



# Michael W. Frerichs

ILLINOIS STATE TREASURER

## DECEMBER 2022 E-NEWSLETTER



### Treasurer's Note

## Diversity and Transparency Are Good for Business

Research shows that diversity is good for business. A study conducted by a well-regarded business consultant, McKinsey & Co., revealed that corporations with diverse boards outperformed homogenous boards. When people from different backgrounds make decisions together, they are less prone to group-think, and they are less likely to miss opportunities in different sectors. This leads to better decision-making, which leads to higher profits.

As treasurer, my goal is to maximize profits and increase returns to our taxpayers. Every dollar that we can earn in interest income is a dollar that doesn't have to be raised in taxes, or a dollar that does not have to be cut from our schools.

I know that what doesn't get measured, doesn't get managed, and that as an investor, we need transparency and information to make the best decisions. That is why I brought together a group of institutional investors from the public and private sectors to encourage business leaders to consider increasing corporate board diversity.

What started two years ago—asking Russell 3000 companies to disclose corporate board diversity data—is driving impressive results: More than 2,200 companies now disclose the data, up from 292 companies in 2020.

Why are more companies sharing this data? Certainly, a requirement by some states to do so is a factor. However, we believe more significant factors are that more shareholders consider this data in making their investment decisions and a recognition that diversity increases profitability.

Joining me in building this 26-member coalition is Connecticut State Treasurer Shawn Wooden. Among our partners are respected investment managers such as Ariel Investments, Boston Trust Walden, and the Vermont Pension Investment Commission.

“Over the past two years, there has been incredible momentum among public companies toward greater diversity and more transparent disclosures,” Wooden said.

This diversity movement started with encouraging boardrooms to consider more women's voices at the table. Research shows gender-diverse boardrooms have better long-term performance than their counterparts. For instance, the [McKinsey & Co. report](#) found that companies with the highest levels of gender diversity outperformed by 25 percent in terms of profitability. The next reasonable step is to increase racial diversity to have more diverse perspectives and experiences in corporate boardrooms where they are frequently absent.

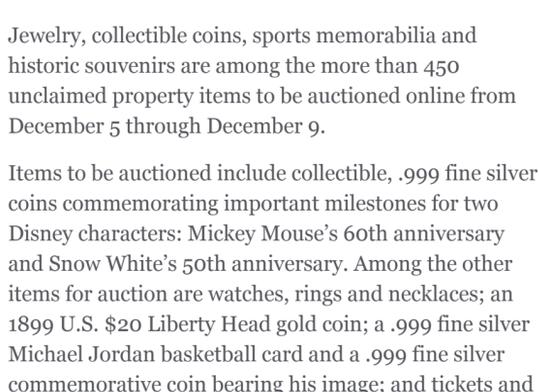
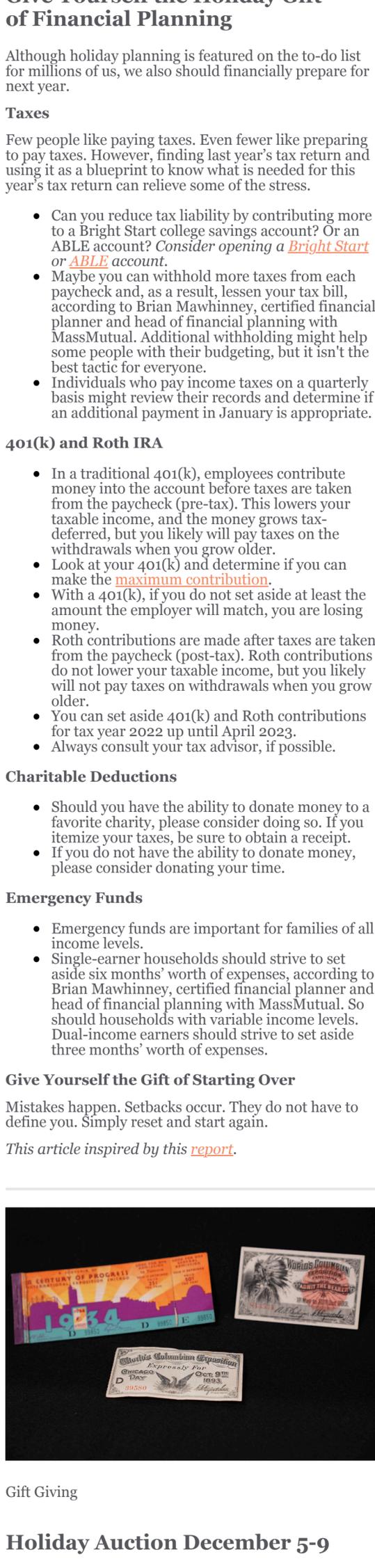
When companies build a diverse leadership team, they better position themselves to innovate, attract talent, and increase productivity. Doing so leads to more customers and higher profits. Sharing board diversity data allows investors to better assess future growth and shareholder value.

Transparency is good for government. Transparency is also good for investors.

Sincerely,

**Michael W. Frerichs**

Illinois State Treasurer



### Gifting Yourself

## Give Yourself the Holiday Gift of Financial Planning

Although holiday planning is featured on the to-do list for millions of us, we also should financially prepare for next year.

### Taxes

Few people like paying taxes. Even fewer like preparing to pay taxes. However, finding last year's tax return and using it as a blueprint to know what is needed for this year's tax return can relieve some of the stress.

- Can you reduce tax liability by contributing more to a Bright Start college savings account? Or an ABL account? Consider opening a [Bright Start](#) or [ABLE](#) account.
- Maybe you can withhold more taxes from each paycheck and, as a result, lessen your tax bill, according to Brian Mawhinney, certified financial planner and head of financial planning with MassMutual. Additional withholding might help some people with their budgeting, but it isn't the best tactic for everyone.
- Individuals who pay income taxes on a quarterly basis might review their records and determine if an additional payment in January is appropriate.

### 401(k) and Roth IRA

- In a traditional 401(k), employees contribute money into the account before taxes are taken from the paycheck (pre-tax). This lowers your taxable income, and the money grows tax-deferred, but you likely will pay taxes on the withdrawals when you grow older.
- Look at your 401(k) and determine if you can make the [maximum contribution](#).
- With a 401(k), if you do not set aside at least the amount the employer will match, you are losing money.
- Roth contributions are made after taxes are taken from the paycheck (post-tax). Roth contributions do not lower your taxable income, but you likely will not pay taxes on withdrawals when you grow older.
- You can set aside 401(k) and Roth contributions for tax year 2022 up until April 2023.
- Always consult your tax advisor, if possible.

### Charitable Deductions

- Should you have the ability to donate money to a favorite charity, please consider doing so. If you itemize your taxes, be sure to obtain a receipt.
- If you do not have the ability to donate money, please consider donating your time.

### Emergency Funds

- Emergency funds are important for families of all income levels.
- Single-earner households should strive to set aside six months' worth of expenses, according to Brian Mawhinney, certified financial planner and head of financial planning with MassMutual. So should households with variable income levels. Dual-income earners should strive to set aside three months' worth of expenses.

### Give Yourself the Gift of Starting Over

Mistakes happen. Setbacks occur. They do not have to define you. Simply reset and start again.

*This article inspired by this [report](#).*



### Gift Giving

## Holiday Auction December 5-9

Jewelry, collectible coins, sports memorabilia and historic souvenirs are among the more than 450 unclaimed property items to be auctioned online from December 5 through December 9.

Items to be auctioned include collectible, .999 fine silver coins commemorating important milestones for two Disney characters: Mickey Mouse's 60th anniversary and Snow White's 50th anniversary. Among the other items for auction are watches, rings and necklaces; an 1899 U.S. \$20 Liberty Head gold coin; a .999 fine silver Michael Jordan basketball card and a .999 fine silver commemorative coin bearing his image; and tickets and other items from the 1893 World's Columbian Exposition in Chicago and the 1934 Chicago World's Fair.

To view auction items, go to [ibid.illinois.gov/](#) and select the tab labeled "Storefronts." Scroll down to the Illinois State Treasurer Unclaimed Property Auction, select it, and then click on the tab labeled "Upcoming Store Items."

Bidders must register with iBid to be eligible to participate in the auction. To register, go to [ibid.illinois.gov/](#) and select the tab labeled "Register now." For questions, call 217.557.8567.

The treasurer's office is the custodian of unclaimed property, including lost bank accounts, insurance policy proceeds, unpaid rebate cards, and safe deposit boxes. Items are surrendered to the treasurer's office after private entities have tried for several years to locate the owner. Items considered for auction typically have not been touched by their owners for 10 years. All auction proceeds will be held for the rightful owners, no matter how long it takes.

An estimated one-in-four adults in Illinois who search the state's unclaimed property website, also known as iCash, find unclaimed property that should be returned to them. The average claim is \$1,000. Visit the iCash website at [www.illinoistreasurer.gov/ICASH](#) to find out if any unclaimed property is waiting for you.



## Mission Statement

The Illinois State Treasurer's Office is dedicated to protecting the state's investment portfolio, ensuring the liquidity of all 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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| Illinois Attorney General's Consumer Fraud Hotline<br>800.386.5438                                     | Alzheimer's Disease Hotline<br>800.272.3900                          |
| Illinois Attorney General's Identify Theft Hotline<br>866.999.5630                                     | Illinois Department on Aging Senior Helpline<br>800.252.8966         |
| Senior Citizens Consumer Fraud Hotline<br>800.243.5377   | Social Security General Information<br>800.772.1213                  |
| Illinois Department of Human Services Disabled Assistance<br>800.843.6154, press 5<br>866.324.5553 TTY | Medicare Claims<br>800.633.4227                                      |
| Center for Substance Abuse and Mental Health Treatment<br>800.662.HELP (4357)                          | U.S. Veterans' Affairs Benefits Telephone Assistance<br>800.827.1000 |
|  | Illinois Department of Veterans Affairs Hotline<br>800.437.9824      |



### The Vault

## Did You Know?

Transparency breeds trust.

Transparency was the driving force behind an interactive website that details how Illinois invests taxpayer money, manages state debt and tracks bond ratings. The website is part of an ongoing effort to increase transparency and accountability in Illinois' finances.

[The Vault](#) provides details on the treasury's \$52 billion investment portfolio. The information is presented so that users can easily compare, click through and filter information. Users can choose to track information using charts, tables or graphs.

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