The Office of the Illinois State Treasurer predates Illinois statehood, tracing its roots to the early days of the Republic. The office was enumerated in the original Illinois Constitution in 1818. Initially, the Treasurer’s primary responsibility was to be custodian of a strongbox where the state’s funds were kept. State funds could be loaned out by the Treasurer, who was allowed to keep the interest as personal income. In 1848, voters chose to make the position an elected office. In the early 20th century, state law was changed to require that state funds be deposited into banks. As our system of government and finance evolved, more checks and balances were put into place to ensure better record-keeping, accountability and transparency.

The 1970 Constitution identified the Treasurer as the state’s chief investment and banking officer. The Treasurer’s office now manages more than $30 billion on behalf of taxpayers, units of local government and families saving for college. The Treasurer’s office follows sound investment policies to ensure the preservation of capital, provide the necessary liquidity to pay the state’s bills and earn the best rate of return. This investment approach has allowed the Treasurer’s office to return $42 to the state for every $1 spent on operations.

The Treasurer’s office also provides tools for Illinoisans to invest in themselves. The office assists and protects consumers by offering savings plans for college or trade school, providing options for a secure retirement and providing specific investment vehicles for parents with children who have disabilities. The Treasurer’s office supports economic development and job creation through specific investment initiatives to local employers, farmers and entrepreneurs. The Treasurer’s office is charged with safeguarding nearly $3 billion in unclaimed property as it works to reunite cash and other valuables with their rightful owners or heirs. The office is legally required to return the property to the rightful owners no matter how long it takes.

**Mission Statement**

The Illinois State Treasurer’s office is dedicated to protecting the state’s portfolio, ensuring the liquidity of all investments and consistently producing earnings at or above industry standards.

The office’s investment decisions will promote education, access and opportunity for individuals and governmental bodies across our state to give families the tools to achieve the American dream.

The Treasurer’s office is committed to fulfilling this mission in a professional and ethical manner, while striving for transparency, efficiency and preservation of public trust.

**Increasing Investment Returns and Opportunities**

As the state’s chief investment and banking officer, the Treasurer prudently invests more than $30 billion on behalf of taxpayers, units of local government and families saving for college. Under Treasurer Frerichs, investment earnings have increased from $4 million per month to $27.4 million per month for the state investment portfolio and from $50,000 per month to $11.3 million per month for local governments.

The Illinois State Treasurer’s office utilizes private firms to assist in its banking and investment duties, including broker/dealer services, investment management services and banking services. A competitive bid process is used to select these firms. Businesses led by Minorities, Women, Veterans or individuals with a Disability (MWVD) have historically been overlooked for this work. In 2014, the office used MWVD firms to invest $603 million. By recruiting other firms to apply, the Illinois Treasury now invests more than $35 billion through MWVD firms. Information on how to work with the Illinois Treasury is available on the Treasurer’s office website.
Considering environmental, social and governance factors, such as clean energy, climate change, water management, safety policies and corporate diversity during the investment evaluation and decision-making process not only enhances long-term shareholder value but also deters needless government regulation. The largest privately held portfolios agree. Inclusion is a key pillar of the Illinois Treasury’s approach to investing. Recent research demonstrates that firms with diverse executive teams and corporate boards are primed to outperform their peers. Staying at the corporate governance table, rather than divesting, is often the best way to protect and enhance shareholder value.

Saving for College and Trade School

The Treasurer’s office oversees Illinois’ Bright Start and Bright Directions college savings plans. These tax-advantaged plans encourage individuals to save for qualified education-related expenses, such as tuition at an accredited college or trade school, books or a computer for classes. Plans can be opened for as little as $25. Investors can choose a plan on their own or through an investment advisor. Bright Start and Bright Directions are considered among the very best in the country, according to an independent investment research firm, and have more than $10 billion in assets and over 600,000 accounts.

Saving for Retirement

Secure Choice is a retirement savings tool for workers who are not offered a 401(k) or similar retirement savings option by their employer. Illinois is among a growing number of states that recognize that nearly half of private sector workers do not have access to an employer-sponsored retirement plan. For example, more than one-third of Illinois retirees rely on Social Security for 90 percent of their retirement income; however, the average monthly Social Security check is about $1,461. This amount practically guarantees other tax-supported assistance will be necessary for retirees. Under Illinois Secure Choice, employers with 25 or more employees, who have been in business for two years or longer, and who choose not to provide a retirement tool such as a 401(k), facilitate a percentage of payroll wages to be
invested in a long-term retirement savings account for their employees who do not opt-out. This account would travel with the worker, rather than stay with the employer, and allow the worker to save his or her own money for retirement. Secure Choice will bring greater retirement security to an estimated 1.2 million Illinois workers.

**Helping Individuals with a Disability**

“What happens when I’m gone?” This is the greatest concern of a parent who has a child with a disability. Achieving a Better Life Experience (ABLE) is a 529 tax-advantaged savings plan similar to Bright Start and Bright Directions. Qualified expenditures from ABLE investment accounts can support the health and well-being of the person with a disability, such as renovating a home to accommodate wheelchair access or paying for physical therapy. Illinois is a national ABLE leader and works to create the highest quality and lowest cost investment options for people with disabilities and their families.

**Helping Financial Institutions Invest in Local Businesses**

The Linked Deposit Program is a banking strategy designed to support Illinois businesses. The Treasurer’s office deposits money with Illinois lending institutions for specific lending initiatives. These institutions loan the money to qualified businesses at below-market rates. The Ag Invest Program is the state’s best-known Linked Deposit effort. Farmers can borrow money for cash management, equipment purchases and construction-related expenses. In 2017, Treasurer Frerichs announced the Community Uplift Program (CUP) to make additional financial resources available to rural and urban communities that struggle with unemployment, poverty and large-scale business closings.
Investing in the Illinois Economy

Illinois’ position as the “Midwest’s tech hub” continues to grow. Fueling this innovation and job creation is the Technology Development Account (TDA), also known as the Illinois Growth and Innovation Fund (ILGIF). In 2018, the General Assembly agreed with Treasurer Frerichs’ recommendation to allow the Treasurer’s office to allocate up to 5 percent of the state portfolio on a recurring basis to TDA to capitalize technology businesses seeking to locate, expand or remain in Illinois.

Transparency

The Illinois Treasurer’s office has set the transparency standard with The Vault. This interactive website is part of the office’s website and details how Illinois invests taxpayer money, manages state debt and tracks bond ratings. It is part of an ongoing effort to increase transparency and accountability in Illinois finances. The Vault open data portal presents information so users can easily compare data points in charts they prefer to use, such as line, bar or pie. Data also can be exported so comparisons to other investment entities can be made.

Safeguarding and Returning Unclaimed Property

The Treasurer’s unclaimed property unit safeguards nearly $3 billion in cash and valuables. Examples include an undelivered final paycheck, an unclaimed life insurance policy, an uncashed rebate check or a utility refund. Audits of life insurance companies discovered over $550 million in unclaimed benefits owed to Illinois residents. Audits and litigation uncovered millions more in rebates owed to Illinois consumers. Increased efforts to return unclaimed property through the ICash website, an online claims process, in addition to leveraging technology and available data to automatically return single-owner properties of $2,000 or less without the need to even file a claim, has generated record-breaking returns in fiscal years 2016, 2017 and 2018. The Treasurer is legally required to return the unclaimed property to the rightful owners no matter how long it takes.

Military medals also are part of unclaimed property. Treasurer Frerichs’ efforts to locate these servicemen and women, or their heirs, continue after private entities failed for more than five years. These bittersweet reunions are profoundly moving and include Purple Hearts and service medals from military conflicts.

Helping our Neighbors through Nonprofits

The Charitable Trust Stabilization Fund was created in 2007 to help small non-profits across Illinois. Money for the fund comes from filing fees nonprofits pay to the state. The fund was not operational until Treasurer Frerichs revived the program in 2017. An 11-member committee was chosen to oversee the fund’s management. Nonprofits with annual budgets of $1 million or less are chosen to help economically challenged regional areas. An emphasis has been placed upon charities that promote housing, food and economic development.

Financial Tools for Local Governments

The Illinois Funds is a local government investment pool operated by the Treasurer’s office. More than 2,200 units of government participate in the pool, which has provided a safe, liquid and competitive investment since 1975. Under Treasurer Frerichs, investment earnings for Illinois Funds have increased from $50,000 per month to $11.3 million per month. The Illinois Funds continues to enjoy Standard & Poor’s highest rating of AAAm and is designed to augment, not replace, local banking relationships. Money in this fund cannot be swept and used for any other purpose. Over 500 state and local government agencies also use ePAY, a full-service electronic payment program specifically designed for Illinois governments by the Treasurer’s office. The ePAY system allows Illinois governments to quickly and securely receive payments 24/7 through convenient, customized payment channels.
Treasurer’s Staff Members

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