...*

## Escheatment

Connecticut statutes state:

*Any demand or savings deposit made in this state with a banking organization, together with any interest or dividend thereon, excluding any charges that lawfully may be withheld, unless the owner has within three years:*

## Escheatment

Connecticut statutes cont.:

*(a) increased or decreased the amount of the deposit, or presented the passbook or other similar evidence of the deposit for the crediting of interest; or*

## Escheatment

Connecticut statutes cont.:

*(b) corresponded in writing with the banking organization concerning the deposit; or*

## Escheatment

Connecticut statutes cont.:

*(c) otherwise indicated an interest in the deposit as evidenced by (i) a memorandum on file with the banking organization or (ii) the fact that the IRS Form 1099 sent from the banking organization to the owner is **not returned to the banking organization by the US Postal Service.***

## Escheatment

Connecticut statute:

*Similar language is included to cover time deposits, certified checks and drafts.*

## Escheatment

Connecticut statute:

*The Connecticut General Assembly **exempted gift cards** as a type of unclaimed property in CT.*

Connecticut statute:

*Any sum payable on a money order issued or sold in CT on which a business association is directly liable, which money order has been outstanding for more than **seven years** form the date of its issuance is presumed abandoned.*

**Money Orders**

## Connecticut Statute:

*...any sum payable on a traveler's check issued or sold in CT on which a business association is directly liable, which has been outstanding for more than **fifteen years** from the date of issuance is presumed abandoned, unless the owner has corresponded in writing...or otherwise indicated an interest...*

## **Travelers Checks**

Connecticut statute:

*Any funds or other personal property reposing in or removed from a safe deposit box or any other safekeeping repository in this state on which the lease or rental period has expired owing to nonpayment or rent or other reason which have been unclaimed by the owner for more than **five** years from the date on which the lease or rental period expired.*

**Escheatment - Safeboxes**

Connecticut statute:

*...a self-employed retirement plan or an IRA...such funds shall be presumed abandoned...six months immediately following the date on which distribution of funds under any such plan...is required to commence under said provisions of the Internal Revenue Code and related regulations.*

**Escheatment – Retirement Acct**

## Escheatment

But before you report...

- ❑ *Identify accounts with no activity as 'inactive' after one year of **no member contact**.*
- ❑ *Monitor accounts through internal controls.*
- ❑ *Credit union must perform due diligence by trying to contact member at least one year prior to escheating to the state (after 2 years of inactivity).*

## What if I have nothing to report?

You aren't off the hook!

Connecticut law requires a Negative Report of Unclaimed Property be completed for any years in which you have no accounts to report.

- ✓ Must be in writing on credit union letterhead
- ✓ Letter must state you have no accounts to report
- ✓ Must contain federal tax ID number
- ✓ Must identify year of reporting
- ✓ Must be signed by the CEO
- ✓ Must be notarized

## Escheatment

Can the credit union charge for a dormant account?

- Yes*
- No*
- A rose by another name...*

## Escheatment

"...may not impose an *escheat charge* or fee with respect to such property."

Ok to charge *dormant, abandoned property, unclaimed property, inactivity* or similar charge.

Cannot charge to *send* the funds to the state.

# Escheatment



Break...

## Escheatment - Reporting

Annual deadline for reporting is March 31<sup>st</sup>

Acceptable reporting formats:

- ✓ ELECTRONIC REPORTING
- ✓ CD REPORTING
- ✓ Floppy diskette

Penalty for not reporting is 15% per annum from date due.

***The credit union is required to keep a copy of the report for 10 years***

## Escheatment - Reporting

1. Complete and print cover letter found at <http://www.state.ct.us/ott/holderoutreachoverview.htm>
2. Download and complete the reporting form at <http://www.wagers.net/hrs/index.php>
  - **Form may be downloaded at no cost for reporting purposes**Information requested includes:
  1. Credit union
  2. Property description and ID number for each item (example: AC01 for checking acct).
  3. Member name and last known address.

## Escheatment - Reporting

Additional information:

4. Date of last transaction/payable date
5. Amount due member before any deductions or withholding.
6. Any deduction or withholding type and amount.
7. Total amount remitted and due to member.
8. Total.

Complete this for every account escheated.

## Escheatment - Reporting

3. After reporting in HRS Pro, copy onto CD or disc and remit with payment.
  - ❖ Keep an internal copy of the report for your records.

## Escheatment - Reporting

Once all deposit accounts and transactions are completed and totaled, sign the completed *cover sheet form*.

**The signature must be notarized.**

## Escheatment - Reporting

If there are no accounts to be reported, the credit union must file a *'negative report'*, stating there are no unclaimed accounts to report.

The report must be on credit union letterhead.

The signature must be notarized.

## Escheatment - Reporting

Send the report:

- Electronically – option to send when completing form on-line
- CD – mail
- Diskette – mail

## Escheatment - Reporting

Mail separately (reported electronically) or with CD or disc:

- ❑ Check for amount due (payable to Treasurer, State of CT, Unclaimed Property)
- ❑ Cover Sheet (notarized and signed by CEO)
- ❑ Send to:
  - Treasurer, State of Connecticut
  - Unclaimed Property Division
  - POB 150435
  - Hartford, CT 06115-0489
- ❑ Copy all reports and retain for 10 years

## Escheatment - Reporting

If you have additional questions or need assistance with reporting contact:

Cathy Kristof – [cathy.kristof@ct.gov](mailto:cathy.kristof@ct.gov)

Or

Marge Supple – [marge.supple@ct.gov](mailto:marge.supple@ct.gov)

Members can recover via  
website

[www.nameitandclaimit.org](http://www.nameitandclaimit.org)

or

[www.state.ct.us/ott](http://www.state.ct.us/ott)

**Escheatment – Recovering Funds**

- 1. Click on the link for your last name.**
- 2. Click on the portion of the list you want to review, or scroll through.**
- 3. Find your name and click on it.**
  - 1. Complete online form & hit send.**

***The State will mail form to complete and return with instructions for proving interest in the property.***

**Escheatment – Recovering Funds**

# Escheatment

Questions?

# Escheatment – Safebox Reporting

## Safe Deposit Boxes

Escheat period is ***5 years*** not 3 years.  
The safebox must be drilled before the  
March 31<sup>st</sup> reporting date.

- Drill box following internal controls.
- Identify and log contents. Retain in secure environment.

# Escheatment – Safebox Reporting

## Safe Deposit Boxes

- ❑ Arrange for auction of any contents of value
  - ❑ Money, jewelry, collectibles, gems, metals, stamps, silverware, etc.
  - ❑ Contact local police regarding contraband items
  - ❑ Send stocks, corporate bonds and corporate securities to the State with the report

# Escheatment – Safebox Reporting

## Safe Deposit Boxes

- Complete report to State of Connecticut by March 31<sup>st</sup>.
- Report disposition of contents
  - More than 5 property lines must report electronically
  - 4 property lines or less may send notarized Form ST77
- Submit check for value of contents less reasonable lawful deductions
  - Drill fee
  - Auction fee
  - Outstanding rent (no more than a year)
  - Appraisal fee

# Escheatment

Questions?