



OFFICE OF ILLINOIS STATE TREASURER

MICHAEL W. FRERICHS

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CONTACT:

Paris Ervin 217.685.2584

Greg Rivara 217.685.2380

Treasurer Frerichs Earns \$1 Billion in Investment Earnings for State

*Commonsense Changes to Investment Policy
and Continuity of Operations Leads to Milestone*

SPRINGFIELD – Illinois has now surpassed \$1 Billion in state investment earnings since he assumed office, Illinois State Treasurer Michael Frerichs said today.

The milestone was confirmed in March and involves the earnings on what is currently a \$17 Billion state portfolio. Frerichs has been state treasurer since 2015.

“The main job of the Illinois State Treasurer since 1818 has been investing state tax dollars,” Frerichs said. “Making smart and sound investments may not be glamorous, but it is what we do every day.”

Although the treasurer is the state’s chief investment and banking officer, lawmakers regulate what investments are possible and which are prohibited. For example, purchasing individual stocks in the state portfolio is not allowed. That is why convincing lawmakers to enact bipartisan reforms to allow for modern investment strategies was key to the \$1 Billion in investment earnings since 2015.

These commonsense changes now allow the treasurer’s office to invest in secure public sector bonds, such as those issued by school districts to purchase land or erect buildings.

They include the new ability to invest in highly rated corporate bonds issued by such well-known titans as Caterpillar, Deere & Co., and Pfizer.

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They also authorize investing in prime money market funds that emphasize security and liquidity, such as DWS ESG Liquidity Fund and JP Morgan/Academy Securities Prime Money Market Fund.

“Working with lawmakers from both parties we have the tools to execute smart and sound investment strategies that benefit taxpayers through greater investment returns,” Frerichs said.

Focusing on the job at hand also played a role in reaching the \$1 Billion milestone.

Frerichs is the first state treasurer to serve consecutive terms since Judy Baar Topinka in 1999, which is the last time \$1 Billion in investment earnings was achieved by a state treasurer.

The \$1 Billion in returns was achieved despite a dramatically lower interest rate environment. The typical federal funds rate in 1999 was 5.25 percent compared to today’s 0.09 percent. The federal funds rate is the rate banks charge each other for over-night loans and is the basis for other interest rates such as car loans, mortgages, and simple savings accounts. For example, the typical bank savings account rate in 1999 was 2.00 percent; today it is 0.03 percent.

About the Illinois Treasurer

As Illinois State Treasurer, Frerichs is the state’s Chief Investment and Banking Officer and actively manages approximately \$38 billion. The portfolio includes \$17 billion in state funds, \$15 billion in retirement and college savings plans and \$6 billion on behalf of local and state governments. The investment approach is cautious to ensure the preservation of capital. Frerichs’ office protects consumers by safeguarding more than \$3.5 billion in unclaimed property, encouraging savings plans for college or trade school, increasing financial education among all ages, assisting people with disabilities save without losing government benefits, and removing barriers to a secure retirement. The Treasurer’s Office predates Illinois incorporation in 1818. Voters in 1848 chose to make it an elected office.

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