



## Guide to Unclaimed Property Stocks, Bonds and Employee Benefits

Refer to [North Carolina General Statute §116B-53](#) — *Presumptions of Abandonment*

Unclaimed property holders often overlook the area of equity, debt and employee benefits as potential sources of unclaimed property. However, these are areas to which holders should continue to pay attention.

### Stocks

Stocks include publicly or privately traded certificates, unredeemed or unexchanged shares from stock dividends, stock splits, mergers, acquisitions, spin-offs and warrants. Undelivered certificates, underlying shares, unredeemed shares, unexchanged shares, fractional shares, and unclaimed dividends are presumed abandoned after three years per [North Carolina General Statutes §116B-53\(c\)\(4\) and \(5a\)](#). Equity issues related to a municipality or other units of government are presumed abandoned after one year per [North Carolina General Statute §116B-53\(c\)\(12\)](#).

**NOTE:** Securities should only be reported if they have value and can be registered to the rightful owner should the owner come forward. Securities not meeting this criteria should be maintained by the holder, in the name of the owner, until such time that they can be transferred or re-registered and reported to DST with the ability to be re-registered to the rightful owner. It is incumbent on the holder to identify worthless issues, shares which are unable to be registered to the owner, and restricted shares.

### Undelivered Certificates versus Underlying Shares

What is the difference between undelivered certificates and underlying shares?

In the first case, the holder has direct evidence (the undelivered certificate) the stock is unclaimed. In the second case, a test of abandonment is applied when there is no direct evidence that the share account is unclaimed.

A certificate is presumed abandoned three years after the second mailing of the physical certificate is returned as undeliverable. When the physical certificate is not available, the underlying ownership interest provision is a test of abandonment to show the shareholder has forgotten the ownership interest. The underlying shares are escheatable after the earlier of:

1. Three years of consecutive uncashed dividend checks, or
2. Three years after the date of the second mailing of a certificate, statement, notification, etc. returned as undeliverable, or

3. The date the holder discontinued mailings to the apparent owner.

Per [North Carolina General Statute §116B-53\(d\)](#), at the time an interest in property is presumed abandoned, any other property rights, including all accrued or uncashed dividends to date, is also presumed abandoned.

### **Unredeemed, Unexchanged or Fractional Shares**

Unredeemed, unexchanged or fractional shares are escheatable three years after the date the second mailing of a certificate, statement of notification is returned as undeliverable, or the date the holder discontinued mailings to the apparent owner.

### **Dissolutions**

Per [North Carolina General Statute §116B-53\(c\)\(10\)](#) all property distributable in the course of a voluntary or involuntary dissolution shall be presumed abandoned one year after the property becomes distributable.

### **Bonds**

Bonds include debentures, notes, bearer or registered bonds, coupons, and interest payments.

### **Unclaimed Bond Interest**

Each interest payment or coupon is reportable three years after the date first payable to the owner. Some holders erroneously believe that bond monies are not reportable until the issue matures or is called.

### **Registered Bonds versus Bearer Bonds**

Per [North Carolina General Statutes §116B-53\(c\)\(5\) and \(5a\)](#), the underlying registered bond becomes escheatable after three years of consecutive, unredeemed interest payments. Due to the nature of the instrument, the law does not provide for the escheatment of underlying bearer bonds. While the individual unredeemed coupon payments are escheatable, the bearer bond does not become escheatable until three years after it matures or is called.

### **Municipal and Other Governmental Bonds**

If a local unit of government is holding Unclaimed funds held by a local unit of government from a bond issue presumed abandoned after one year per [North Carolina General Statute §116B-53\(c\)\(12\)](#). If a paying agent, other than the unit of government, holds the funds, the funds are presumed abandoned after three years.

### **Contact Your Transfer Agent**

Holders are often not aware of the need to report unclaimed equity and debt, as they may mistakenly believe that the transfer agent reports any unclaimed property on their behalf. Contact the trustee or transfer agent to determine whether unclaimed items need reporting, and who will report the items. You are indemnified for any property you report.

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## Reporting

Earnings and capital gains (i.e., dividends or bond interest) from securities, bonds and mutual funds should not be reported as an “aggregate” amount. These accounts are to be listed by owner name regardless of the amount of unclaimed money reported.

## Employee Benefits

Employee Benefits include pension, medical, dental, workers compensation, self-insurance, stock options, profit-sharing, deferred compensation and retirement plans.

Unclaimed employee benefits regarding an individual retirement account, defined benefit plan, or other tax deferral account or plan are presumed abandoned three years after the earliest of: 1) the date of distribution or attempted distribution, 2) the date of required distribution, or 3) the date of required distribution per [North Carolina General Statute §116B-53\(c\)\(15\)](#).

Other types of unclaimed employee benefits are presumed abandoned five years after they become payable per [North Carolina General Statute §116B-53\(c\)\(15\)](#).

Often an agent or contractor handles a company’s employee benefits reports any unclaimed property. However, the legal holder remains responsible for the reporting of unclaimed items from a self-administered plan or a plan controlled by an agent.

NOTE: If the issuing company (issuer) is incorporated in the State of North Carolina, any unidentified or no address property held by the transfer agent or trustee for your interest is reportable to the State of North Carolina as the state of incorporation, per [North Carolina General Statute §116B-56](#) & Texas vs. New Jersey.

## Summary

Stock, bonds and employee benefits are often overlooked by holders because they are held by agents and are not as obvious in the day to day operations of the organization. For most holders a simple request letter to their agents will ensure they are in compliance for these areas.