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LINKING ASSETS INC.

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Fall Reporting Is Coming

Why You Should Consider an Owner Reengagement Program

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Fall unclaimed property reporting will be here before we know it. For companies holding inactive property, there is a long list of benefits and advantages to reuniting property with its owners, including: reducing outstanding unclaimed property; less property to report; protecting company's reputation; reducing liability; increasing goodwill; maintaining customers, preserving owners' assets; etc.

Firstly, are reengagement programs right for all holders? No, there are situations where it does not make sense to explore advanced owner location efforts. For example, when checks are made out to extras on a movie set the day of filming and not much detail is captured on owners. Another example could be a holder that pays out checks for recycled aluminum. In these two examples, the checks are not likely to be high dollar amounts and sufficient details to find owners may not have been captured at the time the checks were issued. Thus, the chance of reconnecting with these owners is low and efforts to reconnect with these owners may not be worthwhile.

Conversely, reconnecting and reactivating owners through location to obtain current address information and robust outreach will result in less unclaimed property to track, maintain, and process. This will result in less resources being needed to complete the

compliance steps associated with reporting, remitting, and transferring unclaimed property to states.

Mailing to inaccurate/old addresses generates return mail and the associated time and costs to process it. Also, there can be an increased risk of fraud for mail being delivered to incorrect addresses. Not to mention, with accurate addresses more mail gets through; allowing companies to reconnect with and reactivate their customers, members, accountholders, vendors, securityholders, insureds, etc.

when more property is reactivated and reunified with its owners, then there is less property that needs to be reported to state unclaimed property divisions

Naturally, when more property is reactivated and reunified with its owners, there is less property that needs due diligence letter compliance (including those states with costly certified mail requirements), and less property reported to state unclaimed property divisions. Reuniting property also accomplishes the overarching goal of returning property to its owner.

As an example of success, banks and credit unions can reactivate many of their dormant savings accounts and CDs by implementing a strong customer or member reengagement program. This has many of the advantages listed in this article with the added benefit

of keeping assets under management. Other holders with various and sundry categories of property can achieve positive results as well. For mutual funds, brokerages, transfer agents, and holders of retirement assets, leveraging reengagement programs reduces potential risks associated with liabilities arising from state liquidations, after property is turned over to

reengagement through owner location and outreach can yield major retention benefits

unclaimed property divisions.

Compliance with laws may not be enough to avoid bad press. Holders of property do not want to read about another lawsuit in a newspaper about their company's shareholder's stock having been liquidated by a state far below the current market value. Also, how does it look to have pages and pages of dormant bank account customers published in the *New York Daily News* or other publication? Notably, even when a company has fully complied with all necessary statutory and reporting requirements, it could still be cast in the light of neglecting to safeguard property. Going above and beyond routine compliance, owner outreach, and mailing requirements decreases reputational risk.

Not to be overlooked, goodwill can be engendered through reengagement. People are not universally aware of state unclaimed property laws, especially the escheat side; not surprisingly, some are very unhappy when their property is reported and remitted to state unclaimed property divisions. Even if unclaimed property is turned over to states according to state laws, it can be burdensome and frustrating for owners to reclaim property from states. Alongside the goodwill it creates to reconnect with owners, depending on a company's business, it can be advantageous to keep assets under management and more economical to reactivate customers than bearing the cost and uncertainty of acquiring new ones.

Can these efforts be taken on internally? Of course, internal programs can take different forms, such as a sales outreach effort to all customers with a credit

balance; reminding them they have a credit balance and would they like to apply that to their next order. Outreach to inactive accounts could be rolled into larger marketing efforts. Another alternative could take the form of an email letting account owners know it has been over a year since they logged into their account online and request for the owner to log in and confirm account details, such as address. Holders could even conduct outbound phone contact efforts if the materiality of the account merited it.

When does it make sense to hire a vendor? This can depend on several important factors including the type(s) of business the holder conducts, the dollar amounts/value of the inactive property, the volumes of property, the profile of the known owners (board members, officers, etc.), the level of owner details available, etc. If holders have high dollar/value accounts and/or high-profile owners, they could benefit from assistance in finding owners.

Also, it could be time to consider enlisting outside services if there are not internal resources on hand to conduct enhanced outreach or the volume of accounts/property is too high to take on internally. Outsourcing this work could be a lifeline. Reengagement through owner location and advanced outreach can yield major retention benefits. Ultimately, the value of reengagement depends on the specifics of a situation, the disadvantages of not finding owners, and the advantages of finding owners.

Whether it is an ongoing effort or a records cleanup, for companies holding dormant property, there are clear benefits for companies to go beyond the minimum requirements to reconnect, reactivate, and reunify with their owners. The Linking Assets Inc. team is happy to discuss your specific circumstances and customize a reengagement program to suit your needs.

Contact Our Team



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