



## UNCLAIMED SAVINGS BOND ACT BACKGROUNDER

### Summary

Since 1935, the U.S. Treasury's Bureau of the Public Debt has issued more than six billion savings bonds worth more than \$600 billion to U.S. citizens, residents, and civilian employees. Approximately \$26 billion in savings bonds have reached final maturity and ceased to pay interest. The Bureau does not have an active program to locate the bondholders and reunite them with the proceeds of their bonds. S.2417 and HR. 5269, the Unclaimed Savings Bond Act of 2019, proposes to empower the states to act on behalf of the Bureau to find owners of matured unredeemed savings bonds and facilitate the payment of their claims.

### Status As of September 10, 2019

S.2417, the Unclaimed Savings Bond Act of 2019, was introduced on the Senate floor by Sen. Kennedy (R-LA) and co-sponsored by Sens. Moran (R-KS) and Cassidy (R-LA) on August 1, 2019. It has been referred to the Senate Committee on Finance.

HR. 5269, the Unclaimed Savings Bond Act of 2019, was introduced on the House floor by Rep. Estes (R-KS) and co-sponsored by William Timmons (R-SC), Danny Davis (D-IL), Jason Smith (R-MO), Ben McAdams (D-UT), Linda Sánchez (D-CA), and Darin LaHood (R-IL) on November 26, 2019.

### Why The Unclaimed Savings Bond Act of 2019 Is Necessary

Most savings bonds accrue interest until maturing over a 20 to 30-year time period. When these bonds mature, and cease to pay interest, the Bureau does not have an active program to locate the bondholders and reunite them with the proceeds of their bonds. Traditionally, it has been up to the buyer to remember to redeem the matured bond decades after the initial purchase. This has resulted in approximately \$26 billion in matured U.S. savings bonds left unclaimed in the U.S. Treasury.

### Official NAUPA Statement Issued On August 23, 2019

*"Passing the Unclaimed Savings Bond Act of 2019 will allow state treasurers and other state officials who administer unclaimed property programs to return more than \$25 billion in unclaimed savings bonds to the rightful owners. We support Senator Kennedy's bill, and look forward to working with Congress to secure passage of the legislation."*

### FAQs

**Q:** Why are there so many unclaimed savings bonds?

**A:** By the time bonds mature, many bondholders no longer have record of the bond – they are often lost, stolen, destroyed, or the physical bond is otherwise not available. Records relating to savings bonds are not fully automated, so a report listing the owners of matured, unredeemed accrual savings bonds is not easily accessible to the rightful owners. Claims filed over six years after the maturity of a savings bond are entertained only if the claimant supplies the serial number of a bond. However, in many cases the U.S. Treasury is the sole holder of that information, making retrieval extremely difficult. As a result, approximately \$26 billion in matured U.S. savings bonds are presently left unclaimed in the U.S. Treasury.

**Q:** Why are states the appropriate entity to help facilitate bond owners' receipt of funds for unclaimed U.S. Savings Bonds?

**A:** The U.S. Treasury has not made a concerted effort to contact the holders of unredeemed savings bonds to assist them in redeeming them. All 50 states, the District of Columbia and Puerto Rico have existing, successful unclaimed property programs. If, given access to federal records, states will be able to list the bonds in their established unclaimed property databases allowing them to make the strongest impact on the effort to reunite bond owners with their lost bonds. The existing infrastructure that is already empowering states to return unclaimed property will enable states to successfully add savings bonds to their unclaimed property programs.

### **Media Talking Points**

NAST fully supports the passage of HR. 5269, the Unclaimed Savings Bond Act.

- Once savings bonds have matured, there is no financial reason not to redeem them, yet approximately \$26 billion in matured savings bonds remain unclaimed.
- The Unclaimed Savings Bond Act of 2019 will effectively reduce the high number of unclaimed savings bonds.

The Unclaimed Savings Bond Act will empower states to make owners of matured, unredeemed savings bonds aware of their assets.

- By giving the states access to records of these savings bonds, they will be able to make a concerted effort to return them to the owners.
- States will be able to use existing experience and infrastructure related to unclaimed property to work towards reuniting owners and heirs with their matured, unclaimed savings bonds.

The Unclaimed Savings Bond Act of 2019 is good for both consumers and the economy at large.

- S. 2417 and HR.5269 will put money back in the hands of consumers who rightfully own the proceeds.
- This 'extra' income, will in turn, have the potential to stimulate the economy.