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Military loan program expanding in Illinois

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State Treasurer Alexi Giannoulias is expanding a state-operated loan program that aims to help military veterans regain their financial footing once they return home from deployment.

The change, which Giannoulias announced Monday, allows members of the Illinois National Guard and U.S. Military Reserve to seek loans of up to \$10,000 within six months of receiving an honorable discharge.

Previously, loans through the Citizen Soldier program were available only to active-duty National Guard and Reserve members. The program was established in 2001.

The treasurer's office deposits money with local lenders who then make low-interest loans to members of the military. Interest rates are capped at 3 percent.

The expanded program, offering "Welcome Home" loans, will help reservists and National Guard members get their finances in order while they adjust to being back home, Giannoulias said at a state Capitol news conference.

"Bills pile up, and our military personnel are stuck in a very vulnerable situation" that can cause them to be exploited by predatory lenders, he said.

Shannon Kirby, a University of Illinois Springfield student and a Navy veteran, said she wished the program had been available for her after she left active duty in 2008.

"I came back home. I didn't have a lot of money saved up," said Kirby, 30, a veteran of Operation Iraqi Freedom and Operation Enduring Freedom.

Kirby cashed in her military 401(k) and relied heavily on credit cards to pay bills. But repaying a Welcome Home loan would have been much cheaper, she said.

"Three percent's a lot better than 22 (percent)," she said.

Giannoulias said no one ever has defaulted on a Citizen Soldier loan, but if someone does default, the state's money isn't at risk. Over the years, the treasurer's office has funded almost 400 loans, totaling \$3.5 million, for active-duty military personnel.

Giannoulias, a Democrat who is running for U.S. Senate, said his announcement of the program's expansion has nothing to do with politics and that the timing was appropriate because Veterans Day is Wednesday.

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