



SOUTH DAKOTA
Treasurer

— JOSH HAEDER —

FY26 Budget Overview

Unclaimed Property FY26 Breakdown (excluding one-time request)

General Funds - \$1,429,673 Informational - \$37,525,105

Combined \$38,954,778



The State Treasurer is holding hundreds of dollars in unclaimed funds.

The State holds these lost funds until they are claimed by either the original owner or their heirs.



\$581,835

Employee Salary and Benefits



\$32,911

Travel



\$2,904,397

Contractual Services



\$40,180

Supplies & Materials



\$10,000

Capital Outlay



\$35,385,455

Estimated Unclaimed Property Payments

How Unclaimed Property Works

What is Unclaimed Property?

Unclaimed or “abandoned” property refers to property or accounts within financial institutions or companies—in which there has been no activity generated (or contact with the owner) regarding the property for one year or a longer period.

After a designated period of time (called the dormancy period) with no activity or contact, the property becomes “unclaimed” and—by law—must be turned over to the state.

Types of Unclaimed Property

- Checking or savings accounts
- Stocks
- Uncashed dividends or payroll checks
- Refunds
- Traveler’s checks
- Trust distributions
- Unredeemed money orders or gift certificates
- Certificates of deposit
- Customer overpayments
- Utility security deposits
- Mineral royalty payments

Holder Reporting

- Financial Institutions and companies (Holders) identify unclaimed property based on dormancy.
- The Holders make a good-faith effort to reach the owner of the property before turning it over to the state. Attempts may be made by letters, phone calls, electronic communication, or other methods.
- If no contact with the owner has been made, then the organization (Holder) must prepare and submit to the state an unclaimed property report.
- The state receives the report and payment from the holder. The report is processed, and the properties are made available for claim by the rightful owner. Properties valued at \$10 and over are available through the search and claim page of the state website.

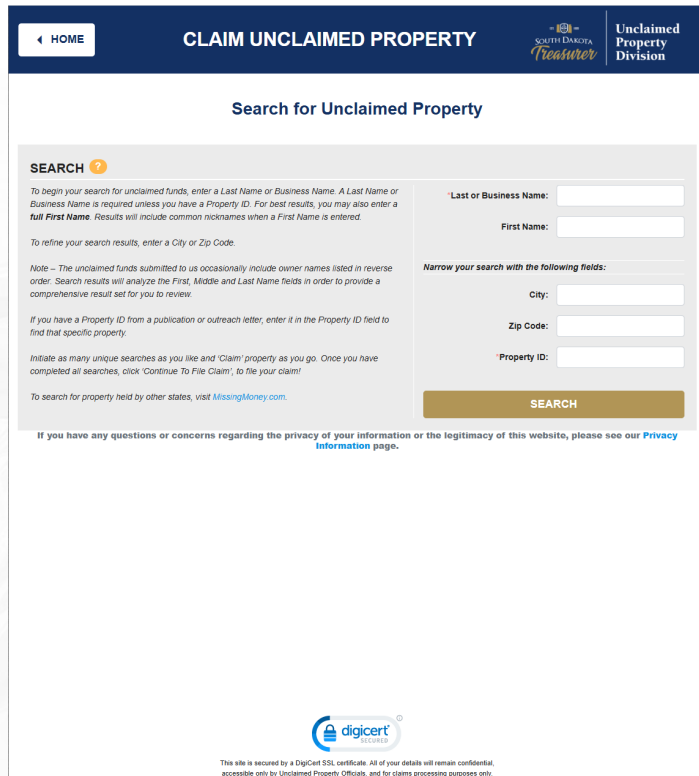
Claiming Unclaimed Property

Website: [Cash.sd.Gov](https://cash.sd.gov)

Claims are created by the interested party, heirs or POA of the owner, or the state.

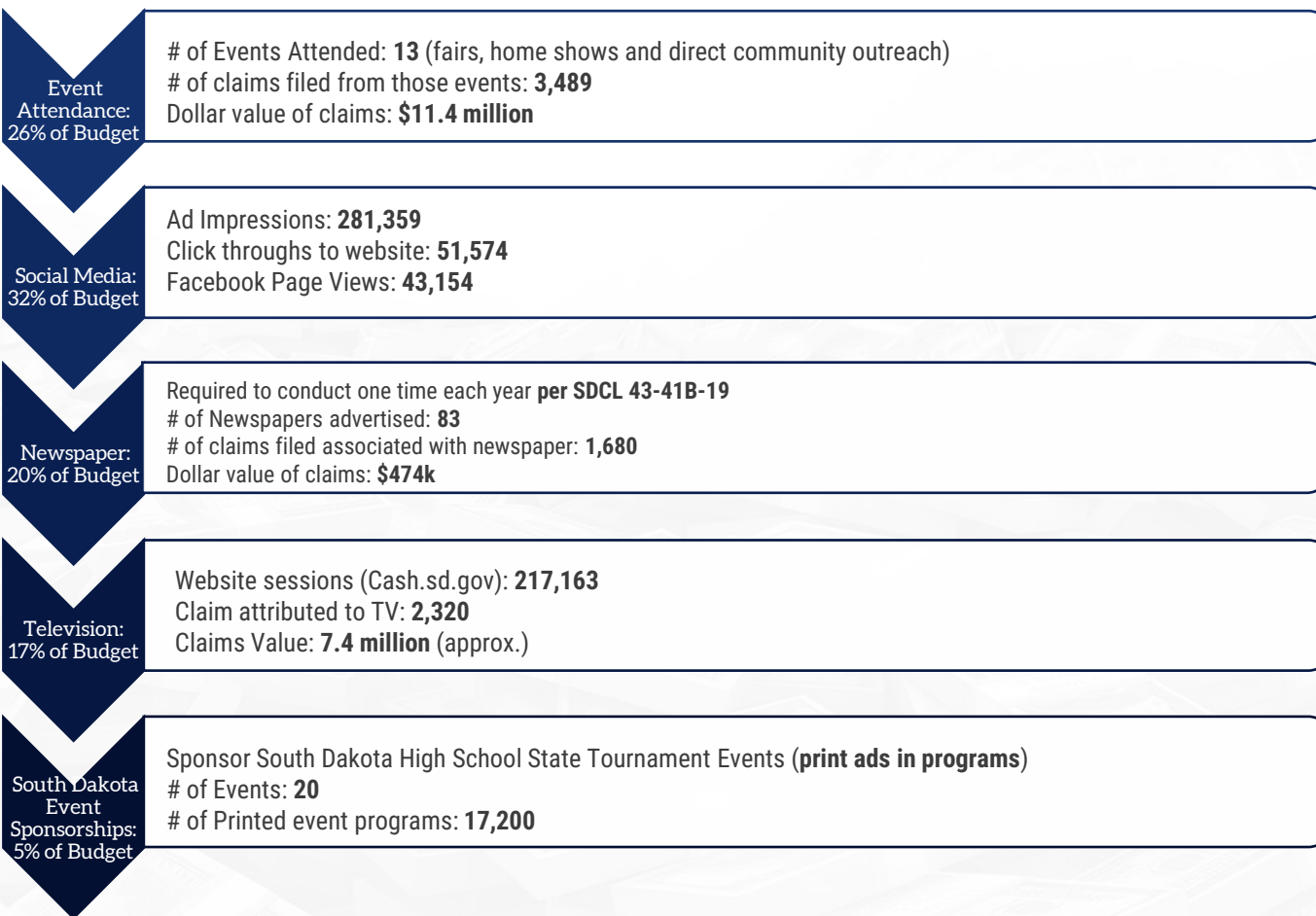
Claims Process

- Claims that qualify for paperless processing, FastTrack, are passed directly for payment. The claimant receives notification that their claim is completed and being processed for payment. Nothing else is needed from the claimant.
- Claims that do not qualify for FastTrack processing are sent a claim form to return with the requested documentation via mail or email.
This is a manual process at this point. The state is waiting for claimant to act.
- Once the state has received the documentation the claim is reviewed.
- The claimant is notified that additional information is needed or that the claim is complete and ready for payment.
- Claimants that do not respond to a request for additional information are notified after 60 days that action is needed to complete the claim. The claim is inactivated after 120 days. Claimants will have to enter a new claim or contact the office.
- Claims that are initiated by the state as part of data matching are sent for payment without the claims process being initiated by a claimant. All research and documentation is provided as part of the data matching process.
- **Claimants have 180 days to deposit the state check (warrant) issued to them. After 180 days the check is marked staled, and the claim is closed. The claimant will have to request a new check or start the process over once the check has staled.**



The screenshot shows the 'CLAIM UNCLAIMED PROPERTY' website. At the top is a dark blue header with a 'HOME' button, the title 'CLAIM UNCLAIMED PROPERTY', and the South Dakota Treasurer's logo. Below the header is a 'Search for Unclaimed Property' section. It includes a 'SEARCH' button with a question mark icon, followed by instructions on how to search using a Last Name or Business Name, a full First Name, or a Property ID. There are input fields for 'Last or Business Name', 'First Name', 'City', 'Zip Code', and 'Property ID'. A 'SEARCH' button is at the bottom of the search fields. Below the search fields is a 'Narrow your search with the following fields:' section with a dropdown menu. At the bottom of the page is a 'Privacy Information' link and a 'digicert' logo.

Return Efforts and Advertising



Expenses associated with claims processing and holder reporting.

Most of the expenses in unclaimed property processing are associated with our Unclaimed Property Database Management System (KAPS).

Breakout of our December 2024 billing for KAPS and provided services.

KAPS software license	\$12,762.50
OnBase Imaging Fee	\$2025.00
Authentication Services (LexisNexis)*	\$610.13
KFI (Kelmar Fraud Index) *	\$1060.00
Special Project Fees (DSS records match)	\$875.00
Total due	\$17,332.62

KAPS costs us a yearly contract fee (average of 6% increase per year). KAPS software licensee fee for FY25 is \$160,800.

*Staff will also access LexisNexis for additional verification of identity, address, business affiliations, etc. We are billed monthly by LexisNexis for these verifications at an average of \$300-\$500 per month depending on the volume of claims manually process. Other expenses related to processing of reports and claims are your standard items. Phone, postage, paper, toner, ACH fees, BIT billings, etc.

Audit Expenses

We contract with five audit firms now. Multi-state audits are performed at the request of a state, usually the state of incorporation, and signed onto by other states. The billing is a percentage of the funds and value of securities recovered to the individual state. Fees are currently between 10-15 percent depending on the firm and scale of the audit.

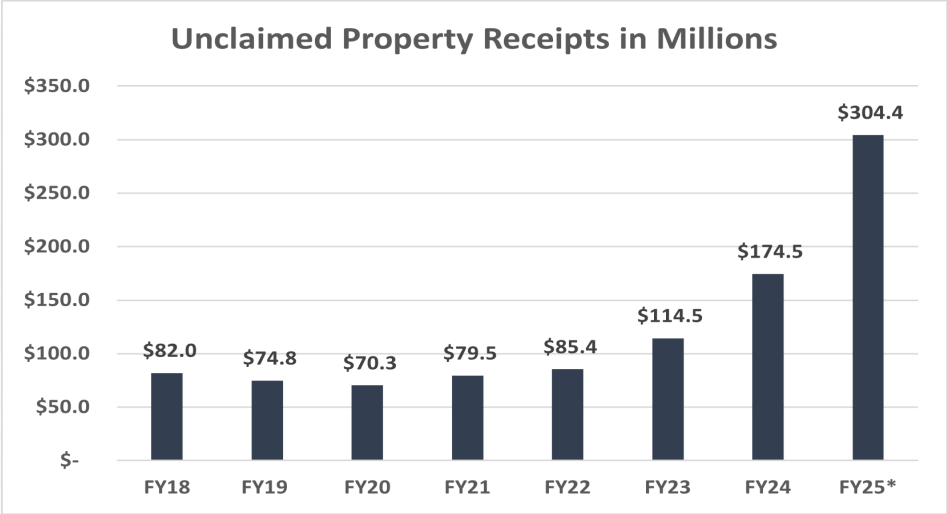
Contractor Assisted Self Audits (CASA) are performed on a percentage basis. The audit contractor assists holders with completing a questionnaire and then the process of reporting to the state.

Audit costs are NOT General Fund dollars.

Explanation of Large Dollar Amount received this year



FY25 UCP Receipts (collected) July-December 2024



➔ **\$304.4 million with another \$5-7 million expected** from life insurance report, stock sales and audits.

➔ FY24 total receipts were \$174.5 million, thus we will receipt in roughly **\$136.9** million more in FY25.

In discussion with our large holders, it's been indicated that there have been a significant number of COVID related account closures. Thus, once the dormancy period on those accounts (3 years) is met, the abandoned funds are escheated to the state.

FY25 Claims Expected Returns

*The payment of claims comes from informational dollars. Amounts shown are estimates

FY25 – \$45 million

Current FY25 claims paid is >\$30m 1/30/25

If one time data match request is **not approved*



FY25 (26) – \$19 million

If one time data match request **is approved*

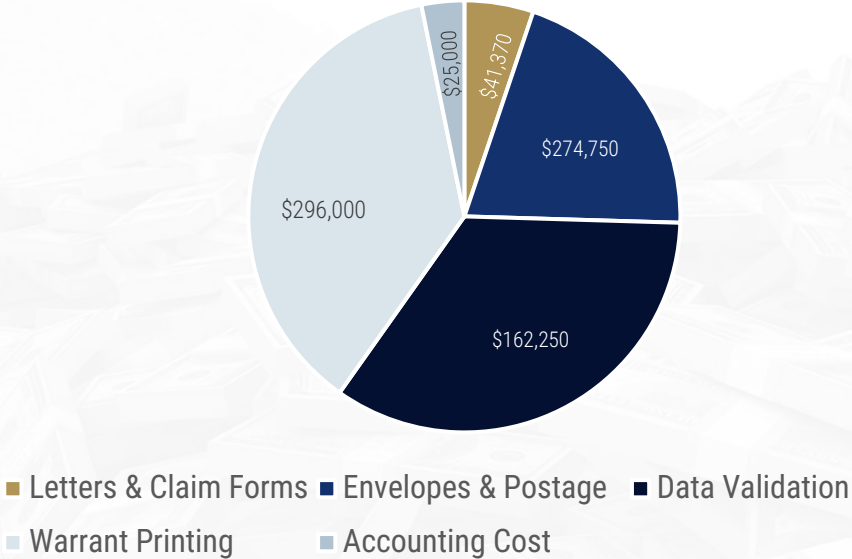
FY25 - \$4.8m F26 - \$14.2m
(50,000 claims) (150,00 claims)

*Expenses for data match must be approved by legislature

Unclaimed Property Data Match Request (One Time FY25 & FY26) Cont.

Request Amount: **\$800,000**

Data Match Expense Breakdown



South Dakota Data Match

South Dakota Properties

- 208,651
- Look back years:
2013-2024

Total Value of Properties

- **\$18,997,802**
(Properties \$2,500 or less 2013-2024)

National Data Match Results (17 States)

Total Properties

- 1.8m
- Look back years:
2017-2024

Total Value of Properties

- **\$470m**
(Properties \$2,500 or less 2017-2024)

Questions?

Stop or call any time!



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