



Keeping Your Accounts From Being Lost To State Governments

Recently, the Investment Company Institute (ICI) issued a warning that state governments are claiming the assets of mutual fund accounts whose owners are deemed as being lost.

Like bank accounts, if a mutual fund company were to lose contact with a shareholder and, after reasonable effort, fail to locate the shareholder, the account can be deemed lost, abandoned or unclaimed. After a waiting period, the state can add the lost and unclaimed property to their coffers.

According to the ICI, “unless an investor proactively contacts the mutual fund company regarding his or her account once every three, five, or seven years (depending on state law), he or she can be considered lost and the state can claim the account. Importantly, automated features on an account (such as regular, ongoing purchases or redemptions, or reinvestment of dividends) do not necessarily count as contact, so such activity might not protect a shareholder’s account from state escheatment laws.”

To protect themselves, individuals are encouraged to contact their financial institutions (banks, credit unions, insurance companies, brokers, fund companies, etc.) at least once a year to ensure the financial information on record is correct. Make sure to not only check your address but also your Social Security number, how the accounts are titled, who has access and, if they’ll keep it on record, emergency contact information.

You can see if you have already lost property to a state by going to <http://www.naupa.org/>

Sources:

<http://www.aaii.com/files/investorupdate/20150924.html?a=update092415>