



## MEMO# 1802

March 28, 1990

## RPO SURVEY RESULTS

March 28, 1990 TO: OPERATIONS MEMBERS NO. 11-90 TRANSFER AGENT ADVISORY COMMITTEE NO. 8-90 ADHOC COMMITTEE ON UNCLAIMED PROPERTY RE: RPO SURVEY RESULTS \_\_\_\_\_ The Institute surveyed the Operations Committee last year for information regarding abandoned shareholder accounts (memo to Operations Committee No. 23-89, dated November 9, 1989). The questionnaire was re-circulated on January 23, 1990 in an attempt to improve the response rate. The results have been compiled and are presented below. Completed questionnaires were received from 28 of the 57 fund groups represented on the Operations Committee. The respondents account for approximately 37% of industry assets and about 26% of all open-end funds. The data are illustrated in ranges and averages within categories of respondents segregated by level of assets under management. The following table profiles the 28 fund complexes in the survey. SURVEY PARTICIPANT'S ASSETS & FUNDS AT 10/31/89

	Number of						Net Assets					
(\$billions)	Number of Funds	Complexes	Class	Range	Average	Range	Average					
< \$10	> \$10	\$10 - \$ 45	\$27.9	23-85	44	8	\$5-\$10	\$ 5 - \$ 8	\$ 6.7	9-41	22	
10 < \$ 5	\$ .09 - \$.32	\$ 1.8	4-28	12	All		Respondents	\$ .09 - \$ 45	\$13.0			
4-85	27	The aggregate number of open shareholder accounts for all 28 respondents at 10/31/89 was 19.6 million. Of that total, 202 thousand (1.0%) were designated as RPO (Returned by Post Office) Accounts. The questionnaire defined "RPO Account" as an account for which outgoing mail has been stopped. The following table shows detailed information on open shareholder accounts, RPO accounts and related data for the survey participants.	-	2	TOTAL ACCOUNT AND RPO ACCOUNT PROFILE OF SURVEY PARTICIPANTS AND RELATED DATA		All	Complex Size				
Respondents	< \$5B	\$5-10B	> \$10B				Number Open			Accounts (000)		
Range:		Low	17	17	156	560	High	3,489	454	876	3,489	
Average	698	132	525	1,403			Number RPO			Accounts (000)		
Range:							Low	.08	.08	.7	1.4	
High	29.50	3.40	29.5	29.0	Average	7.20	1.50	9.0	11.4			
Percent of Average				RPO Accounts to			Average Open			Accounts		
1.03%	1.13%	1.71%	0.81%				Average Number*			Employees Engaged		
in RPO Search and				Compliance			Activities	2.03	0.74	2.56	2.90	
Average Number				RPO Accounts Per			Employee	3,547	2,027	3,516	3,931	

\*full time equivalent Survey participants were asked whether a separate RPO bank account is maintained for cash associated with RPO accounts. Eleven of the twenty-eight participants responded that a separate RPO bank account is maintained; there was no correlation between maintenance of a separate account and number of RPO accounts, assets under management or any other factor. For those with separate RPO bank accounts, an average of .92 full time equivalent employees were engaged in reconciliation of RPO bank accounts. An average of 1.18 full time equivalent employees were engaged in recording RPO related data in the shareholder system for the 21 participants who provided

Complex Size	Respondents	< \$5B	\$5-10B	> \$10B	Labor	\$5.14	\$10.12	\$5.05	\$4.52	Systems	\$0.51	\$0.51	\$0.45	\$0.56	Phone	\$0.37	\$0.33	\$0.65	\$0.20	Postage	\$0.23	\$0.57	\$0.21	\$0.20	Outside Charges	\$0.57	\$1.04	\$0.68	\$0.44	Other	\$0.67	\$0.89	\$1.27	\$0.26	TOTAL	\$7.49	\$13.46	\$8.30	\$6.18	
As shown above, respondents are spending an estimated \$7.49 per year per RPO account in efforts to locate lost shareholders, with the smaller fund groups spending considerably more than the average for all respondents. Labor costs account for over two-thirds of total costs. Estimated total annual costs spread across the entire shareholder account base are as follows:																																								
Complex Size	Total Costs	Per Account	> \$10 B	\$0.050	\$5 - 10 B	\$0.142	< \$5 B	\$0.158	All Respondents	\$0.077																														

Twenty-six participants furnished responses as to how they obtain reimbursement for RPO costs. The results are summarized below.

|| Method of Reimbursement  
|| Number of |Bill as| In Overall | Charge | Take Expense || Respondents|out of|Account  
Fees|Shareholders| From RPO || |pocket | | When Found | Dollars || | | | | | 2 | X | | X | | | | |  
|| 8 | X | X | | | | | | 4 | X | | | | | | | 12 | | X | | | Insufficient data were furnished on the  
costs of using external services and associated success rates to report a meaningful  
summary. If you wish to discuss any of the above, please call me at (202) 955-3552. Donald  
J. Boteler Director of Operations/ Fund Accounting