



Illinois Secure Choice Overview

October 11, 2023



Agenda

1. Why Illinois Secure Choice was created and key program features and eligibility
2. How to facilitate the Illinois Secure Choice program including onboarding and ongoing administration
3. Options for program participants
4. Where to find program resources and support
5. Q & A



Why Illinois Secure Choice?

The retirement savings crisis



Nearly **half** of working-age families have **nothing** saved in retirement accounts.¹



Illinois is projected to face **\$8.8 billion in costs** from 2021-2040 due to insufficient retirement savings.²



Workers are **15X** more likely to save for retirement if they have access to a payroll deduction savings plan at work.³



40% of Illinois private-sector employees don't have access to a workplace retirement plan.⁴

¹Economic Policy Institute, *The State of American Retirement Savings*, 12.

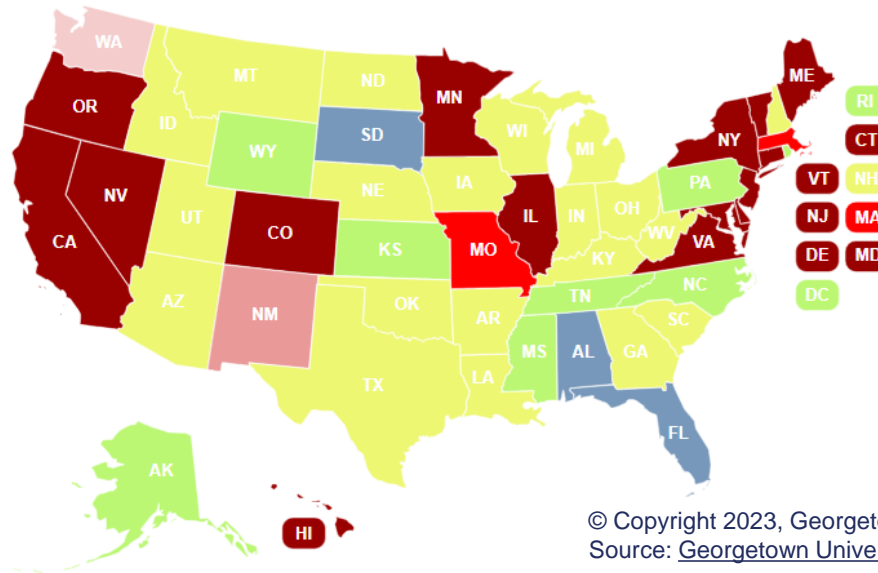
²Pew Charitable Trusts "State Automated Retirement Programs Would Reduce Taxpayer Burden From Insufficient Savings", May 2023; <https://www.pewtrusts.org/en/research-and-analysis/articles/2023/05/11/state-automated-retirement-programs-would-reduce-taxpayer-burden-from-insufficient-savings> (accessed June 1, 2023)

³AARP's Public Policy Institute

⁴Georgetown University Center for Retirement Initiatives "State Benefits of Expanding Access to Retirement Savings", February 2021; p. 34 https://cri.georgetown.edu/wp-content/uploads/2021/02/CRI-Econsult-State_Benefits_of_Expanding_Access_FINAL.pdf (accessed March 7, 2022)

What is the Illinois Secure Choice Savings Program Act?

- A **state law** enacted in 2015 that requires certain businesses to either sponsor their own qualified retirement plan or facilitate the Illinois Secure Choice program as a way for employees to save for retirement at work
- Illinois was the **first state to pass this type of retirement savings legislation** and the **second state to launch** a state-facilitated retirement savings program for private-sector workers
- There are now **19 states** that have enacted legislation (shown in red and pink)



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Source: [Georgetown University Center for Retirement Initiatives](#)

What is Illinois Secure Choice?

- A state-facilitated retirement savings program created as part of the Illinois Secure Choice Savings Program Act that is a **simple and convenient way to save**
- Participating employees save a portion of their pay in an **Individual Retirement Account (IRA)** through payroll deduction facilitated by their employer
- The Program is overseen by a **seven-member public board** chaired by the Illinois State Treasurer and administered by a private-sector financial services firm, **Ascensus**
- Participant funds are kept in a **trust outside of the State Treasury** and are managed by professional investment managers
- Key features:

Completely Voluntary for Employees

Employees may opt out or opt back in at any time.

Simple Options

- Automatic enrollment at work.
- Use default settings or customize.

Portable

Participant keeps their account even if they change jobs.

Which employers are covered?

Employers



Do not offer qualified retirement plan



≥ 5 Illinois employees in every quarter of previous year



≥ 2 years in business

- An employee for purposes of determining average employee count is anyone reported on **Schedule P of Form IL-941** as having Illinois withholdings
 - Form IL-941 is the **quarterly withholding income tax return** filed to the Illinois Department of Revenue
- For 2023, the employee count used to determine if an employer is covered by the state law is the **average of quarterly employee counts for calendar year 2022** for every non-governmental employer that had at least 5 Illinois employees in each quarter

Which employees are eligible?

Employees



Have wages
allocable to Illinois



Aged 18 or older



Social Security Number
or Individual Taxpayer
Identification Number
(ITIN)

- The employee's state of residence is not a factor, just that they have Illinois wages
- An employee can be full-time, part-time, temporary, or seasonal
- A business owner who is considered an employee of the business is eligible to participate

Individuals can self-enroll

- Illinois Secure Choice is also open for **self-enrollment** for individuals who have earned income and who would like to enroll separately from an employer
 - For instance, individuals who work for an employer that does not facilitate Illinois Secure Choice or individuals who are self-employed
- Self-enrolled participants can self-fund their accounts or request that their employer facilitate payroll deductions
- Interested individuals can visit saver.ilsecurechoice.com to sign up

The screenshot shows the Illinois Secure Choice Registration page. The page title is "Registration" and the logo is "Illinois Secure Choice Retirement Savings Program". The main heading is "An easier way to save for retirement". There are two main options:

- I received a notice**: My employer is facilitating Illinois Secure Choice and I am setting up my account or opting out. It includes a text input field for "Access code (000000)" and a "Continue" button.
- I want to sign myself up**: I am self-employed or do not work for an employer registered with Illinois Secure Choice. It lists "What you'll need:" as "Your contact information" and "Your bank information", both with checkmarks. It includes a "Sign up" button.

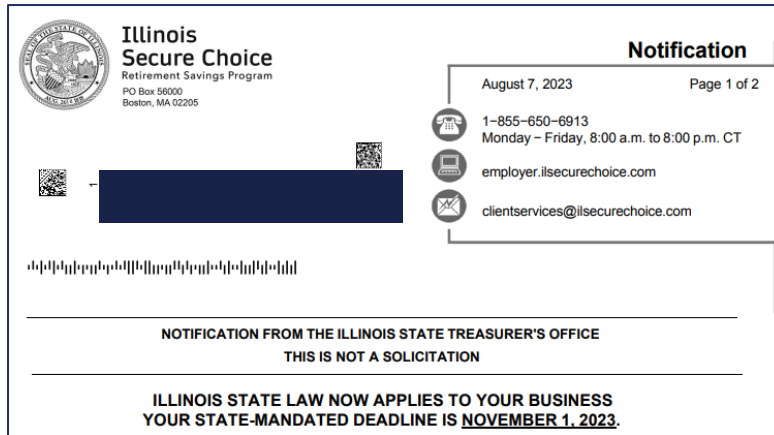
The "I want to sign myself up" option is highlighted with an orange border.

Annual employer registration deadline

- Covered employers have been onboarded over time based on employer size since the Program launched in 2018.
- In 2023, we will welcome the following employers ahead of a **registration/exemption deadline of November 1, 2023**:
 - Employers that had 5-15 Illinois employees in 2022
 - Newly-eligible employers of a larger size that were not previously invited
- Employers contacted by the Program that have a qualified retirement plan in place would **request an exemption**
- Employers with fewer than 5 Illinois employees
 - Such employers are not subject to the Program Act, may not participate in automatic enrollment of their employees, and are not required to register for Illinois Secure Choice. Non-mandated employers may choose, but are not required, to facilitate payroll deductions for employees who opt-in on their own as individual participants and subsequently request that their employer facilitate deductions.

Notifications to employers

- The Program will reach out to employers covered by the state law **starting in late July** of any given calendar year ahead of a November 1 registration/exemption deadline
- Some employers do not receive notifications as they are exempted by the Program due to qualified plan information available from the US Department of Labor
- The Program utilizes **direct mail** (using addresses provided by the Illinois Department of Revenue) and **email** (when valid email addresses are available from the same data source)



Program enforcement

- Per statute, noncompliant employers are subject to penalties assessed by the Illinois Department of Revenue (IDOR)
 - \$250/employee for the first calendar year of noncompliance
 - \$500/employee for any subsequent year of noncompliance
- IDOR does not take action immediately following a November 1 annual deadline
 - This is the first year that IDOR has taken enforcement action and the focus is calendar year 2021 and currently-noncompliant employers from onboarding waves dating back to 2018-2020
- The IDOR process
 - Issuance of a **Notice of Proposed Assessment**
 - Informs the taxpayer of noncompliance with the Program Act, that they have 120 days to come into compliance, and the amount of the proposed penalty
 - After 120 days, issuance of a **Notice of Assessment**



Facilitating Illinois Secure Choice

What are an employer's responsibilities?

- ✓ Register by state-required deadline
- ✓ Set up account
- ✓ Submit and maintain employee roster
- ✓ Submit employee contributions every pay period

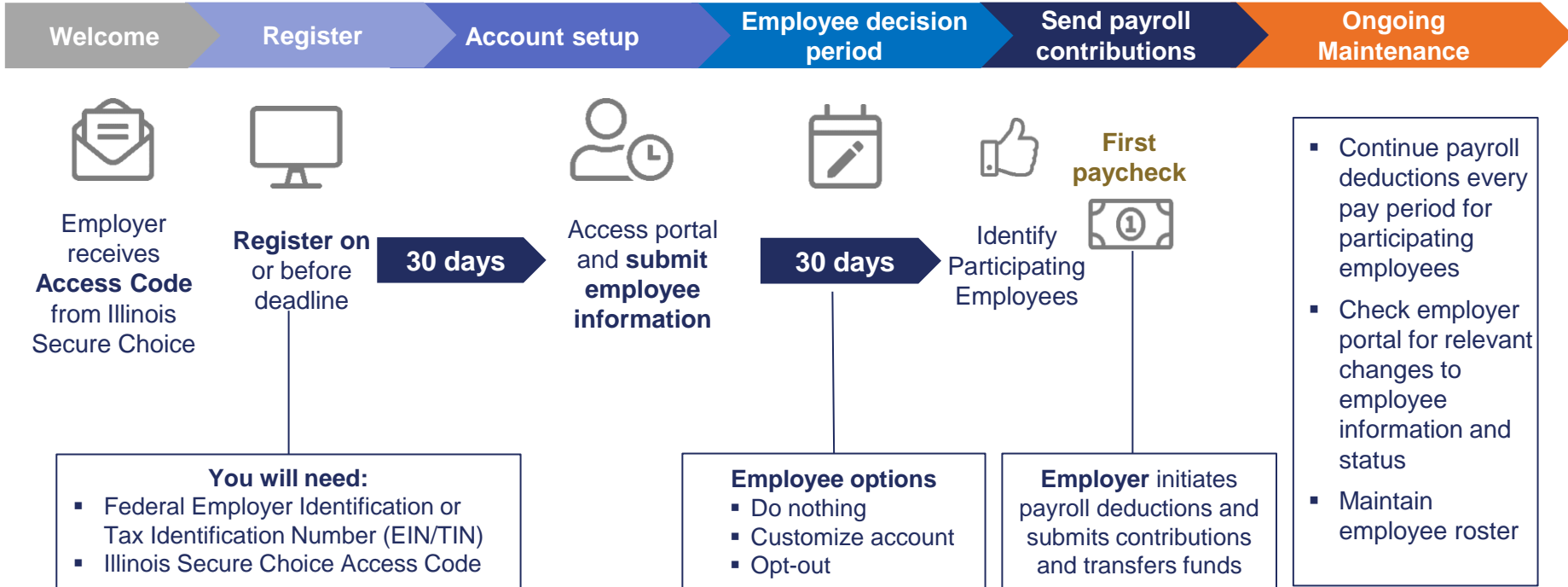
✗ Employers **will not**:

- Incur any program fees
- Have any fiduciary responsibility
- Be allowed to make an employer contribution

✗ Employers **must not**:

- Encourage or discourage participation in Illinois Secure Choice
- Provide advice about investment options, taxes, or participation in the program
- Manage investment options
- Process distributions
- Manage changes that an employee must make (example: change address, add beneficiary)

Employer program facilitation timeline



Employer welcome and registration

- Covered employers will receive a welcome notification via a mailed letter or an email from clientservices@ilsecurechoice.com
- The communication will include a Secure Choice **Access Code** which an employer would enter, along with FEIN, at employer.ilsecurechoice.com

Here is what you need to get started.

1 **Let us show you how it works.** We recommend you start by familiarizing yourself with the program. Join a [webinar](#) or review the employer website and learn about your business requirements and how the program works.

Learn More

2 **Register your company.** It only takes a few minutes to register and a few simple steps each pay period to facilitate Illinois Secure Choice.

Register

- Federal Employer ID Number (FEIN)
- Unique Access Code: **ABC123**

Illinois Secure Choice Retirement Savings Program

Get started with Illinois Secure Choice

Illinois Secure Choice helps Illinois workers save for retirement with support from their employers. By law, eligible Illinois employers must register and facilitate the program by specific deadlines.

Begin company registration or request an exemption

Enter your federal EIN/TIN and Illinois Secure Choice access code so that we can locate your company record. We will guide you to register for Illinois Secure Choice or request an exemption.

Federal EIN / TIN ⓘ

Access code ⓘ

Request

Get started

Employer portal

ABC Organization

Illinois Secure Choice was designed with employers like you in mind. It is easy to set up and only takes a few minutes each pay period to help your employees save for retirement.

Portal Updates
No updates were made to the employer portal this month. ...

Take the next step
Follow these steps to set up your account and submit employee contributions for the first time. Each activity must be completed by specific deadlines.

Step 1
Register your company Complete ✓

Step 2
Add employee information
Add your employee information within 30 days of registering for Illinois Secure Choice. **Due Feb 13**
[Add employees](#)

Step 3
Wait for employee enrollment
Your employees have 30 days to opt out or change their contribution rate. While you wait, tell your employees that your company is joining Illinois Secure Choice and prepare to add deductions in your payroll system.

Step 4
Set up deductions in payroll
Before you run payroll, review your employees' contribution rates and make adjustments in your payroll system.

Illinois Secure Choice support
We have compiled resources for employers to make facilitating Illinois Secure Choice as easy as possible.

Frequently asked questions

Program overview

Employer resources

[Contact Us](#)

Inform your employees
Use this template communication to inform your employees that your company is facilitating Illinois Secure Choice.

Communicating with your employees

Once Registered,
Employer has access to
Individualized Portal

Update portal with
information needed to
administer program
which *may* include:

1. Adding Delegate(s)
2. Adding Payroll Provider
3. Adding Bank Information to transfer funds via ACH for employee contributions

Employer adds employee information

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Step 1 **Register your company** Complete ✓

Step 2 **Add employee information** **Add employees** Due Feb 13

Step 3 **Set up deductions in payroll**
Before you run payroll, review your employees' contribution rates and make adjustments in your payroll system.

Step 4 **Send employee contributions**
Send your employees' contributions to Illinois Secure Choice so they can be distributed to their retirement savings accounts.

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We have compiled resources for employers to make facilitating Illinois Secure Choice as easy as possible.

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Inform your employees
Use this template communication to inform your employees that your company is facilitating Illinois Secure Choice.

Communicating with your employees

Employers submit employee information into the Employer Portal

Illinois Secure Choice then sends program information to employees

Employer sends contributions



ABC Organization

- Dashboard
- Employees Add +
- Contributions
- Administrators
- Payroll Provider
- Messages 1
- Help Center
- Company Details
- Bank Information
- My Profile

Log out

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Portal Updates
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Take the next step

Follow these steps to set up your account and submit employee contributions for the first time. Each activity must be completed by specific deadlines.

- Step 1 **Register your company** Complete
- Step 2 **Add employee information** Complete
- Step 3 **Wait for employee enrollment** Complete
- Step 3 **Set up deductions in payroll** Complete

Step 4 Send employee contributions

Send your employees' contributions to Illinois Secure Choice so they can be distributed to their retirement savings accounts.

[Learn more](#)

Send contributions

Due Oct 14

Illinois Secure Choice support

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[Employer resources](#)

[Contact Us](#)

Inform your employees

Use this template communication to inform your employees that your company is facilitating Illinois Secure Choice.

[Communicating with your employees](#)

Employer begins payroll deductions for employees who are auto-enrolled or registered

Employer then submits contributions and transfers funds to deposit into employees' IRA accounts

What business owners are saying



Pamela Frazier

President of All In One Laundry Center & Services in Springfield

Employer Testimonial*

As a small business owner who did not have an existing program in place, Illinois Secure Choice made it easy to facilitate with a limited employer role. I would highly recommend to any employer looking for a retirement savings program to enroll in Illinois Secure Choice and allow employees to save for retirement through payroll contribution.



Robb Hendrickson

Co-Founder of Green Paws Chicago

Employer Testimonial*

Illinois Secure Choice helps us maintain a competitive edge in appealing to prospective employees and keeping existing employees happy—an important consideration during today's tight labor market.



*Individuals have not received compensation for their testimonial. Testimonials are opinions based on personal experience and do not guarantee similar results.

A young woman with long brown hair, wearing a white long-sleeved shirt and a dark green apron, stands behind a bar counter. She is smiling warmly at the camera. In the background, another server in a white shirt and dark apron is visible, working at the bar. The setting is a restaurant or bar with warm lighting, including blue pendant lamps. There are various items on the bar counter, such as a glass of beer, a container of colorful straws, and a coffee machine. The overall atmosphere is professional and friendly.

Options for Participants

Employees control their participation

Participants are automatically enrolled into the standard default options and can make changes at any time (contribution rate*, fund option, or opting out altogether).

Default Account Type



Roth IRA
funded with
after-tax contributions

Default Contribution Rate



5%
with automatic escalation of
1% each year up to 10%

Default Investment Option



Target Date Fund
appropriate for the saver's
projected retirement date

*Participant contributions are subject to IRS annual contribution limits. For 2023, the limits are:

- \$6,500 for individuals under age 50
- \$7,500 for individuals aged 50 or older

Employee investment options

Participants who elect to change the investment default can choose among the investment funds below:

| Investment Option | Investment Fund/Manager |
|------------------------------|---|
| Target Retirement Date Funds | BlackRock LifePath® Index Series |
| Growth Fund | Charles Schwab / Schwab S&P 500 Index Fund |
| Conservative Fund | Charles Schwab / Schwab U.S. Aggregate Bond Index |
| Capital Preservation Fund | State Street Institutional Liquid Reserves Fund |

Resources & Support

Website

www.ilsecurechoice.com

Employers:

- Program Details
- Registration & Portal Access
- Frequently Asked Questions

Savers:

- Program Details
- Portal Access
- Forms
- Retirement Calculator
- Investment Information

Service Team

Client Services

(855) 650-6913 (Employers)
(855) 650-6914 (Savers)

clientservices@ilsecurechoice.com

Hours:

8:00 am to 8:00 pm CT, M-F

Multilingual support available

Training & Support

Live Webinar Series

Employers:

- [Employer Program Overview \(Recording\)](#)
- [How to Add Employees \(Recording\)](#)
- [How to Submit Contributions \(Recording\)](#)

Savers:

- [Savers Program Overview \(Recording\)](#)

Individualized Training & Support

- Jaimee Niles
- (773) 965-3304
- Jaimee.Niles@Ascensus.com

Disclosure

The Illinois Secure Choice Savings Program (“IL Secure Choice” or the “Program”) is an automatic enrollment payroll deduction retirement savings program overseen by the Illinois Secure Choice Savings Board (“Board”). Ascensus College Savings Recordkeeping Services, LLC (“ACSR”) is the program administrator. ACSR and its affiliates are responsible for day-to-day program operations. Participants saving through IL Secure Choice beneficially own and have control over their IRAs, as provided in the Program Description available at saver.ilsecurechoice.com. IL Secure Choice is not sponsored by the employer, and therefore the employer is not responsible for the Program or liable as a Program sponsor. Employers are not permitted to endorse the Program or encourage or advise employees on whether to participate, how much (if any) to contribute, or provide investment help.

IL Secure Choice offers investment options selected by the Board. For more information on IL Secure Choice’s investment options go to saver.ilsecurechoice.com. Account balances in IL Secure Choice will vary with market conditions. Investments in IL Secure Choice are not guaranteed or insured by the Board, the State of Illinois, the Federal Deposit Insurance Corporation or any other organization.

IL Secure Choice is a completely voluntary retirement program. Participants may opt out at any time or reduce or increase the amount of payroll contributions. If a participant opts out, they can later opt back into IL Secure Choice.

Saving through an IRA will not be appropriate for all individuals. Employer facilitation of IL Secure Choice should not be considered an endorsement or recommendation by a participating employer of IL Secure Choice, IRAs, or the investment options offered through IL Secure Choice. IRAs are not exclusive to IL Secure Choice and can be obtained outside of the Program and contributed to outside of payroll deduction. Contributing to an IL Secure Choice IRA through payroll deduction offers some tax benefits and consequences. However, not everyone is eligible to contribute to a Roth IRA and a participant should consult their tax or financial advisor if they have questions related to taxes or investments. Employers do not provide financial advice and employees should not contact an employer for financial advice. Employers should refer all questions about the Program to IL Secure Choice.

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