# SAFER Act

**Every year, state governments fill their own coffers by seizing billions of dollars worth of Americans' hard-earned retirement funds–money that Americans might not even know they're missing. Some states use the money to fill budgetary gaps, others spend it on sports stadiums. We need the SAFER Act to limit this government-sanctioned theft.**

## What is Escheatment?

Where private accounts appear inactive for an extended duration, states can take ownership of the assets (securities, real estate, bank accounts, etc.), as part of a process known as "escheatment." Thousands of passive, long-term investors with retirement accounts become vulnerable to escheatment if they do not routinely engage with their account or merely expect the quiet accrual of interest or dividends.

States set the timeline for when they can take their residents' assets. Most state laws allow states to claim assets if the owner fails to timely respond after their financial institution has attempted to contact them. Once the assets come within the state's possession, a failure to become aware and make a timely claim (typically within 3-10 years), empowers many states to confiscate and liquidate the unclaimed property.

Recently, many states have made it even easier to seize private citizens' assets by setting more aggressive "dormancy standards" by which they deem an account inactive. While some states enable consumers to subsequently appeal and reclaim their assets, the state's liquidation of the assets halts the accrual of returns that consumers would have otherwise obtained if the funds remained invested in the market, leaving residents to bear the opportunity cost of the seizure.

## How does the escheatment process work?

1. **Identification of unclaimed assets:** Banks, financial institutions, and other custodians of assets must keep track of accounts or property that are dormant. Dormant accounts are those with no activity for a set period, typically between three to five years, depending on state laws.
2. **Notification process:** Before transferring assets to the state, financial institutions are required to attempt to contact the rightful owner. This usually involves sending notice by mail or email to the last known address of the account holder.
3. **Escheatment to the state:** If no contact is made and the property remains unclaimed, the state seizes the assets under escheat laws. Each state has its own timeline for escheatment, with financial institutions submitting the unclaimed property along with details of the owner.
4. **Reclaiming escheated property:** After the state takes ownership, heirs or rightful owners have one final window of opportunity to claim the assets. Most states allow reclamation, provided the claimant can provide sufficient evidence proving ownership

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## This Is Really Happening:

***Case Study: – Walter Schamm (via Planet Money):***
After purchasing Amazon stock in the 1990's, Walter Schramm waited until 2015, about 20 years, to finally cash in. By then, the value of his $6,000 investment should have appreciated to more than $100,000. Walter knew that because he tracked the price of his Amazon stock online, without logging into his E-Trade account. When he finally did so, the stock was gone.

- The State of Delaware concluded that Walter had forgotten about his stock and escheated the stock, then sold it in 2008.
- Amazon's stock price took off after Walter's shares were taken by the state of Delaware and liquidated.
- When Walter got in touch with Delaware to reclaim his investments, the state only gave him the 2008 value of the stock—about $8,000.
- If the State of Delaware had not taken Walter's stock and subsequently liquidated it, the value of Walter's investment would exceed $100,000 in 2015 and double that today.

## What does this legislation do?

The SAFER Act prohibits the escheatment of securities, digital assets, or non-ERISA retirement accounts to states until the financial institution confirms the death of the owner of those assets. It protects long-term, passive investors' reasonable expectation that when they invest their hard-earned retirement funds, that money will remain in their account when they retire.

## Co-lead:

Congressman Mike Lawler (R-NY-17)

## Support:

SIFMA, Investment Company Institute (ICI), Financial Services Institute (FSI),
U.S. Chamber of Commerce.