



# Michael W. Frerichs

ILLINOIS STATE TREASURER



One Year Progress Report

*January 2015 - January 2016*

## *Letter from Illinois State Treasurer Michael W. Frerichs*

Dear Illinois Residents,

It has been a year since I was sworn in on January 12, 2015 as your elected State Treasurer, so it seems like an appropriate time to take stock. I am humbled by the opportunity to serve in this office and encouraged by the many successes in our first year.

On day one, I called for an audit to conduct a top to bottom review of the Treasurer's Office. The audit provided the blueprint needed to improve the overall performance and effectiveness within the Treasurer's Office.

With a clear path forward, my first year has been a rewarding one. We accomplished our goal to restore faith in this office, provide more tools to help Illinois families invest in themselves, and fought insurance companies on behalf of consumers to ensure they get what is owed to them.

Since taking office, the Treasurer's Office has lowered fees for the Bright Directions College Savings Program and the plan received a ratings upgrade from Morningstar, ranking the program among the best in the country.

We made significant progress toward the implementation of two new programs: Secure Choice, to help people retire with dignity, and Achieving a Better Life Experience (ABLE), which assists individuals with disabilities get the tools necessary to attain financial stability and independence.

Improvements were made to the Ag Invest Program to fit the evolving needs of Illinois farmers.

The Treasurer's Office Illinois Growth and Innovation Fund is investing \$220 million in emerging technology companies to create more jobs and spur economic growth in Illinois.

We continue to promote more opportunities for Minorities, Women, Veterans and Disabled individuals (MWVD). In fact, under my administration, we saw a **1,000%±** increase in assets brokered by MWVD firms.

We are very proud of these accomplishments, but will not rest on our laurels. We will continue to work hard and come up with more ways to make good returns on investments, help people invest in themselves, protect consumers and ensure Illinois families have the tools to succeed.

Sincerely,



Michael W. Frerichs

**Michael Frerichs is the state's Chief Investment Officer. He actively manages approximately \$25 billion. For every dollar spent on operations, \$28 is returned to the state.**



## *Mission Statement*

The Illinois State Treasurer's Office is dedicated to safeguarding the state's investment portfolio, ensuring the liquidity of investments, and consistently producing earnings at or above industry standards.

Our 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 highly professional and ethical manner, while striving for transparency, efficiency, and preservation of public trust.

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## *By the Numbers* (2015)

- Enumerated in original state constitution in **1818**
- Manages **\$25 billion** in total assets
  - **\$12 billion** in state funds
  - **\$8 billion** in college savings plans
  - **\$5 billion** in state and local governments
- Treasurer's Office **returns \$28 in revenue** to the state **for every \$1 spent** on operations
- **Brokered \$4,390 trillion in assets** over the last four years (FY 2012 – 2015)
- **Processed \$292.6 billion in receipts and disbursements** in FY 2015 alone
- Received **75,000** calls for Unclaimed Property
- **1.5 million unclaimed properties** reported
- **\$1.3 million** is the largest unclaimed property claim **paid to an individual or trust**
- **160 employees** (approximately)

## *Illinois Budget Impasse*

### *Fighting for Illinois Families*

With the absence of a state budget agreement for Fiscal Year 2016, Treasurer Frerichs continues to use his role as the state's Chief Investment Officer to give a voice to Illinois families and urge Governor Bruce Rauner and the Illinois General Assembly to end the budget impasse.

On July 9, 2015 the Treasurer's Office announced a partnership with financial institutions to make money available to state workers facing the possibility of not receiving payroll checks. Interest-free loans were made available through the Treasurer's Office linked deposit program, which provides financial institutions with capital for specific loan programs.

The 1st District Appellate Court ordered payment of state workers despite the lack of spending authority due to no budget agreement. As a result, State of Illinois employees have not had to rely on this loan program to date.

***"The Treasurer's Office uses tools to help our residents achieve more, such as saving for college, investing in a business, or planning for retirement," Frerichs said. "This linked-deposit program is a tool that provides short-term loans for workers while the Governor and General Assembly resolve their differences."***

### *Campus Tours to Urge Approval of MAP Funding*

In 2015, Treasurer Frerichs visited more than a dozen campuses across Illinois to talk with students and school administrators from more than 20 institutions of higher learning. The conversations highlighted the frustration and fear associated with the lack of funding for the Monetary Award Program (MAP) due to the budget impasse. Treasurer Frerichs manages the Bright Directions and Bright Start College Savings Programs, which parents use to invest in their children's future. Saving for higher education is critical to bringing opportunities for our children and strengthening our economy, but many families do not have savings plans and rely on state funding to afford college.

Without the approval of tuition assistance, nearly 130,000 middle class families who budgeted the financial aid into their payment plan are faced with uncertainty.

In June, the Governor vetoed the budget, including \$397 million for MAP grants. In January 2016, the Illinois House and Senate passed SB2043. The measure, which includes \$397 million for MAP funding and \$324 million for community colleges, now moves to the Governor's desk for action.

Treasurer Frerichs will continue to give these students and administrators a voice until MAP funding is approved.



## *Protecting Illinois Seniors*

Treasurer Frerichs partnered with AARP to address the thousands of older adults at risk of losing in-home services due to the budget stalemate. He visited several communities throughout Illinois to hear first-hand the grave hardships seniors are facing.

To help workers save for their senior years, Treasurer Frerichs is working with federal officials to implement Illinois' Secure Choice Retirement Program to help our state's most vulnerable workers. Secure Choice will provide access to a retirement vehicle for nearly 1.2 million workers. Studies show a lack of retirement savings increases the likelihood that workers will be over-reliant on Social Security or retire into poverty, creating significant future burdens on state and federal social safety nets.

Without adequate state funding, organizations like AARP will no longer provide essential services to seniors such as meals on wheels, financial, or transportation assistance.

As of January 2016, no agreement has been reached on the Fiscal Year 2016 Budget. Treasurer Frerichs will continue to fight for Illinois families and passage of a responsible budget to fund programs that provide critical services to our state's most vulnerable citizens.

## Investment Earnings

The Treasurer's Office is responsible for safeguarding the state's investment portfolio, providing the necessary liquidity to meet daily cash flow demands, and consistently producing investment earnings that enrich the people and communities of Illinois.

### SAFETY:

The safety of principal is the foremost objective in investing State monies. State investments are managed in a manner that seeks to ensure the preservation of capital above all. To achieve this objective, diversification is sought to ensure the prudent management of market, interest rate and credit risks.

### LIQUIDITY:

The Treasurer's Office seeks to ensure that the State investments are sufficiently liquid to ensure that the State can meet all operating requirements that might be reasonably projected.

### RETURN ON INVESTMENT:

While the safety of principal and liquidity are the foremost objectives, the state's investment portfolio is also designed to obtain the highest available return. The rate of return achieved on the Treasurer's portfolio is measured at regular intervals against relevant industry benchmarks established by the Office to determine the effectiveness of investment decisions in meeting investment goals.

Domain: Investment Earnings	2015 TOTAL
State Portfolio	\$48,503,443
Illinois Funds	\$6,324,018
<b>TOTAL</b>	<b>\$54,827,461</b>

Domain: Revenue Earnings	2015 YTD TOTAL
Estate Tax	\$399,679,621
Circuit Court	\$94,454,491
Unclaimed Property	\$299,286,374
CSP State Fees	\$2,024,944
IL Funds State Fees	\$2,659,824
Charitable Trust Fees	\$448,995
<b>Total</b>	<b>\$798,554,249</b>

## *Safeguarding the State's Investment Assets*

### **Creation of Credit Risk Analysis Unit**

The Office recently established a Credit Risk Analysis Unit to provide enhanced expert-level support in anticipating, identifying, and mitigating credit risk exposure to the Office's investment portfolio. Among various other functions, this special unit conducts credit and risk assessments of both prospective and existing counterparties, including the examination of securities issuers/dealers, companies, industries, and other pertinent entities. Beyond providing enhanced expertise to the agency, this change enables staff previously performing credit risk duties to more fully concentrate on their core responsibilities.

### **Examination of All Investment Benchmarks**

The rate of return achieved on the Treasurer's investment portfolio is measured at regular intervals against relevant industry benchmarks to determine the effectiveness of investment decisions in meeting Office objectives. Since coming into office, Treasurer Frerichs has performed a detailed examination of all pertinent benchmarks to ensure accuracy and relevance, which had not been conducted in four years. In addition, Treasurer Frerichs has updated operating policies to ensure that benchmarks are evaluated at a minimum of every two years.

## *Focus on Diversity*

Treasurer Frerichs believes that our government should mirror the diversity in our state. In the last year, the Treasurer's Office has made great strides to ensure inclusion and provide more opportunities for Minority, Women, Veteran and Disabled (MWVD) firms. Among Treasurer Frerichs' top priorities is to continue to transform the culture, policies and operations of the Treasury to help ensure equal opportunity.

**Making It Easier for MWVD Firms to Do Business with the Treasurer's Office** – Treasurer Frerichs has introduced a number of new practices to increase business opportunities for MWVD firms, especially in Illinois.

- **Improved Request for Proposal (RFP) Process** – All RFPs within the Treasurer's Office now provide points in the scoring process to MWVD applicants. All firms that submit an RFP must illustrate how their firms promote further diversity and equal opportunity.
- **New Business Liaison** – A business liaison has been appointed to assist MWVD businesses in navigating the process to do business with the Treasurer's Office.
- **Capabilities Questionnaire for MWVD Firms** – Treasurer Frerichs developed a Capabilities Questionnaire that MWVD firms may fill out and submit to provide the Treasurer's staff with a basis to be proactive in identifying business opportunities.

- **Required Diversity Profile** – As of September 1, 2015, all investment firms and financial institutions applying to do business with the Treasurer’s Office must fill out a Diversity Profile that notes the diversity within their ownership and senior leadership.

### Enforcing Community Reinvestment Act (CRA) Standards

- Two Illinois banks were cut off from investments for failing to comply with CRA requirements, resulting in \$95,000 returned to the state.
- No standards or procedures were in place to review eligibility before Treasurer Frerichs took office.
- By law, the Treasurer’s Office is authorized to consider a financial institution’s record and current level of financial commitment to its local community when deciding whether to deposit State funds in that financial institution.

### Focused Broker/Dealer Programs towards MWVD firms

- Two of the three main investment vehicles of the office, the State Portfolio and the Illinois Funds (College Savings is the third), are made up of direct purchases and brokered assets. Together these two programs hold approximately \$17 billion in assets (as of Sept. 2015). Becoming an approved broker/dealer is a quick and effective way to maximize MWVD participation.
- 2012 vs. 2015 – The Treasurer’s Office performed a review of MWVD brokerage utilization over the last four fiscal years (FY 2012 to FY 2015). Here are the results:

**Assets brokered by MWVD Firms Increased Exponentially – Assets brokered with MWVD firms increased from a monthly average of \$50.3 million in FY 2014 to \$1.4 billion per month in FY 2016 (year-to-date). That’s more than 27 times more utilization of MWVD firms.**

<i>Assets Brokered with MWVD Firms</i>					
<b>State Portfolio + Illinois Funds</b>	<b>FY12</b>	<b>FY13</b>	<b>FY14</b>	<b>FY15</b>	<b>FY16 (YTD)</b>
Assets Brokered by MWVD Firms	\$925,000,000	\$364,200,000	\$603,810,000	\$4,239,000,000	\$8,226,550,000
Total Assets Brokered in the MWVD Brokerage Space <i>(Securities, Secondary CP, Treasury Bills/Discount Notes)</i>	\$21,038,600,000	\$25,438,400,000	\$60,291,360,000	\$74,008,909,000	\$16,491,976,000
% Brokered by MWVD Firms	4.40%	1.43%	1.00%	5.73%	49.88%

**Assets Brokered by MWVD Firms Increased from 1% to 84% – In fiscal year 2014, only 1% of the Office’s investment assets were brokered through MWVD firms. In December 2015, over 84% of the Office’s investment assets were brokered through MWVD firms. That latest monthly figure represents the Treasurer’s Office steadfast commitment to investing in the MWVD community.**

<b>State Portfolio + Illinois Funds</b>	<b>December 2016 (month only)</b>
Assets Brokered by MWVD Firms	\$2,482,650,000
Total Assets Brokered in the MWVD Brokerage Space	\$2,949,515,000
% Brokered by MWVD Firms	84.17%



## *Program Highlights*

### **Ag Invest**

The Ag Invest program partners with approved financial institutions to provide below-market rate loans to agricultural businesses and organizations. The reduced interest rate lowers the overall cost to farmers to run and modernize their farm operations.

**“Agriculture is the number one industry in Illinois, making it even more important that we are offering the right tools to help farmers succeed,” Treasurer Frerichs said. “With the Ag Invest Program, we are providing the financial support needed to assist farmers with annual operating expenses and capital improvements to help grow their businesses.”**

In an effort to modernize the Ag Invest program, the Treasurer’s Office spent 2015 working with lenders and farmers on changes to the program. Treasurer Frerichs also went on a listening tour to hear first-hand the concerns of Illinois farmers and agriculture community leaders. Changes to the Ag Invest Program went into effect January 1, 2016.

Under the 2016 changes:

#### **Annual Program**

- loan amounts will increase to \$400,000 per farmer and \$800,000 per farm operation, up from \$300,000 per farmer and \$600,000 per farm operation
- allowable spread will increase from 3.50% to 3.75%
- annual operating line of credit program will operate on a calendar year, instead of the fiscal year

#### **Long Term Program**

- loan amount will increase to \$300,000, up from \$200,000
- loan terms and refinancing of existing loans will be easier

These programs help farmers pay a reduced interest rate on their annual operating loans or investments on major expenses like machinery, building construction, and irrigation systems.

Since 2008, Ag Invest has loaned more than \$1 billion in annual and long term loans, making Ag Invest one of the most expansive loan programs in the nation. Agricultural professionals across the state have taken advantage of our below-market rates to help enhance their farm operations or alternative farming activities.

## College Savings



Bright Start and Bright Directions are Illinois' qualified 529 college savings plans. Families across the state and country are participating in Bright Start and Bright Directions to save for the increasing cost of college expenses. Combined assets in these plans exceed \$7 billion, with over 400,000 account holders.

Families can use these tax-advantaged savings plans to cover qualified costs associated with attending accredited post-secondary institutions, from vocational schools and community colleges, to public and private colleges and universities.

### Fee Reduction

Under Treasurer Frerichs, fees for the Bright Directions College Savings Program were reduced by 43%. Additionally, the \$10 set-up fee and \$3 quarterly fee were eliminated. Now more than \$3,600,000 annually will stay in owners' accounts and continue to grow to pay for college rather than going to an investment manager.

### BRIGHT DIRECTIONS UPGRADED BY MORNINGSTAR

The Illinois' Bright Directions College Savings Program is among the best in the nation, according to Morningstar. Morningstar, which evaluates and rates college savings plans, released its results in October, rating Bright Directions a "Silver-Rated Plan". According to Morningstar, Bright Directions is now one of the two highest rated advisor-sold plans in the country.

Bright Directions is a financial advisor-sold 529 account plan, which boasts \$1.8 billion invested for over 100,000 account holders. This plan offers more than 40 different age-based, target-date, and individual portfolio options and 15 Exchange-Traded Fund (ETF) Portfolios. Bright Directions has received accolades as one of the top performing advisors-sold programs in the nation. *To learn more, visit: [brightdirections.com](http://brightdirections.com)*

**“Significant fee reductions make Illinois’ Bright Directions College Savings Program even more attractive to residents and nonresident do-it-yourselfers, elevating the plan’s Morningstar Analyst Rating to Silver from Bronze.”**

**“The plan now boasts relatively cheap age-based portfolios, even while including a variety of topnotch managers.”**

– Morningstar-  
October 20, 2015  
(Bright Directions)

## **BRIGHT START**

With over \$5.7 billion in combined assets under management and over 300,000 accounts, Bright Start offers a wide range of investment choices in both a direct-sold plan and an advisor-sold plan. In addition to recent accolades from Morningstar, Bright Start Direct has been reaffirmed as a Bronze medalist.

**“Investors can confidently invest in either of this plan’s two age-based series.”**

**“Illinois focused on keeping costs down when constructing the lineup. Index series’ expense ratios range between 0.18% and 0.21%, placing it among the least expensive age-based options in the 529 industry.”**

**“The underlying index funds are Gold- or Silver-rated-marks that reflect Morningstar analysts’ conviction in the funds’ ability to outperform.”**

– Morningstar-  
October 20, 2015  
(Bright Start)

## Illinois Growth and Innovation Fund

# ILLINOIS

## Growth and Innovation Fund

Illinois will invest more than \$220 million over the next 3 years in emerging technology companies as a part of the Illinois Growth and Innovation Fund (IGIF). In 2015, the Treasurer's Office conveyed to experts in the venture capital industry the need to create more new jobs and enhance economic opportunity in Illinois. During the next three years, IGIF is expected to create an estimated 3,600 new jobs, thousands of indirect jobs, and earn investment returns for state residents.

### Technology Investment = More Jobs. Stronger Economy.

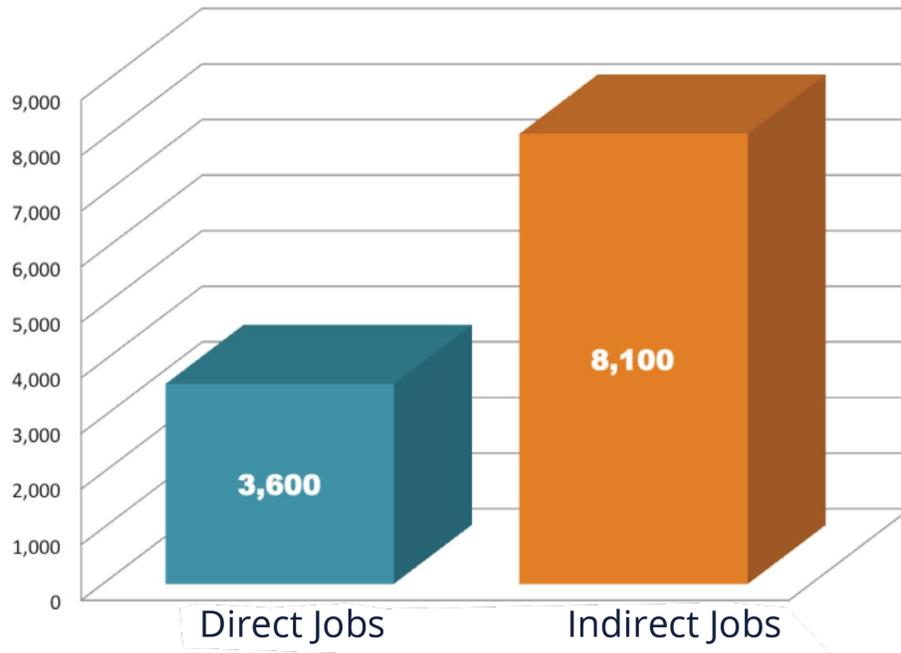
IGIF allows the Treasurer to invest a portion of the State Portfolio to help attract, assist, and retain quality technology businesses in Illinois by placing funds with Illinois venture capital firms.

In August 2002, the state passed the Technology Development Act (TDA) authorizing the Treasurer's Office to allocate up to 1% of the State Portfolio in venture capital firms with a goal of investing in technology businesses seeking to locate, expand, or remain in Illinois. This established TDA I.

TDA I created an estimated 3,900 jobs (1,200 direct and 2,700 indirect), according to results compiled by previous administrations.

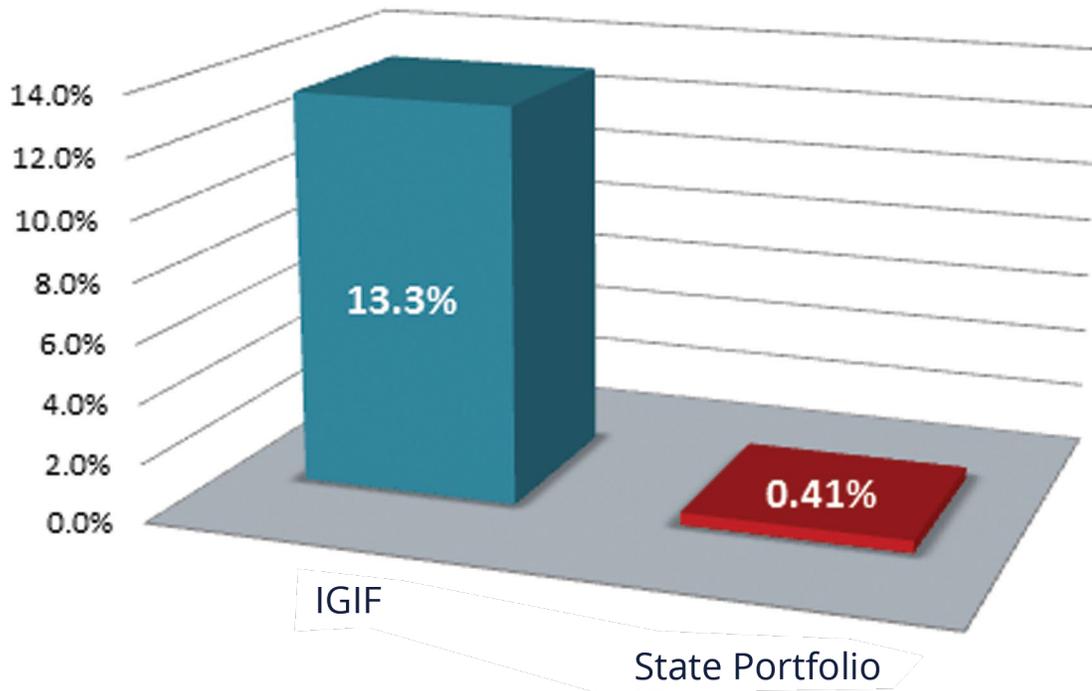
In July 2011, the Act was amended to establish **TDA II**. TDA II, or IGIF serves as an expansion of the original TDA mandate, allowing up to 2% of the state's assets to be invested accordingly.

Total Monies Invested	
STATE OF ILLINOIS	\$222 MILLION
PRIVATE SECTOR	\$400+ MILLION
<b>TOTAL =</b>	<b>\$622+ MILLION</b>



Estimated Job Creation in Illinois  
*(over 10 - year time horizon)*

Expected Return vs. State Average  
*(Based on the Cambridge All Private Equity Benchmark for Q2 2015)*



## Unclaimed Property

As part of the Illinois Treasurer's Unclaimed Property Division, the I-Cash program connects state residents and businesses with their unclaimed money and other assets. The Unclaimed Property Division recovers hundreds of thousands of properties each year from government agencies, banks, insurers, utilities, and other companies across the country that have been unable to return the properties to their rightful owners. The I-Cash program then works to notify owners and reunite them with their money and other property.

The Treasurer's Civic Engagement Division has attended or hosted hundreds of outreach events with Illinois residents and businesses to help discover what belongs to them. Civic engagement staff conducts I-Cash searches at Veterans' fairs, health and wellness fairs, public libraries, city halls, government offices, county fairs, expos, chambers of commerce meetings, and churches.

In 2015, the Unclaimed Property Division worked with holders to report over 1.5 million properties.



## Auctions

In January 2016, the Treasurer's Office held its first auction of the year. This auction represented 11,000 individual items broken down into 150 lots with an appraised value of more than \$54,000.

During calendar year 2015, the Treasurer's Office held five auctions generating more than \$390,000 in proceeds for property holders. The Treasurer's Office has six auctions scheduled for 2016. For more information about the next unclaimed property auction, visit

[www.illinoistreasurer.gov](http://www.illinoistreasurer.gov).

## Life Insurance Policies

Treasurer Frerichs is a consumer advocate, reuniting individuals with unclaimed property, including unclaimed life insurance benefits. In October 2015, the three Kemper companies sued Treasurer Frerichs to block the request for an audit that would identify life insurance policies belonging to people who have died, but the benefits have not been paid to their loved ones.

**“I’m not quite sure why they are doing this, but we have requested to audit their books to make sure that consumers in the state of Illinois have their wishes complied with. And rather than talking with us, rather than sitting down, they filed a lawsuit. We can only assume their reasons.”**

-Michael Frerichs-  
ABC Newschannel 20  
November 2, 2015

Since 2013, most insurance companies under audit by Illinois have complied with requests to review records. The audits have identified more than \$195 million in previously unpaid life insurance benefits and annuities. The insurance companies and Frerichs’ office are working together to contact beneficiaries so they can receive the money and fulfill the wishes of the deceased.

The three companies claim 160,000 active life insurance policies in Illinois. Treasurer Frerichs has asked Attorney General Lisa Madigan to represent the state’s interests in the Kemper lawsuit.



## Telethons

For the first time in the Frerichs administration, a telethon was held in conjunction with ABC Newschannel 20 in Springfield. The event was held in November 2015 and yielded great results. On the day of the telethon, the Springfield viewing area saw an increase of 285% in the number of claims initiated via the Treasurer’s website when compared to a similar time frame the previous week. Our goal is to continue to increase awareness of the program and reunite the public with their assets.

The Unclaimed Property Division has already scheduled telethons for 2016, so look for us in a community near you.



## *Programs on the Horizon*

### **SECURE CHOICE**

- Signed into law on Jan. 5, 2015, the Illinois Secure Choice Savings Program creates an automatic enrollment payroll deduction IRA to promote greater retirement savings for private-sector workers.
- The new program allows employers who do not offer a qualifying alternative retirement program to set up an automatic retirement savings plan for their employees.
- The program applies to employers with 25 or more employees, that have been in business for two years or more, and that choose to not offer a plan currently available on the private market.

After months of working with federal officials on guidelines for state-based retirement savings programs, Treasurer Frerichs was joined by U.S. Secretary of Labor Thomas E. Perez in Chicago to announce new rules outlining the path forward for state-sponsored retirement savings initiatives.

The Department of Labor's proposed rules remove barriers for state-based solutions to the retirement savings crisis, including Illinois' Secure Choice Retirement Savings Program. Already, 26 states, including Illinois, have taken some type of action to pursue state-based retirement savings solutions that will increase access to employer-based savings programs.

**"It isn't that people don't understand they should save, but if you don't make it easy for them, inertia gets in the way," said Michael W. Frerichs, the Illinois State Treasurer.**  
**"This will make it easy for them."**

-New York Times-  
November 16, 2015

Nationally, only half of working Americans save for retirement, according to the Survey of Income and Program Participation by the U.S. Census Bureau. Of those who do not save, 84 percent work for an employer that does not offer a retirement savings vehicle. A lack of retirement savings increases the likelihood that workers will be over-reliant on social security or retire into poverty, creating significant future burdens on state and federal social safety nets.



## ACHIEVING A BETTER LIFE EXPERIENCE (ABLE)

- The Achieving a Better Life Experience Act enables individuals with a disability to establish a tax-advantaged savings account to help pay for education, health, housing, and transportation expenses.
- Includes individuals facing challenges such as Autism, Down Syndrome, Blindness, or someone who has suffered a disability before the age of 26.
- ABLE accounts are similar to 529 college saving plans.
- The Treasurer's Office will be responsible for the administration and implementation of ABLE accounts in accordance with federal regulations.

In August 2015, Treasurer Frerichs hosted state treasurers from across the nation for an ABLE forum to brainstorm and discuss how to best implement the ABLE Act in each respective state to help as many people as possible.

The ABLE forum was held at the Bilandic Building in Chicago. The event included sessions on Treasury regulations, market assessment, college savings programs, effective communication, and program coordination.

A news conference was also held to hear first-hand from parents with loved ones who will benefit from ABLE accounts.



## *2016 Legislative Priorities*

- **Unclaimed Life Insurance Benefits Act - Death Master File Comparison:** Require insurance companies to compare their life insurance/annuity policy accounts against the Social Security Death Master File on an annual basis; make good faith efforts to locate and pay beneficiaries under life insurance policies; and remit life insurance proceeds to the Treasurer's Office as unclaimed property if the account holders or beneficiaries cannot be located or paid.
- **College Savings – Extend/Increase Maximum Tax Credit for Employer Matching Contributions:** Extend from 2020 to 2025 and increase from \$500 to \$1000 per employee the maximum annual tax credit employers may receive for matching contributions to their employees' 529 college savings accounts.
- **Investments – Enhanced Investment Options and Transparency for State Deposits:** Amend the Deposit of State Moneys Act to allow the State Treasurer to purchase corporate bonds with a maturity of 5 years or less that maintain a rating of AA or better and have a significant presence in Illinois; Illinois municipal or county bonds without restrictions on price; and provide that publication on the Treasurer's website satisfies the requirement that the Treasurer provide a monthly financial report to the Governor regarding the Access to Capital and Linked Deposit programs.
- **College Savings Resolution – Roll Over to ABLE Accounts:** Urge Congress to pass legislation allowing 529 college savings accounts to be rolled over to ABLE accounts without tax penalty if the beneficiary is later determined to be disabled and qualified under Section 529A of the Internal Revenue Code.
- **College Savings Resolution – Impact on Federal Financial Aid:** Urge Congress to pass legislation providing that assets in 529 college savings accounts do not count as parental assets for purposes of determining a family's expected contribution for federal financial aid.



*Awards and Acknowledgements:*

**Paul Simon Award from the Illinois Hunger Coalition**

**The Aspen Institute-Rodel Fellowship in Public Leadership Program**

**“After an intensive year-long search, the Aspen Institute has named 24 of America’s rising political stars to its prestigious Rodel Fellowship, a program designed to bring together elected officials who have demonstrated an outstanding ability to work responsibly across partisan divisions and bring greater civility to public discourse.”**

-The Aspen Institute, 2015

*Boards and Committees:*

**Secure Choice Board** (Chairman)

**National Association of State Treasurers** (Vice Chairman of Legislative Committee)

**Illinois State Board of Investment** (Board Member)

**National Association of State Auditors, Comptrollers and Treasurers’ Executive Committee** (Committee Member)



## *Meet Treasurer Frerichs*

Michael Frerichs was elected Illinois State Treasurer in November 2014.

In Illinois, the Treasurer is the state's Chief Investment Officer and Frerichs is a Certified Public Finance Officer. The office invests money on behalf of the state and local units of government. Mike also believes in providing individuals with the tools so that they can invest in themselves.

He does this by encouraging savings plans for college and trade school, increasing financial education among all ages, removing barriers to a secure retirement, and protecting residents from predatory companies.

The Treasurer's Office actively manages approximately \$25 billion. The investment approach is cautious to ensure the preservation of principal. The investment returns are significant: For every \$1 spent to run the office, Mike nets \$28 for the state's residents.

In Illinois, the Treasurer's Office predates the state's incorporation in 1818. Voters in 1848 chose to make it an elected office. Frerichs is the 74th person to serve in this role. After less than a year in office, Frerichs was elected by his peers across the country to be on the National Association of State Auditors, Comptrollers and Treasurers' Executive Committee. Frerichs also serves as Vice Chairman of NAST's Legislative Committee.

Mike was born in the Downstate farming community of Gifford, Illinois. He graduated from Yale University and spent two years in Taiwan where he taught English to young students and learned to speak Chinese. He returned to Champaign County and launched his own technology business. He was elected to the Champaign County Board and elected Champaign County Auditor. He also served as a volunteer firefighter.

In 2006, Mike was elected Illinois State Senator representing East Central Illinois. As chairman of the Higher Education Committee, Mike championed efforts to make college more affordable. He also served as chairman of the Agriculture and Conservation Committee.

Mike lives in Champaign with his young daughter, Ella.

*Contact Us:*

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