

# The Savings Bond Project



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**Unclaimed Property Division**

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# Today's Topics

- Existing practices
- New law
- Keep or redeem?
- Details of our process
  - Initial workload and volume
  - Ongoing workload
- Claims process and results
- Going forward and lessons learned

# Existing Practices

- Holders report the name(s) and last known addresses of each person appearing in their records to be the owner(s) of the safe deposit box.
- Does not require the reporting of any name attached to or appearing on a particular item found in the safe deposit box that may indicate ownership of that item.
- Many of the U.S. savings bonds have names and SSNs.
- Holders do due diligence notices.
- California also does a pre-escheat notice letters to the reported owners(s) of the safe deposit box.
- The name of the other person(s) named as the bond holder will NOT know there is a U.S. savings bond for them in someone else's safe deposit box.

# New Law

- On September 21, 2015, Governor Jerry Brown signed Assembly Bill 355, which amended California's Unclaimed Property Law to allow the Controller to send a **second notice** to a potential owner of a U.S. savings bond inside a safe deposit box.
- Effective date January 1, 2016.
- In our current law, we are relying on the fact any person who claims to have been the owner of the property delivered to us may file a claim – i.e. the name on the bond.



# Keep or Redeem?

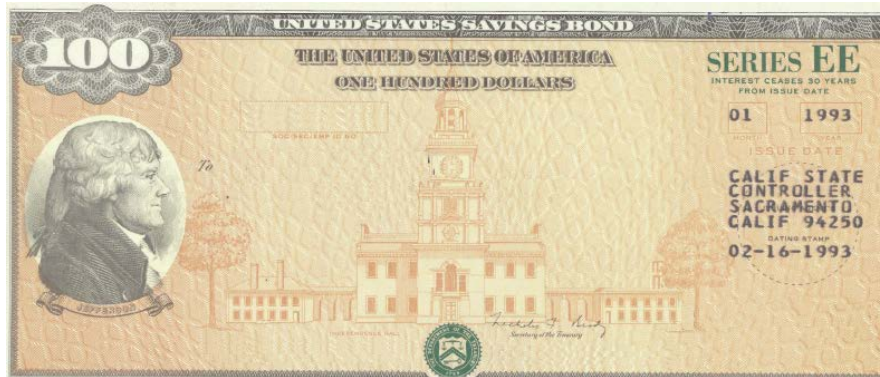
- California will continue to safeguard the physical bonds in the same manner as our other commercial value safe deposit contents.
- This allows the owner to make the decision of what they want to do with the bond.



- In contrast, under the Kansas model, the process is to go to court to get an order to redeem the matured bonds from the United States Treasury.
- This allows the owner to claim the redeemed proceeds.

# Volume

- California's Unclaimed Property Division (UPD) receives thousands of safe deposit box properties every year.
- As of today, UPD has received over 80,000 U.S. savings bonds as part of those boxes.
- Oftentimes, the name on the bond did not match the reported owner of the safe deposit box.
  - In many cases, these bonds are purchased for children, grandchildren, family, or friends, and frequently without the knowledge of the intended recipients.







# Retrieve

- All of the boxes containing U.S. savings bonds were located in secure storage at the California State Treasurer's vault.
- Safe Deposit Unit staff transferred these boxes over a three week period.
- Boxes were rotated out of storage, all bonds were pulled, and then boxes were returned.
- Bonds were separately bagged and labelled to ensure proper tracking.



# Prepare

For entry purposes, every bond found in each safe deposit box were initially sorted by primary owner name, and then into three different owner groupings, based on the ownership guidelines listed by the issuing entity (U.S. Treasury Department):

1. **Single name** bonds, with only one owner listed.
2. **Co-ownership** bonds, where each name has equal ownership of the bond.
3. **Beneficiary** bonds, where a sole owner is listed, with a second name that is only payable on the death of the primary owner.

# Entry

- Entry is made into an HRS Pro-compatible worksheet to allow direct import into the tracking system.
- Owner names and addresses are entered exactly as found on the bond.
  - Full name as stated on the bond.
  - Most recent address listed on bond based on issue date.
  - If in doubt about ownership, different spellings are separated.

# Entry

- All SSNs associated with each bond are captured on a spreadsheet, to be verified later.
- The original Property Identification number is entered as an Account Number for quick reference while in UPS2000.
- Ownership codes entered as appropriate for relationship.
- We consider these bonds to be sub-properties of the original Property Identification Number.

# Review

- After entry, the project lead reviews the data entered for quality control.
- All SSNs are verified with Accurint, in order to match to owners listed.
  - If SSN has no search results, it is left as entered.
- Verify appropriate codes for ownership status.
- Review account numbers for entry and character length.





New sub-properties are loaded directly into the system. Reports are reviewed a final time to ensure data has translated correctly into the system. Some items to consider:

### 10-Character limit for middle names

- All middle names beyond 10 characters would have to be flagged and manually edited.
  - Christopher was the most common.

### Beneficiary Codes

- Entry format required “BF”-Beneficiary, while system only recognized “PD”- Payable on Death.

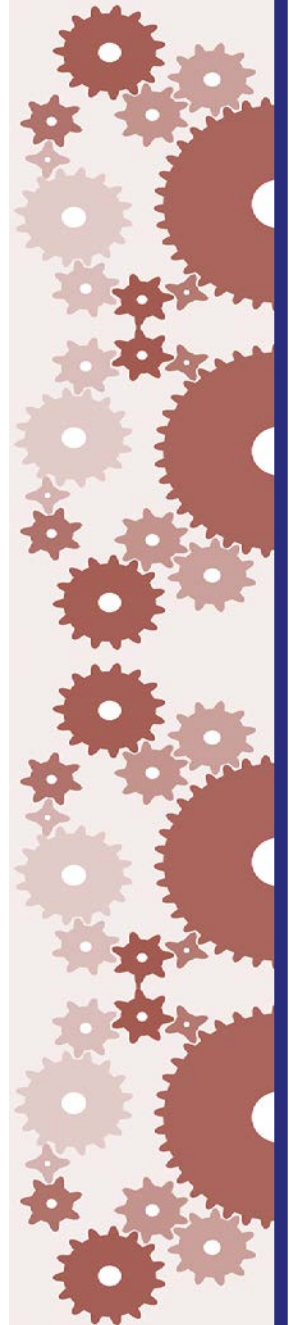
### Additional Owners

- In rare cases, the number of owners would spill over the spreadsheet maximum of three, and would have to be manually entered.

# Post-Processing

Notes and alerts are added to each property.

- Notes are added to inform on the purpose of the property and instruct how to cross-reference.
  - Note on original property: How to locate new sub-property (search by account #).
  - Note on bond sub-property: Where to find the original property (account #).
- Alerts are added to prevent claim approval and prevent payment on properties that are no longer available.
  - Separate alerts for old and new properties.



# Notice

A post-escheat notice is sent to each owner when there is enough information to do so. The notices provide information and instruction on how to claim the savings bonds.

There were three primary notice waves:

- FTB matching of taxpayer address of record, based on SSN.
- Accurint matching of owner with updated address available.
- Last known address listed on savings bonds.





# Receive Claims

A total of 20,194 post-escheat notices were sent out to savings bond property owners in March and April 2017. The matrix below shows the total of savings bond claims received from April 12<sup>th</sup> through July 2017.

Month in 2017	Savings Bond Claims Received
April	776
May	1,840
June	682
July	332
<b>Totals</b>	<b>3,630</b>

# Strategize

- Once claims were received and the volume determined, a strategy was developed on how to process the new savings bond claims in addition to existing workload.
- In order to process an unclaimed property claim within 180 days, processing began early and was staggered over several months.
- UPD conducted a two-week pilot study to determine the number of staff required to process claims.

# Strategize

- System reports were developed to identify claims in inventory and track claims in progress. Properties were given property type code SD03 - Other Tangible Property so they could be identified.
- The results of the pilot study determined staffing and monthly processing quotas.
- Staff developed procedures and were cross-trained to process safe deposit box and savings bond claims.
- Staff processed other claim types once monthly quotas were met.

# Process Claims

Claim evaluators determine savings bond ownership and ensure all properties are being paid correctly.

- If safe deposit box contents are available, review ownership to determine if the claimant has right to claim both savings bond(s) and safe deposit box contents.
- If so:



# Process Claims

- If the claimant does not have the right to claim both savings bond(s) and safe deposit box contents, ask the bond holder if they know the owner's whereabouts so a claim can be sent to them.
- Search for other bond properties in claimant's name to add to the claim.
- Ensure the savings bonds are physically available prior to claim approval.
- For competing claims, priority goes to the owner of the bonds.

# Process Claims Results

From April 6, 2017 to May 18, 2018:

- SDU staffed mailed 13,449 bonds from 3,642 properties
- Total face value of \$1,564,775
  - \$116 average face value per bond
- Total estimated current value of \$4,179,905
  - \$311 average estimated current value per bond

# Going Forward & Lessons Learned

The UPD will periodically repeat this process with any additional savings bonds received.

When planning notice releases, consider the volume and timing of resulting claims and the effect on resources for mail room, intake, claims processing, settlement, and safekeeping functions.

# Contact Information

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