



Gift Expiration and Escheatment Laws

Merchants need to take care that their program is designed in a way that is compliant with their state laws with regards to expiration and escheatment. As the service provider you do not have any obligation, but should help them in the area as it will establish you as a valued partner. We at bSmart Rewards always recommend that merchants consult their accountant and/or their attorney to make sure they have the most accurate information for laws in their state.

While consulting an attorney is the best option we do have some best practices:

- To comply with new federal laws gift cards need to have at least 24 months before the merchant can assess fees, or expire.
- Best practice is to have no expiration date at all. Customers trust companies that don't have "fine print" associated with their products.
- The internet can be used to research the escheatment laws. Sites like the National Conference of State Legislatures (<http://www.ncsl.org/default.aspx?tabid=12474>) update state laws to keep you informed of recent changes. (This site is merely a suggestion and has in no way been fact checked by bSmart Rewards)
- Money issued as a reward, as in cash back programs, are not subject to the same escheatment laws. Most can expire within days of being issued.
- Soft expirations can be used to give the consumer a grace period. A soft expiration is when the receipt states a date earlier than the actual expiration date. Consumers tend to remember the card on or around the time it was given to them. Having an expiration date of 26 months rather than 24 can help with customer frustration at the point of sale.

If you have any questions regarding this document please contact us at bsmart@sunrisebusiness.com or contact your Client Services Manager.