



MAY 2022 E-NEWSLETTER



Treasurer's Note

Life Insurance Companies That Don't Pay Death Benefits?

I didn't believe it, either.

Life insurance companies choosing to not pay death benefits even when they know, or should have known, their customer passed away.

The Illinois State Treasurer's Office uncovered this issue because there are life insurance policies – here and in every other state – that go unpaid and become unclaimed property. An [example](#) is when a church-going person passes away, names the congregation as a beneficiary, but does not tell the [pastor](#) or church leaders. The church never claimed the benefits because they did not know they were a beneficiary. Eventually, those benefits should be remitted to the treasurer's office as unclaimed property.

But, we heard too many examples like the [woman who](#) adopted her friend's severely learning disabled teenage boys after a tragic car accident or [children](#) of veterans and coal miners where the insurance company never contacted the beneficiaries.

Not paying death benefits is fundamentally unfair. It literally keeps money from widows and orphans. Who purchases a life insurance policy with the intention the money will stay with the company rather than the family?

That is why we fought to change the law. The opposition was fierce, especially from big life insurance corporations. They hired expensive lobbyists to try to stop us. One even sued us to stop the Treasurer's Office from examining their records. They flatly stated that they had "no affirmative obligation" to find and pay beneficiaries.

Eventually, with the help of great partners such as the VFW, the Catholic Conference of Illinois, Citizen Action Illinois, AARP, and the NAACP, we prevailed. It took two years, two different public acts, a legal settlement, and even an override of a Governor's veto. But we overcame the special interests and their lobbyists.

Now, under Illinois law, life insurance companies are required to see if their customers have passed away. If a customer has passed away, and their beneficiaries have not claimed the benefits they are owed, the insurer has to notify the beneficiaries. If they cannot find the beneficiaries, those benefits have to be turned over to the State Treasurer as unclaimed property.

At the time we changed the law, auditors working for the State Treasurer's Office already found more than \$550 million in death benefits that were not paid to grieving families in Illinois. The Wall Street Journal reported that, nationally, the figure was more than \$7.4 billion. Now in 2022, we have found more than \$800 million for families in Illinois.

We also included a key provision in our legislative efforts: The audits that initially identified the issue must continue. Yes, the insurance companies said they would follow the enhanced rules. But, as a President, and son of Illinois, once said: Trust, but verify.

Because of these audits, and the hard-won changes in Illinois law, we are connecting people with millions of dollars they are owed every year. In the coming weeks, we hope to pay one man nearly \$90,000 from two unpaid life insurance policies. Each was found through an audit. The insured passed away 20 years ago in 2002; the beneficiary has lived in the same house even longer.

Every time we pay a life insurance benefit – especially one found in an audit – I am reminded that the late night battles are worthwhile.

I'm also reminded that the people of Illinois deserve no less.

Do we have your money? You can [search here](#).

Sincerely,

Michael W. Frerichs

Illinois State Treasurer

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Coin Shortage – Again

Coins are in short supply – again.

That is why the business community seeks Treasury Department help to convince Americans to start spending their pennies, nickels, dimes and quarters so more coins are pushed into circulation. A group of trade associations that represent retail outlets, laundromats, truck stops and grocery stores leads the effort.

If you have access to a debit or credit card, or even own your own washer and dryer, you likely are unaware of the coin shortage. However, an estimated 22 percent of Americans were "unbanked" or "underbanked" in 2019, according to the Federal Reserve, citing the latest data available.

Retailers genuinely are concerned about making change for their cash-customers. So is the banking community. The coins exist. Consumers simply are not using them.

That is why these business groups are calling for a campaign to increase coin circulation. Individuals can help by spending coins with retailers, taking coins to their bank and credit union, or using a coin recycling kiosk.

More on this story is [here](#).



Your Money

Tax Refund Time

Will you receive a tax refund this year?

The average federal tax refund last year was \$2,800, according to the IRS. The average Illinois state tax refund was \$3,724, according to 24/7 Wall Street, which used 2019 data.

What to do with your tax refund? The possibilities are endless. However, sound financial examples include:

Pay Your Bills

Start with the basics. Catch-up on rent, utilities and loans. Attack credit card debt, starting with the highest interest rate. Focus on progress: to eliminate debt, you first must reduce it.

Create an Emergency Fund

In a perfect world, a family has an emergency fund equal to six months of living expenses. However, not many people live in a perfect world. That is why we should not let perfect be the enemy of good. Use your tax refund, at least part of it, to start an emergency fund in a low-risk account to which you have easy access (often called liquidity). As the old saying goes, "Pay yourself first."

Open a Bright Start College Savings Account

This savings plan often is called a 529 account. [An account can be opened](#) by an individual. The account grows tax free when used for approved college expenses, such as tuition, room and board, books, or a computer. A child is three times more likely to attend college when they know they have a dedicated savings account for higher education. A 529 plan also can be used for qualified vocational training expenses. In Illinois, some contributions qualify for a tax deduction.

Contribute to Your IRA

Social Security alone will not provide enough income when your working days are over. To retire with dignity, you need to save today. Take some of your tax return and consider opening an IRA. If your employer offers a 401(k), now is a great time to make sure you contribute enough to maximize the employer match – and more if you are able.

Donate to Charity

Take a portion of your tax return and donate it to a charity you support. Every bit helps. No tax return this year? You still can donate your time.

Did You Know?

The Illinois State Treasurer's Office predates Illinois' incorporation in 1818. Voters in 1848 chose to make it an elected office. Today, the investment approach is cautious to ensure the preservation of capital.

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Illinois State Treasurer Michael W. Frerichs

1 East Old State Capitol Plaza

Springfield, IL 62701

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