



OFFICE OF ILLINOIS STATE TREASURER

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FOR IMMEDIATE RELEASE:

July 9, 2015

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Treasurer Frerichs Partners with Credit Unions to Help People During Budget Impasse

CHICAGO – Interest-free loans will be available to state workers if the budget impasse means payroll checks will not be issued beginning July 15, Illinois Treasurer Michael Frerichs said today.

The loans will be issued through participating credit unions with money made available through the Treasurer's Office linked-deposit program. Linked deposits provide financial institutions money for specific loan programs.

"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."

The state's fiscal year ended June 30. The absence of a budget agreement means the state does not have the authority to pay certain bills, such as wages to some state employees.

An estimated 60,000 state workers might qualify for the loan program. Participating credit unions will decide eligibility. Loans cannot exceed 50 percent of pay. Loans are interest-free until 30 days after payroll resumes. A 9.9 percent interest rate will be charged beginning the 31st day. Frerichs' office negotiated the rate down from 12 percent and it remains half of the typical credit card rate. The Treasurer's Office will charge credit unions 0.01 percent interest.

As much as \$50 million will be made available for the loans. The Illinois Credit Union League and Credit Union 1 were instrumental in creating this linked-deposit effort and recruiting other credit unions to participate. Their recruitment efforts continue and the Treasurer's Office expects other credit unions to join the effort.

"True to their mission of 'People Helping People', Illinois credit unions are stepping up to assist their members' financial needs," said Tom Kane, President/CEO of the Illinois Credit Union League. "Partnering with the Illinois State Treasurer's office will provide even more resources to help them weather the budget impasse."

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“Credit Union 1 is pleased to again provide assistance to State of Illinois employees should their payrolls be interrupted due to the budget impasse,” said Brenda Crane, SVP/COO. “We have provided the Loan Assistance Program to our members since 1995 and it has clearly evolved over time as a true benefit of credit union membership.”

“We appreciate the efforts of Treasurer Frerichs to provide assistance to Illinois residents impacted by the budget impasse,” said E.J. Donaghey, CEO of the University of Illinois Employees Credit Union. “As a long-time supporter of credit unions and advocate for the people of East Central Illinois, he has consistently demonstrated a proactive approach to helping others.”

“In response to the stress being placed on many of our members’ finances due to expected delays in payroll from the State of Illinois, we have developed a program to keep these members in a positive financial position,” said Alan Meyer, President/CEO of 1st MidAmerica Credit Union. “Along with this Payroll Interruption Loan Program, we also encourage employees that currently have loans with 1st MidAmerica to contact us and review their payment options. Our staff will be available to review the full details of available programs with any interested state employees.”

About the Illinois Treasurer

The Illinois Treasurer is the state’s Chief Investment Officer and Frerichs is a Certified Public Finance Officer. He protects consumers by encouraging savings plans for college or trade school, increasing financial education among all ages, and removing barriers to a secured retirement. As the state’s Chief Investment Officer, he actively manages approximately \$25 billion. Currently, the portfolio includes \$13 billion in state funds, \$7 billion in college savings plans and \$5 billion on behalf of local and state governments. The investment approach is cautious to ensure the preservation of principal and returns \$28 to the state for every \$1 spent in operations. The Treasurer’s office predates Illinois’ incorporation in 1818. Voters in 1848 chose to make it an elected office. More at: www.illinoistreasurer.gov.

About the Illinois Credit Union League

The Illinois Credit Union League (ICUL) is the primary trade association for credit unions in Illinois and provides its members with compliance and other pertinent operating information, legislative advocacy and educational development opportunities. Membership is open to any credit union operating in accordance with the Illinois Credit Union Act or the Federal Credit Union Act. There are 306 credit unions in Illinois serving almost 3 million members. More at: www.iculeague.org.

About Credit Union 1

As a member-owned, not-for-profit financial institution, Credit Union 1 is a state chartered credit union with its corporate headquarters located in Rantoul, Illinois. Dedicated to providing convenient and competitive services to more than 95,000 members, Credit Union 1, with assets of \$771 million, has 23 branches located in Illinois, Nevada, and Indiana. More at: www.creditunion1.org.

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About the U of I Employees Credit Union

The U of I Employees Credit Union (UIECU) was founded in 1932, and today serves the University of Illinois community and anyone who lives or works in Champaign County. UIECU is a full-service financial alternative providing checking accounts, investments, low-cost consumer loans, mortgages, and related financial services to its member-owners. As a not-for-profit, member-owned financial cooperative, the U of I Employees Credit Union's goal is to improve the financial lives of its members. The credit union serves 43,000 member-owners at its three locations in Champaign-Urbana and on the web at www.uiecu.org.

About the 1st MidAmerica Credit Union

1st MidAmerica Credit Union is a not-for-profit financial cooperative that serves more than 58,000 members through 11 Illinois branches in Alton, Bethalto, Decatur, East Alton, Edwardsville, Godfrey, Granite City, Jerseyville and Wood River. Membership is open to residents of 21 counties in central Illinois. More at: www.1stmidamerica.org.

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