

Illinois State Treasurer Michael Frerichs Champions Plan To Create Investment Pool For Nonprofit Organizations

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CHICAGO – Illinois State Treasurer Michael Frerichs is calling on lawmakers to support his initiative to create a new investment pool enabling nonprofit organizations to invest together in higher-interest portfolios and generate additional funds for their good works.

“The Illinois Funds investment pool is known for being safe, liquid, and competitive, and it has a strong track record of benefiting municipalities, educational institutions, and other governmental bodies,” Frerichs said. “Nonprofit organizations work hard to fulfill their missions to improve the lives of others, and they deserve to have the chance to benefit from pooled investments, too.”

“This plan would provide a new investment opportunity for local food pantries, youth and community centers, homeless shelters, and other groups that make our communities better places to live,” he added. “By pooling resources together, nonprofit organizations would have greater investing leverage.”

Frerichs’ proposal is advancing through the Illinois General Assembly in two bills, Senate Bill 3157, sponsored by Sen. Adriane Johnson, and House Bill 4908, sponsored by Rep. Mark Walker.

“The new program would be a powerful and flexible tool to help nonprofits achieve financial growth without making immense sacrifices,” said Senator Johnson (D-Buffalo Grove). “We are taking positive steps to pool assets and funds – maximizing the ability to invest in high-quality, short-term solutions to best serve the community.”

“The Treasurer and his team have proven they can successfully invest state funds and produce solid returns for our state,” said Representative Walker (D-Arlington Heights). “I believe allowing nonprofits to share in that success is good policy.”

If Frerichs’ plan becomes law, the nonprofit investment pool would be structured in the same way as the Illinois Public Treasurer’s Investment Pool – also known as the Illinois Funds. The Illinois Funds allows units of government to invest their funds safely while benefiting from the economies of scale available through a pooled investment fund portfolio that exceeds \$19 billion. The pool invests in liquid, high-quality short-term investments.

During 2023, the Treasurer’s Office made \$979 million in investment earnings for the Illinois Funds.

Established in 1975, the Illinois Funds consists of about 1,500 participants, including city, county and township governments; school districts, community colleges and universities; park districts; and other units of government.

SB3157 and HB4908 are designed to meet an existing need among nonprofit organizations. Many of them have accumulated enough funds to benefit from investing

in higher-interest portfolios, as opposed to lower-interest certificates of deposit (CDs) or savings accounts, yet they don't have enough funds to be accepted as clients at larger banks.

Frerichs' initiative would provide hundreds of Illinois nonprofits with the opportunity to make safe, liquid and competitive investments. The nonprofit organizations would combine their investable assets in a pooled fund to earn greater returns – and at a much lower cost than they would by investing on their own.

The Illinois Funds has earned Fitch's highest rating (AAAmmf), a rating based on Fitch's analysis of the pool's credit quality, maturity, diversification, and management. The rating demonstrates that the fund has an extremely strong capacity to maintain principal stability and limit exposure to losses due to interest rate and/or credit risk. The Illinois Funds has continuously received the highest prime investment grade for a government money market fund since 1996.

About the Illinois Treasurer

The Illinois State Treasurer's Office is a powerful economic engine that invests in people to drive prosperity, development and growth throughout the state. As State Treasurer, Michael Frerichs (FRAIR'iks) is the state's Chief Investment and Banking Officer and actively manages approximately \$59 billion. The investments help families pay for college and trade school; workers save for a dignified retirement; and local governments process bill payments more efficiently so they can pass along the savings to taxpayers. The office provides financial institutions money to loan to farmers, small business owners, and qualified individuals at below-market rates because better jobs create stronger communities. The office operates the state's largest consumer-protection initiative, the missing money I-Cash program, which has returned a record-breaking \$1.8 billion since Frerichs was elected.

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