The Credit Union
League
of Connecticut

March 11, 2016

TO: Finance, Revenue and Bonding Committee Members
FR: The Credit Union League of Connecticut
Contact: Kelly Ramsey Fuhlbrigge, VP Government Relations – kfuhlbrigge@culct.coop

The Credit Union League of Connecticut thanks you for this opportunity to testify in support of H.B. No. 5533 AN ACT CONCERNING THE TIME PERIOD FOR FUNDS TO ESCHEAT TO THE STATE on behalf of our 108 not-for-profit cooperative credit unions, representing approximately 900,000 credit union members in Connecticut.

In Connecticut, unclaimed property refers to accounts in financial institutions and companies that have had no activity generated or contact with the owner for three years. Three years has not always been the threshold in our state, in 1963 an act increased the threshold from ten to twenty years, but starting in 1981 it periodically began to be reduced. In 2003, PA 3-1 finally reduced the threshold from five years to our current three year threshold.

Common forms of unclaimed property at financial institutions include savings accounts, checking accounts and the contents of safe deposit boxes. Since it is impossible to store and maintain all of the contents that are turned over from safe deposit boxes, most states hold periodic auctions and hold the funds obtained from the sale of the items for the owner. Most of these items are not purchased at their true value and no appropriate price tag can be placed on an item sentimental to a family.

Credit unions do everything they can to locate a member once their property is deemed abandoned. Unfortunately, due to the three year threshold, the member is often annoyed they are receiving a notice that their account or possessions are being prepared for escheatment to the state. Credit unions have reported to us that even after they have explained the process to their member, they feel that their hard earned reputation of serving the best interests of their member has been compromised.

A credit union CEO shared his recent experience with the process as an example of how the three year threshold is not working in the best interest of Connecticut consumers. He was named conservator of the estate of his wife's aunt who has Alzheimer's. Fortunately, she has the funds necessary for her long term care spread out in a variety of accounts, but they would not be needed for several more years. His appointment was approximately three years ago in February of 2013 and he has already received notices from two of the institutions that the accounts are subject to escheatment due to no activity. He contacted them and delayed escheatment for three more years and is now in the process of contacting the other financial institutions to prevent escheatment in those accounts as well. This is the experience of someone savvy to the financial services industry - many consumers are not as financially savvy and would benefit from an extension. An extension would provide the opportunity for modest-means credit union members and their heirs, served by credit unions, to maintain rightful ownership of their money and property. An extension would also avoid what can be a confusing state process to obtain their property back, and would not create an undue hardship for the financial institution if this straightforward legislative change is made.

Thank you for this opportunity to testify, we welcome any questions and would look forward to any additional discussion needed on this important issue.