



ILLINOIS STATE TREASURER

MICHAEL W. FRERICHS

WHAT'S NEW



TREASURER'S NOTE

Paying it Forward

As we approach the end of the year, it is a good time to review our accomplishments and look forward to next year's opportunities.

The Treasurer is the state's chief investment officer and has been for more than 200 years. Our financial investments support state and local governments. For every dollar we spend in operations, we return \$28 to the state. I am proud of this return on investment.

I believe it is equally important that the office helps people to invest in themselves. Among our most effective tools to help our neighbors:

Saving for College: Our 529 college savings plans provide an opportunity for a bright future. This year, we made it easier to save by lowering management fees and eliminating start-up and quarterly fees for the Bright Directions program. There are 400,000 active college savings accounts.

Saving for Retirement: Not enough people plan for retirement. Not having enough money to retire with dignity stresses families and puts an added strain on public assistance programs. The Secure Choice savings plan will provide a retirement savings tool that travels with the worker with no additional cost to employers. Illinois is a national leader in this effort.

Helping our Children: Achieving a Better Life Experience is a tax-advantaged savings account similar to college savings plans helping those families with special needs children save for their kids' future. We continue to work with other states to build an effective program with low fees for families.

Invest in Illinois: Illinois is the Midwest's tech hub. Targeted investments by our office have led to success stories such as Spot Hero, Sitter City, and Trunk Club. We will build upon that success in 2016 with a second round of investment capital that focuses on creating technology jobs and growing the tech industry in Illinois.

Fighting for Families: Our unclaimed property unit safeguards more than \$2 billion in cash and assets that private institutions were unsuccessful in getting to its owners. Examples include bank safe deposit box contents or an undelivered paycheck or refund. Life insurance policies also are included. Curiously, a life insurance company has sued to block our efforts to identify unpaid life insurance benefits that should have been distributed following a loved one's death. This has occurred despite dozens of life insurance companies complying with our reasonable request. We look forward to updates on this important consumer protection issue in 2016.

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I am excited about our accomplishments this year and believe we can achieve more in 2016. Driving this optimism is our approach to making decisions. Our children and their future must be the most important factor when evaluating our choices. This approach will allow us to remain focused so we can pay it forward.

From my family to yours, Merry Christmas and Happy Holidays.

Sincerely,
Michael W. Frerichs

HOLIDAY HAPPENINGS IN THE TREASURER'S OFFICE



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ILLINOIS GETS PATH TO MOVE NEW RETIREMENT SAVINGS PROGRAM FORWARD

In November, U.S. Secretary of Labor Thomas E. Perez and Illinois State Treasurer Michael Frerichs announced sweeping new rules outlining the path forward for state-sponsored retirement savings initiatives. Secretary Perez and Treasurer Frerichs listened to leaders who worry that the looming retirement savings crisis will have a profound impact on lower-income workers' quality of life in retirement and become an untenable burden on states.

The Department of Labor's proposed rules will dismantle 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.

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.

Years of inaction by Congress to address this growing problem have led to state efforts to increase employee access to payroll deduction retirement plans while minimizing employer responsibilities and costs. Illinois has been leading the way with the passage of the Secure Choice Savings Program which will provide access to a retirement vehicle for nearly 1.2 million workers.

Illinois, and states working to pass or implement similar programs, sought to minimize the fiduciary responsibility of employers by ensuring that ERISA did not apply to provisions outlined in state-run plans. Employers are not permitted to contribute to employee accounts and are simply responsible for setting up the payroll deduction and enrollment. Existing DOL guidance was unclear on whether ERISA would preempt state laws but with the release of today's proposed rule, DOL has created clear parameters for states to implement laws while minimizing the risk of ERISA preemption.

The Department's proposed rule allows key features of Illinois' program to be implemented, including automatic enrollment with default deductions and default funds, and makes clear that employers' role in the process does not subject them to ERISA or any fiduciary responsibilities.



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UNCLAIMED PROPERTY AUCTION BRINGS IN \$73,000

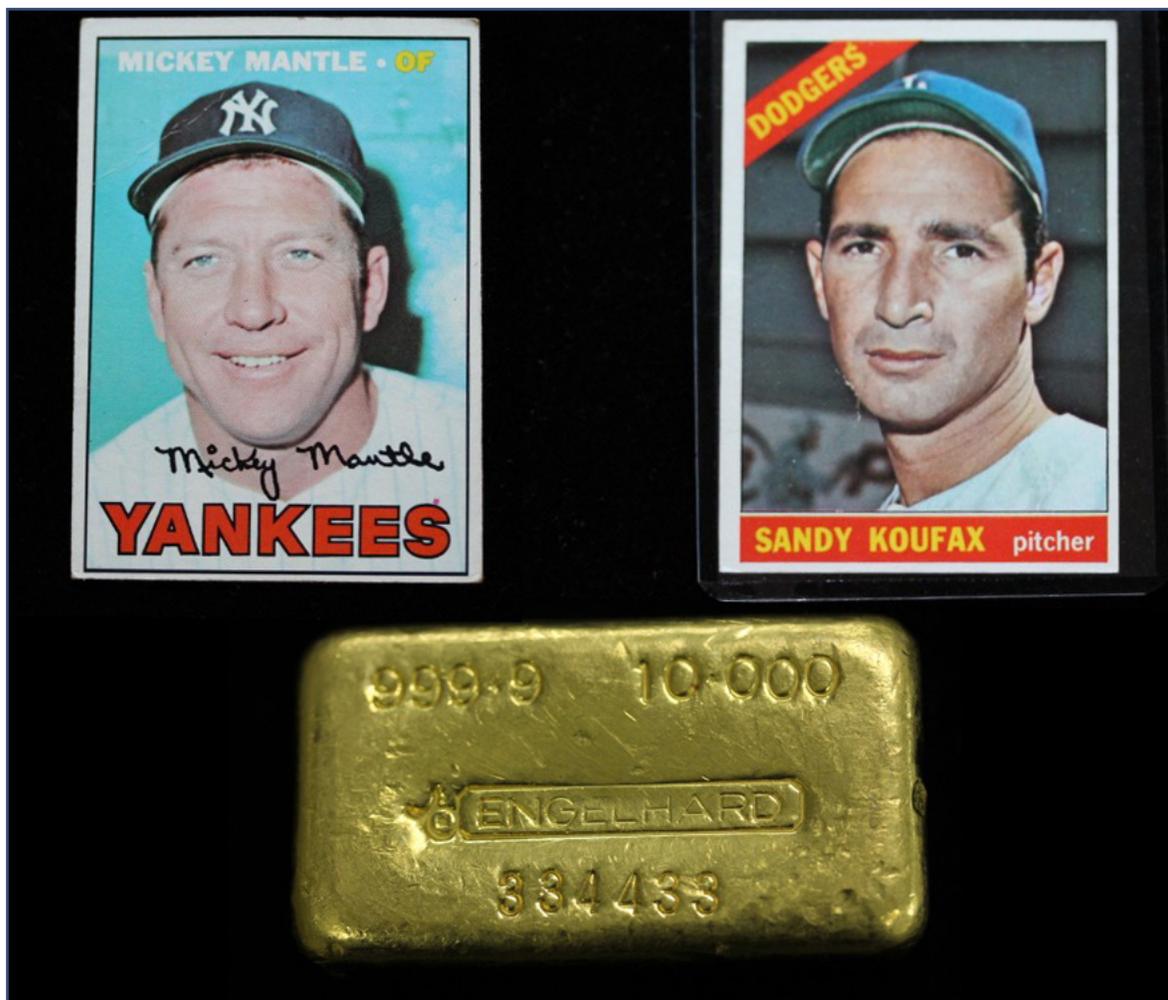
Bidders paid \$73,000 for 8,000 pieces of commemorative coins, jewelry and baseball cards in the state's unclaimed property auction. The auction began on November 30 and ran through Friday, December 4.

Among the winning bids were \$12,052 for an Engelhard 10oz gold bar and \$1,391 for a 1923D Saint Gaudens Double Eagle gold piece. A lot that included a 1967 Mickey Mantle Topps baseball card, a 1966 Sandy Koufax Topps baseball card and a 1982 Baltimore Orioles Future Stars Topps baseball card that included Cal Ripken Jr. went for \$467. All items exceeded appraised estimates by an outside vendor. Illinois has held such auctions for more than 15 years. Total auction proceeds for calendar year 2015: \$392,000.

State law charges the Treasurer's Office with securing unclaimed property, such as forgotten bank accounts, insurance proceeds, consumer refunds and unclaimed safe-deposit box contents. Items are considered for auction after at least 10 years of unsuccessful attempts to contact the owner. If an item is auctioned, the value received will be held until claimed by the owner or heir.

The Treasurer's Office holds more than \$2 billion in unclaimed cash and property. Last year, one-in-four people who searched the unclaimed property database, often called I-Cash, found money or an item.

The average discovery was valued at \$1,000. Individuals can search the database by name at www.illinoistreasurer.gov Click on the I-Cash button. Residents should check the website every six months because thousands of items are surrendered each year.



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