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# The Workplace Flex Fund

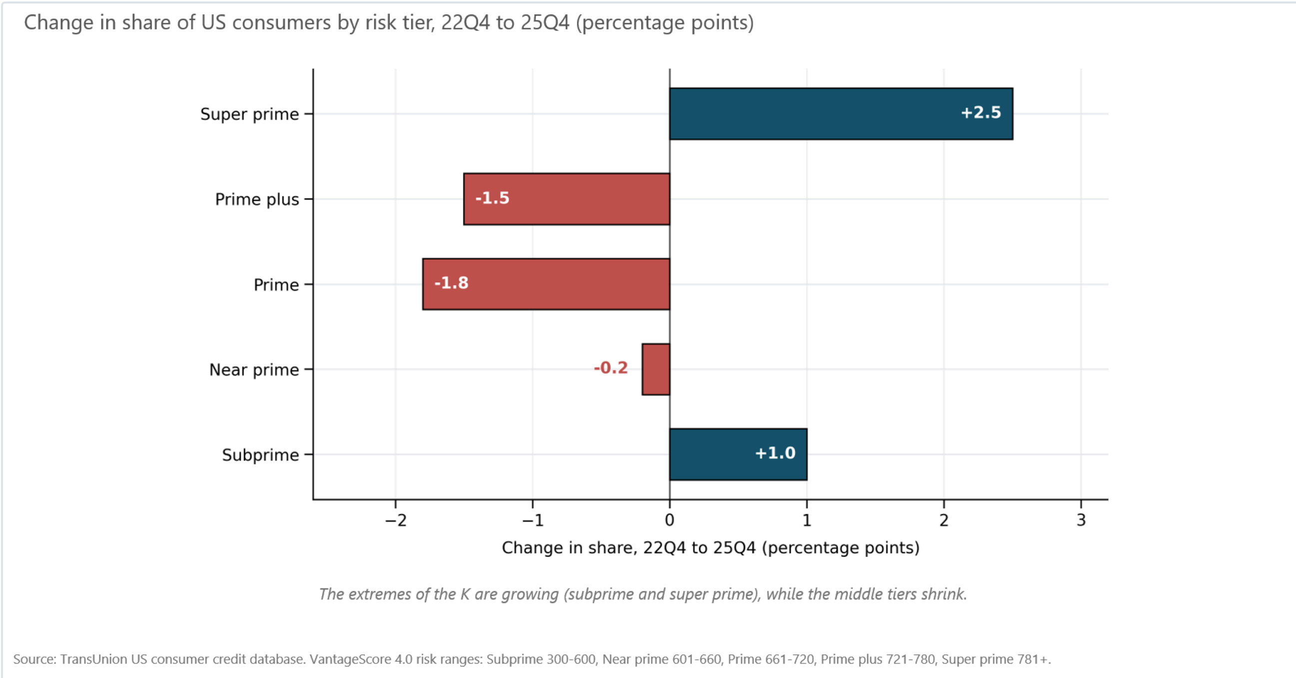
*How a Coalition Is Helping Chicago Solve America's Emergency Credit Crisis*

A regional initiative catalyzed by Corporate Coalition of Chicago, the Woodstock Institute, and TransUnion.

# A Market at an Inflection Point

The U.S. consumer credit market is bifurcating in real time, and the data is unambiguous. TransUnion's Q1 2026 Credit Industry Insights Report documents a K-shaped trajectory in which super prime borrowers are accelerating while non-prime households face mounting financial pressure, fueled by a sustained affordability crisis. Expense growth has outpaced income growth for the most financially vulnerable Americans, and inflation concerns are disproportionately concentrated among lower-income and lower-score borrowers who have the least capacity to absorb them.[7,8] The gap is widening, the market is not filling it, and working families across Chicago are feeling it every day. The Workplace Flex Fund exists because that kind of pressure requires a real, immediate response.

The divergence is structural. Since 2019, the super prime population has grown by roughly 15 million consumers, now surpassing 40 percent of all credit-active Americans.[7] Meanwhile, middle-tier credit segments have contracted and subprime share has begun rising again. Non-prime debt-to-income ratios have climbed significantly faster than those of their super prime counterparts, reflecting not reckless borrowing, but the sustained reality of expense growth outpacing income growth among households with the least financial cushion.[7]




Source: TransUnion US consumer credit database. The extremes of the K are growing (subprime and super prime), while the middle tiers shrink.

For employers and lenders, this shift has a direct cost. Research from PwC's Employee Financial Wellness Survey found that financially stressed workers spend more than three hours each week on personal financial concerns while on the clock.[3] A MetLife study found that financially stressed employees are twice as likely to miss work.[4] Borrowers' personal financial strains have a way of spilling over into the workplace, making financial wellbeing an employer concern, not just a consumer one.

The Workplace Flex Fund (WFF) was built to address this gap and it was built on data. Founded through a collaboration among TransUnion, the Corporate Coalition of Chicago, and the Woodstock Institute, WFF connects employers and lending partners to bring affordable small-dollar loans to Chicago's working families, providing a better on-ramp to the financial system.

## What the TransUnion Data Revealed

To move from concept to action, the founding partners commissioned a deep analysis of TransUnion consumer credit data on small-dollar unsecured lending across the Chicago market. *(This analysis excluded alternative lending arrangements such as payday loans and informal* *lending channels.)* The findings shaped every aspect of the Workplace Flex Fund's design.

## Demand Was Surging. Supply Was Not.

Originations of small-dollar unsecured loans (those under $1,500) more than doubled between Q4 2022 and Q4 2024, growing from approximately 5,900 consumers to 13,500 in the Chicago market. Consumer demand for small amounts of credit, often used to address liquidity needs in times of emergency, was unmistakable.

Yet the supply of affordable options had not kept pace. Banks and credit unions, which offer the most competitive rates, account for only about 27 percent of small-dollar loan originations in the Chicago market.[5] The remaining 73 percent comes from higher-cost channels, including fintechs and financial companies. It is worth noting that Illinois' Predatory Loan Prevention Act (2021) significantly curtailed payday lending in the state, creating a gap in the market for affordable small-dollar credit that the Workplace Flex Fund is directly positioned to fill. Following elevated delinquencies during the pandemic, many non-bank lenders pulled back sharply from subprime borrowers, tightening the market precisely when need was growing most.

> *Thirty-seven percent of American adults cannot cover an unexpected $400 expense, and 59 percent experienced at least one major unexpected expense in the prior 12 months.*[1,20]

These data underscore what households are facing. The Federal Reserve's Survey of Household Economics and Decisionmaking (SHED) found that 37 percent of American adults cannot cover an unexpected $400 expense[1] and that 59 percent of adults experienced at least one major unexpected expense in the prior 12 months, such as a car repair.[20] In Chicago alone, that financial fragility could translate to hundreds of thousands of residents facing a gap between an unexpected bill and the affordable credit to cover it.

### Credit as a Pathway, Not a Trap

Perhaps the most powerful insight from the TransUnion analysis was what happened after borrowers originated small-dollar loans. Among subprime borrowers, successful repayment was associated with meaningful credit score improvement: nearly 19 percent moved into the near-prime tier within six months of origination.[6] Among near-prime borrowers, 11 percent reached prime status within the same window. These outcomes are reinforced by the minimal repeat-usage pattern in the data. Sixty-four percent of borrowers had only one of these loans, and 82 percent had one or two, evidence that well-structured credit addresses an acute need rather than creating dependency.

Affordable credit does not trap borrowers in a cycle of debt. It builds credit history, which eventually opens the door to cars, homes, and the full suite of wealth-building assets the financial system offers.

## What Is the Workplace Flex Fund?

The Workplace Flex Fund is a Chicago-based initiative that connects employers and vetted lending partners to make affordable small-dollar loans available to working employees. WFF does not originate loans itself. Instead, it establishes product standards, recruits and vets participating lenders, and works with employers to make the benefit available to their workforce. Loans are repaid through payroll deduction, reported to credit bureaus, and structured to build rather than undermine borrowers' long-term financial standing. TransUnion, the Corporate Coalition of Chicago, and the Woodstock Institute serve as the founding partners.

## The Solution: Employer-Sponsored Small-Dollar Loans

The Workplace Flex Fund's design was informed by both the TransUnion data and a national proof of concept. The team evaluated multiple intervention models, including earned wage access (EWA), before arriving at employer-sponsored small-dollar loans (ESSDLs) as the superior option for long-term financial wellbeing.

The comparison is instructive. EWA is designed to bridge cash flow timing gaps, useful for some situations but limited in scope. The average EWA user accesses the product 27 times per year, and 90 percent pay extra for same-day access, resulting in average effective rates of 109.5 percent APR.[9] EWA does not build credit or savings, and roughly half of regular users develop a dependency on it.

ESSDLs work differently, and the outcomes are measurably better:[10]

- Same-day loans of $1,000 to $2,000 available to employees based solely on employment status, no credit check required
- Repaid through payroll deductions over six to twelve months at a maximum APR of 20 percent, roughly half the market rate for subprime borrowers
- Repayment rates between 95 and 98 percent
- Upon loan completion, 95 percent of borrowers opt in to an emergency savings account, automatically converting their payroll deduction into savings
- All payments reported to credit bureaus, building the credit history that enables access to mortgages, auto loans, and other wealth-building products

The employer business case is equally compelling.[11] Companies that have offered this benefit report 20 percent lower employee turnover. Nearly 67 percent of employees say the loans set their employer apart from competitors. No company we could identify has discontinued the benefit after implementing it.

## The National Proof Point: Rhino Foods

One model validated this approach at scale. The Income Advance program, developed by Rhino Foods, a Vermont-based specialty food manufacturer, in partnership with North Country Federal Credit Union, launched in 2007 as an internal employee benefit. It has since expanded to more than 200 employers and seven lending partners. In 2024 alone, the program provided $2.26 million in loans to 1,656 employees across 111 businesses spanning automotive, healthcare, and manufacturing industries.[12]

# Building the Workplace Flex Fund in Chicago

Drawing on the TransUnion data and the Rhino Foods blueprint, the Workplace Flex Fund established clear product standards: participating lenders must extend loans based solely on employment status, disburse funds within 24 hours, cap APR at 20 percent, structure repayment through payroll, report to credit bureaus, and offer the option to roll completed loan payments into savings.

On July 1, 2026, the Workplace Flex Fund went live at the Filmore Linen, with Great Lakes Credit Union as the inaugural lending partner.

As of this publication, three other lenders are developing their WFF offerings, and nearly 20 additional employer prospects are in active conversation. The employer pipeline includes some of Chicago's largest institutions, including health systems with workforces measured in the tens of thousands.

# The Promise Ahead

TransUnion's most recent data makes the case for urgency. The K-shaped credit market described in the Q1 2026 Credit Industry Insights Report is a reality facing consumers and lenders that needs to be addressed to promote sustainable financial inclusion. Forward-thinking lenders who find ways to serve the growing population of subprime consumers stand to capture a significant and underserved market opportunity. The Workplace Flex Fund is one vehicle for doing exactly that.

The WFF's initial target of 60 loans in the pilot's first six months is modest by design. The more meaningful measure is what accumulates over time: borrowers building credit histories, transitioning into savings, ultimately gaining access to mortgages and auto loans they previously could not qualify for. The TransUnion data suggest those outcomes are achievable and the national track record confirms it.

Chicago is a city with tremendous economic activity and deep pockets of financial fragility. The Workplace Flex Fund is built on the conviction that data-driven, employer-anchored credit access can bridge that gap, turning the workplace into the connection point between workers and the financial system they deserve access to.

## Sources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