Giannoulias: Redeem expired gift cards

New gift card law protects Illinois consumers

Illinois residents who received gift cards this holiday season may be able to redeem them for cash even if the gift cards expire, Illinois State Treasurer Alexi Giannoulias said today.

The Treasurer's Office is holding more than $5 million in unused gift card balances for Illinois residents.

Giannoulias’ announcement comes after a record year in gift card sales and in advance of a new law which aims to make gift cards more consumer-friendly. As of Jan. 1, gift cards must not expire for five years after issuance and cannot charge fees which diminish their value.

“In Illinois, gift cards never stop giving,” Giannoulias said. “Even when gift cards expire, consumers can recover their money from the state.”

Owners of expired gift cards can search for their refunds on the state’s unclaimed property database at www.cashdash.net or call (866) 458-7327. Even if a name isn’t listed, the state may still have a person’s unused balance.

Most gift card retailers do not record the name or contact information for the purchaser or recipient. The unredeemed balances come to the state marked as “owner unknown.” In such cases, the purchaser or recipient must file a claim with the Treasurer’s Office using the serial number on the expired gift card.

Unfortunately not all retailers who do business in Illinois send unclaimed gift card balances to the Treasurer. Unused gift card balances are sometimes remitted to the state where the retailer is incorporated. That’s one reason why the new gift card law is a win for Illinois consumers, said state Rep. Jack Franks of Woodstock who sponsored the legislation.
“Our goal was to put an end to the gift that keeps on taking,” Franks said. “That money needs to stay in the pockets of consumers.”

An estimated $8 billion in gift cards went unused in the U.S. in 2006, according to TowerGroup, a research firm in Needham, Mass.

Similarly, a recent Consumer Reports National Research Center survey found that 27 percent of adults who received gift cards during the 2006 holiday season had not used one or more of them nearly a year later. That is an increase from 2005, when 19 percent of consumers had one or more unused gift cards.

Over one-third of those respondents said they didn't use the cards because they either forgot about them, lost them, or the cards had expired, according to Consumer Reports. More often, people said they didn't have time to shop or couldn't find anything to buy.

Still, gift cards remain wildly popular. TowerGroup projects gift-card sales will top $100 billion in 2008, compared with estimates of $80 billion in 2006.

“Gift cards are king. Illinois laws make them all the more appealing to time-pressed shoppers,” said Lynda DeLaforge, co-director of Citizen Action Illinois.

The Consumer Reports survey found that 62 percent of consumers planned to give gift cards in 2007. They were the most-wanted gift among women and ranked third with men.

“When it comes to gift cards, it is buyer beware,” said Jack Gillis of the Consumer Federation of America. “Illinois consumers can be thankful for a new law that protects their pocketbooks when it comes to gift cards. Banning fees and insuring that gift cards are good for at least five years will go a long way to insuring that these cards really are gifts and not overpriced sales gimmicks.”