



# OFFICE OF ILLINOIS STATE TREASURER

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FOR IMMEDIATE RELEASE:

April 25, 2024

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## **Federal Government Must Allow States To Return Unpaid U.S. Savings Bonds to Owners, Many of Whom are Black or People of Color**

*More Than \$1 Billion Due Illinois; Bonds Date to at Least 1940s*

**CHICAGO** – In an effort to help Illinois residents reconnect with more of their missing money and to right a historical wrong against the Black community and other people of color, Illinois State Treasurer Michael Frerichs and Illinois Congressman Danny K. Davis today urged the U.S. Treasury to make it easier for states to facilitate the return of mature U.S. Savings Bonds.

Davis (D-IL-07) and Frerichs said federal efforts to allow individual states to treat mature, unpaid U.S. Savings Bonds as missing money do not go far enough because proposed rules allowing states access to information about bond owners and beneficiaries would severely limit how states could use that information to find the owners of these funds.

It is estimated the federal government holds more than \$30 billion in mature, unpaid savings bonds that date back to at least the 1940s. The amount includes more than \$1 billion owed to Illinois residents.

Further, in a recent letter to U.S. Treasury Secretary, Janet Yellen, bipartisan Members of Congress identified resolving the backlog of unclaimed savings bonds as a matter of addressing historic injustices. “Due to state-enforced racial segregation and subsequent exclusion from traditional banking systems in the early-to-mid 20<sup>th</sup> Century, African American families and other underserved groups invested in savings bonds at higher rates. Given this fact, and that most of these matured bonds at Treasury are from the 1940s, 1950s, 1960s, and 1970s, it would follow that African Americans represent a high percentage of unclaimed bond holders.”

As Illinois State Treasurer, Frerichs is the state’s unclaimed property administrator, a program more commonly known as missing money or I-Cash. The Illinois State Treasurer’s Office has returned more than \$1.9 billion during Frerichs’ time in office, including more than \$11 million to the extended family of a Chicago man, the largest individual return in the country. Further, the office’s expertise often is sought by other states when strengthening unclaimed property laws and improving operational efficiencies.

“In Illinois, we have a proven record in fighting for taxpayers and returning missing money to our residents,” Frerichs said. “We are asking for the Treasury Department to allow us to use bond information to do our job.”

“I am proud to work with Treasurer Frerichs to help return billions of dollars in missing money to Illinoisans and Americans across the country,” Davis said. “Given the tremendous success of state treasurers in returning unclaimed property to owners and beneficiaries, the Treasury Department must do more to work with states to get unclaimed savings bonds to the rightful owners.”

For generations, U.S. savings bonds have been a staple for family gifts commemorating birthdays, holidays and graduations. It effectively is a loan to the federal government. An individual purchases the bond in exchange for a fixed rate of interest over a fixed period of time. When that time expires, the savings bond ceases to earn interest. If unpaid, the federal government benefits from the initial loan as well as the unpaid interest. Values start at \$25 and can increase to as much as \$10,000.

Bonds that are surrendered to the state treasury, such as those found in an abandoned safe deposit box, are eligible to be reunited with their owner, and Frerichs’ office strives to do so. **However, bonds not surrendered to the state that the federal government knows exists are not afforded the same protection.** Unlike the state of Illinois, the federal government is not required to try to find the bond’s owner.

In 2022, Congress passed a provision in the Consolidated Appropriations Act for 2023 that requires the U.S. Treasury to provide information to states on savings bonds with owner or beneficiary addresses in the state for states to use to locate bond owners. However, Treasury issued proposed rules to implement this law in October 2023 that appeared very limited in terms of how states could make use of the bond information.

Frerichs submitted comments on the proposed rule and is calling on Treasury to revise its final rule in a way that would allow states to better utilize bond information to reunite Illinois residents with their missing bonds.

Congressman Davis has championed legislation in a prior Congress, sponsored by a bipartisan group of nine Representatives (H.R.5269) and twenty Senators (S.2417), that would have effectively allowed for the transfer of unclaimed savings bonds to states, allowing states to use all available state unclaimed property resources to try to find the owners of the bonds.

#### At Issue:

- Most of these \$30 billion in bonds are physical pieces of paper that are lost, stolen, forgotten or destroyed.
- Many of these bonds were issued more than 70 years ago, were for small amounts, and matured after 30-40 years. The chances of owners or heirs seeking to redeem these bonds from the U.S. Treasury is extremely low and federal officials are not required to try to find them.
- The U.S. Treasury is the sole source of names, addresses and serial numbers needed to claim the bond proceeds.

- The problem only will get worse because the federal government eliminated paper bonds in 2010. Since January 2011 the bonds are electronic, so there is nothing to secure in a safe deposit box.
- The National Association of Unclaimed Property Administrators estimates that \$1 billion in unredeemed lost or missing bonds belong to Illinois residents.
- Estimated value of matured, unpaid U.S. savings bonds in nearby states: Indiana, \$478 million; Kentucky, \$319 million; Missouri, \$438 million; Iowa, \$226 million; Wisconsin \$415 million; and Michigan, \$773 million.

### **About Illinois State Treasurer Michael Frerichs**

The Illinois State Treasurer's Office is a powerful economic engine that invests in people to drive prosperity, development and growth throughout the state. As State Treasurer, Michael Frerichs (FRAIR'iks) is the state's Chief Investment and Banking Officer and actively manages approximately \$60 billion. The investments help families pay for college and trade school; workers save for a dignified retirement; and local governments process bill payments more efficiently so they can pass along the savings to taxpayers. The office provides financial institutions money to loan to farmers, small business owners, and qualified individuals at below-market rates because better jobs create stronger communities. The office operates the state's largest consumer-protection initiative, the missing money I-Cash program, which has returned a record-breaking \$1.9 billion since Frerichs was elected.

For more news about the State Treasurer's Office, please follow Treasurer Frerichs on X (formerly Twitter) at [@ILTreasurer](#), Threads [@iltreasurer](#), Instagram at [ILTreasurer](#), [LinkedIn](#) and on Facebook at [Invested in You – Treasurer Michael Frerichs](#).

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