**Secure Choice: A New Retirement Savings Program**

**Illinois Secure Choice Retirement Savings Program**

* Small Business Majority – national group dedicated towards education and advocacy for small business owners/self-employed individuals, especially for communities of color, women, immigrants
* Create a law/implement program that is auto enrollment savings/retirement fund
* 1.2 million small businesses/self-employed in Illinois
* Generating jobs for 2 million people in the state
* Illinois State Treasurer's Office – working to roll out the Secure Choice Program
* 47% of private sector who do not have access to retirement plan at work
* Workers are 15x more likely to save for retirement if they have access to a payroll deduction savings plan at work
* 29% of households 55 & older have no retirement
* High income families are 10x more likely to have retirement accounts than low-income families
* You are 9x more likely to be offered a retirement plan at large firm (1K employees) than at a small firm (<50 employees)
* Median retirement savings for working-age household is only $5,000
* Secure Choice: creating access to retirement, making it easy for people to save as much as possible
* Bill sponsored by Senator Biss and Representative Currie

**What is Secure Choice?**

* Helping people save their own money
* Giving people choices, not overwhelming them
* Goal is not to replace employer sponsored plans
* Acknowledging with Secure Choice that there are many employers who can't/won't offer plans
* Secure Choice focuses on ease for employer and employee
* Criteria: Secure Choice will apply to employers:
  + With 25 or more employees
  + That have been in business for at least 2 years
  + That do not offer a qualified retirement plan
* Employers who fit these criteria will need to either enroll their workers in Secure Choice or begin offering a qualified plan
  + - Secure Choice is a requirement
  + About 1.2 million workers across state to be impacted (about 1/5 of workforce)
  + May be able to add Secure Choice for smaller businesses later
  + Features include:
    - Program Manager: Ascensus, a private sector firm that works with many states on college savings, 401ks, etc.
      * Has a blend of knowledge on how state programs work and has knowledge of retirement plans
      * Does the day-to-day recordkeeping and investment management and communicates with the employer and worker about the program
    - Employer: Automatically enroll their workers in Secure Choice, facilitate payroll deductions, and ensure timely remittance of employee contributions to the retirement plan provider
    - Employee: participation is completely voluntary – employees may opt out and back in at any time
    - Their payroll deductions are invested in a Roth IRA. The account belongs to the worker and are portable – so they can take the Roth IRA from job to job
* Employers will:
  + Distribute informational material
  + Enroll employees into Illinois Secure Choice
  + Set up the payroll deduction process and remit employee contributions to the plan provider
* Employers will NOT:
  + Incur an annual/administrative fee
  + Be considered a plan manager or fiduciary or be subject to ERISA
  + Be required or able to make an employer contribution to the plan
  + Be responsible for the same administrative requirements as with employer-sponsored plan

**Administrative Features of Secure Choice**

* Overseen by a seven person Board (day-to-day management by private sector vendor)
* Treasurer's Office provides staff and organizational support to the Secure Choice Board
* Start-up costs appropriated by the state must be paid back
* Program must become self-sustaining
* Total fees for participants capped at 75 basis points (75 cents for every $100)

**Secure Choice Default Options**

* To help workers save, Secure Choice provides these features:
  + Roth IRA
  + 5% default contribution rate (can make it lower up to 1%, can also increase)
  + Default target date fund appropriate for your projected retirement date
    - The investments will be adjusted over time to make sure that there are safe investments by the time of retirement

**Helping All Illinoisans**

* Access to a retirement savings vehicle at work
* No high minimum initial contribution requirements
* Default options make participant easy
* Workers can alter default options or opt-out entirety
* Employers
  + Able to offer retirement savings benefit to employees
  + Do not incur costs and do not bear the responsibilities of a traditional retirement plan

**Secure Choice Program Rollout**

* Pilot employer and employee enrollment begin in May
* First contributions begin in July for Pilot participants
* Wave rollout will begin in fall of 2018 and continue through fall of 2019
* Enrollment in 3 waves: this fall (state's largest employers 500+ employees)
* Wave 2: July 2019 – Mid-size employers (100-499 employees)
* Wave 3: October 2019 (small employers 25-99 employees)

**Contact Information**

* [www.ILsecurechoice.com](http://www.ILsecurechoice.com)
* [Securechoice@illinoistreasurer.gov](mailto:Securechoice@illinoistreasurer.gov)
* Client Services: 855-650-6913 (connects directly to program manager; have translation services)