

## Certificates of Deposit (CDs)

The period of abandonment for matured certificates of deposit is five years. The abandonment period begins on the day following the *first* maturity of the certificates - that is, the day following the end of the first term or after one year if the initial rollover period is less than one year. Thus, unclaimed CDs must be reported five years from the dates the owners were first able to recover the funds without penalties.

For CDs to be considered unclaimed, there must have been five years without customer contact, *and* the customer's whereabouts are unknown. If owners of CDs have other active accounts with your institution, or you otherwise have contact with them, **do not** report or remit their inactive certificates.

To facilitate your review of CDs for possible abandonment, a report should be generated listing all certificates with a first maturity date five years prior to the cutoff date of June 30 of that year. Various resources can be used to verify the last contact date with the customer. Refer to the previous pages for suggestions.

If none of these resources record current contact, due diligence letters must be mailed to the customers. Slight modifications to the "Due Diligence Sample Letter" should be made to alter the account type and the period of no contact. The letters should be mailed, ideally, July 1 through August 31 to allow ample time for your customers to reply.

The due date for the unclaimed property report is November 1 of each year. We recommend your lists of customers with whom no contact has been reestablished be relayed to the person responsible for preparing your institution's report by the first of October (or whatever deadline is set by your institution). All the information that you can provide for each customer will assist in verifying ownership when a claim is generated. The owner name(s) last-known address, social security number, and the CD number should be included.

When a CD is deemed unclaimed, cease paying interest at the maturity date then report/remit the next report cycle.

When reporting *automatically renewable* CDs, you should hold the funds until the next maturity.

**NOTE: *Automatically renewable CDs have the same reporting criteria as other certificates of deposit.*** If you have had no contact with the owner for five years from the day following first maturity and the customer's whereabouts is unknown, the certificates should be remitted. Depositing the CD interest in another account that has no activity, or the non-return of interest checks by the post office, does not constitute contact.

*Interest* earned on CDs must be reported five years from the date it was payable. However, if the owners instructed that interest be added to the principal amounts of the certificates, the interest must be reported with the principal five years from the dates of first maturity.

**Remember:** If owners of CDs have other active accounts with your institution, or you otherwise have contact with them, **do not** report or remit their inactive certificates.