



# Office of Auditor of State Andrea Lea

## Reporting Specific Property

### Automatically Renewable Certificates of Deposit

An automatically renewable certificate of deposit is considered unclaimed three years after its initial date of maturity unless the owner has consented to a renewal at or about the time of the renewal and the consent is in writing or is evidenced by a memorandum or other record on file with the holder. For example: In the absence of depositor contact, the dormancy period of an automatically renewable two-year account issued in April 2004 would begin in April 2006 and would be reported in 2009 as abandoned.

Holders should not report an account until after the expiration of the period during which there are penalties for early withdrawal. If an owner contact is established during renewal term, the dormancy period will run from the date of such contact.

### Bonds

Bond principal should be escheated three years from the date the bond matures (SC18). If the bond is a bearer bond, the bond principal should be reported in the name of the bond issue and the bearer bond number should be reported in the account number field. Bond interest or coupons should be escheated three years from the date that they are payable (SC02). If the interest or coupons is associated with a bearer bond, the bond interest or coupon should be reported in the name of the bond issue and the bearer bond number and coupon number should be reported in the account number field.

### Certificates of Deposit

The dormancy period for a matured certificate of deposit is three years. The dormancy begins the day after the first maturity of the certificate, that is, the day after the end of the first term. Thus, certificates of deposit must be reported three years from the date the owners were first able to recover funds without penalty.

### IRAs and Profit Sharing Plans

An IRA account or Keogh plan becomes inactive under the terms of the account or plan. If the fund specifies a distribution date or age, then the dormancy period begins at that point. After three (3) years of inactivity the account is considered unclaimed.

IR01	IRA – Cash	3 years
IR02	IRA – Mutual Funds	3 years
IR03	IRA – Securities	3 years
IR05	Roth IRA – Cash	3 years
IR06	Roth IRA – Mutual Funds	3 years
IR07	Roth IRA – Securities	3 years
MS14	Pension & Profit Sharing Plans	3 years

IRA distribution checks have a 3 year dormancy period and should be reported as IR01 or IR05.

Some other important facts to know regarding IRS Required Minimum Distributions (RMDs):

- Roth IRAs do not require withdrawals until after the death of the owner
- The beginning date for the first required minimum distribution for IRAs is April 1<sup>st</sup> of the year following the calendar year in which the owner reaches age 70 ½.
- The beginning date for the first required minimum distribution for 401(k), profit-sharing, 403(b), or other defined contribution plans is April 1<sup>st</sup> of the year following the calendar year in which the owner reaches age 70 ½ or retires.

- For each subsequent year after the owner's required beginning date, the owner must withdraw their RMD by December 31<sup>st</sup>.
- For the year of the account owner's death, use the RMD the account owner would have received. For the year following the owner's death, the RMD will depend on the identity of the designated beneficiary.

### **Life Insurance Policy Proceeds**

A holder must report all funds held and owing by a life insurance corporation under any life or endowment insurance policy or annuity contract that has matured or terminated when such funds have remained unclaimed for more than three consecutive years after becoming due and payable. A policy will be deemed matured upon proof of death that may be identified through a declaration of death, death certificate, and comparison of the holder's records against the Social Security Death Master File or other equivalent resources available to the company. Interest, dividends, or other amounts earned must be reported and remitted along with the funds due on such policies.

An insurer should perform a comparison of its insureds' life insurance policies, retained asset accounts, and contracts against a Death Master File, on at least an annual basis, to identify potential matches of its insured.

### **Mineral Proceeds**

All mineral proceeds that are held or owing by the holder and that have remained unclaimed by the owner for longer than three years after the mineral proceeds became payable or distributable are presumed abandoned. The holder of abandoned mineral proceeds turned over to the Auditor of State under this section shall provide the following information to the Auditor of State:

(A) The name and last known address of the property owner;

(B) The applicable well name, uncontrolled lease name, or unitized area name as recognized by the Oil and Gas Commission;

(C) Either:

(i) The county, section, township, and range of the well; or

(ii) The county, section, township, and range from which the abandoned minerals were severed or produced; and

(D) Any other information required by the Auditor of State.

The mineral proceeds should be reported to one of the following, depending on what information is available:

1) To the state named on the last known mailing address of the purchaser, or if this information is not available

2) To the state in which the minerals were severed or produced, or if this information is not available

3) To the state in which the holder has its principal place of business.

### **Money Transfers or Money Remittances**

The dormancy period for a money transfer or money remittance is three years and should be reported using the property type code for "credit balance – accounts receivable" which is MS09.

### **Pre-Need Funeral Plans**

A pre-need funeral plan is substantially a prepaid service. The service is to be rendered upon the death of the owner. If the service has not been performed within three years following the death of the owner, then funds paid towards the service are reportable as unclaimed property. For examination purposes, the Social Security Death Master File or other equivalent resources may be used to determine an owner's date of death.

## **Prepaid Cards**

The balance of a prepaid card should be escheated based on the dormancy period for the underlying reason for the card. Some examples of prepaid cards may be (but are not limited to) open loop network branded gift cards, general purpose reloadable network branded prepaid cards, payroll cards, etc. Open loop network branded gift cards and general purpose reloadable network branded prepaid cards should be reported after 3 years of inactivity as AC07 (Other Account Balances). Payroll cards should be reported after 1 year of inactivity as MS01 (Wages, Payroll, Salary).

## **Stock & Mutual Fund Shares**

### *Book/Certificate: Cash Dividend*

The Holder should mail a statement of account or other written notification on a regular basis (not less than quarterly). If a statement of account or other notification is returned from the post office, the account should be escheated five years after the mail was returned. When shareholders have not cashed a check on account (i.e., dividend check, cash in lieu check, etc.) for five years and there is no other shareholder contact within the dormancy period, the shares and all cash associated with the account should be escheated.

### *Book/Certificate: Non Dividend & Dividend Reinvestment Plan*

The Holder should mail a statement of account or other written notification on a regular basis (not less than quarterly). If a statement of account or other notification is returned from the post office, the account should be escheated five years after the mail was returned. If a holder is not mailing any statement of account or other notification that has the appropriate mail standard to be returned, then mailings have been discontinued. In this case, the account should be escheated five years from the last activity on the shareholder account.

### *Mergers & Acquisitions*

For shareholders of acquired companies that do not exchange their shares for their entitlement of the acquiring company, the dormancy should be run on the last shareholder activity on the account, not the date of acquisition. For any unexchanged holder that does not execute the exchange, and where there has been no activity for a period of five years on the account, the account should be escheated to the state.

### *Transfer Fees*

Any transfer fees (or other charges) charged to the account of the Arkansas Auditor of State Unclaimed Property Division for the purpose of the transfer of unclaimed securities will not be accepted or paid to the Holder or the Holder's agent.

### *General Considerations*

Please note that once lost contact has been established, the dormant date would be the earlier of last owner activity or lost contact. Fractional shares of stock (not fractional mutual fund shares) must be liquidated prior to submitting the unclaimed property report and the resulting cash should be reported as "Cash for Fractional Shares" (SC09). Unclaimed shares of stock should only be liquidated when it is a fractional share. Shares of stock must be transferred directly to the Arkansas Auditor of State's designated account or by way of certificate (book entry statements may be rejected). All deposits (cash & shares of stock) must be received into the Arkansas Auditor of State's designated accounts and the report of unclaimed property must be received prior to the November 1st deadline to avoid being considered late. If mutual fund shares may not be deposited directly in the Arkansas Auditor of State's designated account, a statement must accompany the unclaimed property report. The statement should not be sent separately. Please refer to the Arkansas Unclaimed Property Reporting Booklet for directions regarding the statement.

## **Traveler's Checks, Money Orders, Cashier's Checks, Official Checks**

The official check or cashier's check should be reported to one of the following, depending on what information is available:

- 1) To the state named on the last known mailing address of the purchaser, or if this information is not available
- 2) To the state in which the instrument was purchased, or if this information is not available
- 3) To the state in which the banking or financial organization or business association has its principal place of business.

Thus, in the case that prior mailing address is not retained in the record of the Holder, these types of instruments (traveler's checks, money orders, cashier's checks, official checks, and any similar written instrument) should be escheated in the State in which they were purchased or the bank's principal place of business.