



Michael W. Frerichs
ILLINOIS STATE TREASURER



DECEMBER 2019 E-NEWSLETTER



Treasurer's Note

Looking Forward

This time of year prompts many of us to reflect on our accomplishments from the past year. However, we must not rest on our laurels. Rather, we must build upon our success.

Our accomplishments this past year were significant and include:

College Savings: Bright Start and Bright Directions college savings programs continue to earn top honors by independent analyst Morningstar. Bright Start earned a gold rating, the highest rating for a direct-sold plan. Bright Directions earned a silver rating, the highest rating for an advisor-sold plan. At the end of the fiscal year, about 649,000 account holders invested approximately \$11.8 billion to pay for certain expenses at college or a qualifying trade school.

Protecting Consumers: We led the fight in the Illinois General Assembly to pass legislation to prohibit retailers from using rebate cards that charge dormancy fees. These fees often deplete the entire value of a rebate card. This addresses the practice of retailers utilizing cards issued by national banks to avoid consumer protections under the Illinois Unclaimed Property Act.

Cannabis Banking: Medical cannabis is legal in Illinois. Recreational cannabis for adults 21 years of age and older will be legal Jan. 1, 2020. Nevertheless, significant hurdles remain when offering financial services directly to the enterprises that cultivate or dispense cannabis. Equally important, but less widely known, is that service providers to the cannabis industry such as landlords, attorneys, electricians, and plumbers potentially face banking hurdles. While the Illinois Treasury continues to urge federal clarification, it did convince Illinois lawmakers to prohibit the state from issuing an order against, or prohibiting, penalizing, or discouraging a state bank or credit union from providing financial services to legitimate cannabis-related businesses.

Fighting for Families: Our unclaimed property unit safeguards more than \$3 billion in cash and valuables. Examples include bank safe deposit box contents, an undelivered paycheck, or utility refund. Life insurance policies also are included. We returned a record-breaking \$239 million in this past fiscal year, the fourth consecutive year in which we set a record.

People with a Disability: The Achieving a Better Life Experience investment accounts allow individuals with a disability to save their own money for their own care without jeopardizing federal benefits. The Illinois Treasury leads a multi-state alliance in this effort, and the rewards continue to grow. During this past fiscal year, there were over 1,000 ABLE accounts in Illinois worth an estimated \$7.6 million. Across the 17-member alliance, there were about 10,000 accounts worth an estimated \$60 million.

Honoring Our Veterans: Military medals also are part of unclaimed property. Our efforts to locate these servicemen 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.

Sound Investment for Local Governments: The Illinois Funds is a Local Government Investment Pool operated by the treasurer's office. There are approximately 3,000 investment accounts with a total value of approximately \$5.6 billion. Since 1975, The Illinois Funds has provided a safe, liquid, and competitive investment. The Illinois Funds continues to enjoy Standard & Poor's highest rating of AAAM and is designed to augment, not replace, local banking relationships.

The Illinois Treasurer's Office invests money on behalf of the state, college savers, and units of local government. However, the treasurer must also provide tools so that individuals can invest in themselves. I pledge to continue to be a responsible investment officer and to promote the tools of the treasurer's office that can help people save for college, retire with dignity, and have access to capital to pursue their dreams.

Wishing you and your loved ones the very best this holiday season,

Michael W. Frerichs
Illinois State Treasurer



College Savings

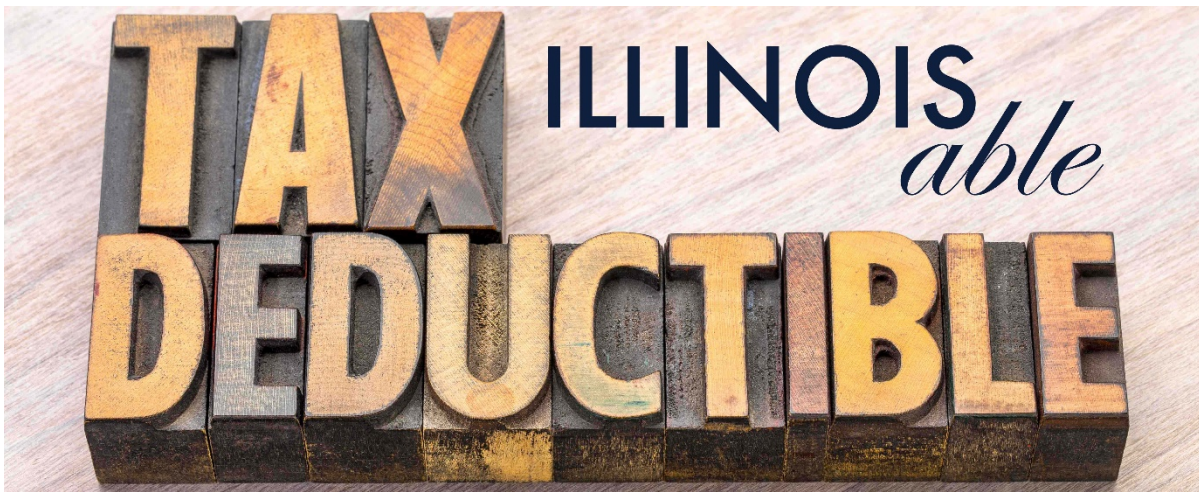
Gift of Education

With the gift-giving season upon us, consider suggesting to family and friends that a contribution to your Bright Start college savings account would make a thoughtful gift.

By contributing before Dec. 31, they also can benefit from the Illinois state income tax deduction for 2019.

Bright Start makes it easy for family and friends to contribute. Account holders can visit [here](#) for step-by-step instructions to encourage family and friends to contribute to your college savings account. The instructions include directions for contributions made electronically or by check. A free card or certificate also can be printed and sent to the recipient.

The gift of education is a gift that gives for a lifetime.



Planning for the Future

ABLE Tax Deductions

A contribution to an [Illinois ABLE account](#) is tax deductible on your Illinois state income taxes.

ABLE – Achieving a **B**etter **L**ife **E**xperience - accounts allow individuals whose disability occurred before age 26, and who meet the Social Security Administration's definition of a disability, to save and invest private funds without jeopardizing means-tested benefits from the federal government.

Prior to ABLE, a person with a disability who received federal benefits typically could not have a net-worth of more than \$2,000, or benefits would be suspended. ABLE accounts allow a person to exceed that net-worth ceiling.

When filing for tax year 2019, Illinois taxpayers who contributed to an Illinois ABLE account can deduct up to \$10,000 for an individual and up to \$20,000 for married couples filing jointly.

A total of \$15,000 can be contributed to an individual's ABLE account each year, more if the account owner is working. For Supplemental Security Income (SSI) beneficiaries who own ABLE accounts, assets in the account can grow to \$100,000 before SSI benefits are temporarily suspended until the account balances drops below \$100,000.

Investment growth is federal and state tax-free as long as withdrawals are made for qualified disability-related expenses, such as therapy, physical improvements to a home necessitated by the disability, and daily expenses that come with living with a disability.

Illinois is a leader in the ABLE investment field. It leads a 17-member consortium and the Illinois ABLE plan is available to individuals who live in other states. There are now more than 1,000 Illinois ABLE accounts with a value of more than \$7.6 million.

ABLE can benefit an individual with blindness, Down Syndrome, autism, cerebral palsy, spina bifida, or other disabilities whose onset occurred prior to the individual's 26th birthday, [according to federal rules](#).

Click [here](#) for more information.



Did You Know?

The Illinois Unclaimed Property program is one of the state's oldest consumer protection initiatives. It also is known as the ICash program.

In Illinois, the state treasurer is tasked with safeguarding unclaimed property, such as unpaid life insurance benefits, forgotten bank accounts and unused rebate cards. Illinois holds more than \$3 billion in unclaimed property.

Illinois lawmakers created the first unclaimed property law in 1961. It was applied retroactively to Aug. 17, 1946. Lawmakers assigned unclaimed property duties to the state treasurer's office beginning July 1, 1999.

The state treasurer is legally required to return the property to the rightful owners no matter how long it takes. Individuals can search the state treasurer's database for their name or the name of their business or non-profit at www.illinoistreasurer.gov/ICASH.



What Does the Treasury Do?

In Illinois, the Treasurer is the state's Chief Investment Officer. The office invests money on behalf of taxpayers, college savers, and units of local government. Typically, the investment portfolio is approximately \$31 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, the Treasury nets \$42 for the people of Illinois.

If you would like to contact the Office of the Illinois State Treasurer, please visit our [contact us](#) page.

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