

Treasurer Frerichs condemns Governor Rauner for playing politics with new retirement savings program for private-sector workers

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SPRINGFIELD – Illinois State Treasurer Michael Frerichs today condemned Governor Bruce Rauner for playing political games with a new program that will provide 1.2 million private-sector workers with access to a retirement savings option at work.

Governor Rauner issued an amendatory veto of House Bill 4923 on Tuesday to make it optional for employers to participate in the Illinois Secure Choice Program, regardless of whether their employees want to participate. Secure Choice, which was signed into law in 2014, requires that employers with at least 25 employees, that have been in business for at least two years, either provide a retirement savings plan or participate in Secure Choice. Governor Rauner appointed four members of the seven-person, bipartisan Board that oversees Secure Choice, and previously signed three other bills that made technical changes to the Program.

“Governor Rauner’s veto of HB 4923 is a shameful attempt to try to undermine a bi-partisan program and deny private-sectors workers the chance at a secure retirement,” Frerichs said. “We will work with members of both parties to override this veto and will stay committed to the successful rollout of Secure Choice to give Illinois workers an opportunity to retire with dignity.”

House Bill 4923, which passed unanimously in the House and Senate, called for technical changes to the Program, including changing the due date of annual audits and reports from calendar year to fiscal year.

“Governor Rauner has chosen to turn his back on 1.2 million Illinois residents who need Secure Choice to have a dignified retirement – in an effort to cozy up to business

lobbyists in Springfield. Fortunately, the General Assembly has shown different priorities and I hope we will swiftly override this veto,” Illinois State Senator Daniel Biss said.

“Governor Rauner’s amendatory veto would turn the Secure Choice Program on its head and leave millions of workers and their families in the lurch,” Illinois State Representative Barbara Flynn Currie said.

“As a strong fiscal conservative, I believe that the Secure Choice program will save Illinois taxpayers a lot of money in the long-term. I look forward to voting to override the Governor’s veto,” Illinois State Representative David McSweeney said.

Half of Illinois’ private-sector workers do not have access to an employer-sponsored retirement plan and one-third of retirees rely upon Social Security for 90 percent of their retirement income.

To help address this growing retirement savings crisis, Secure Choice allows workers to save their own money for their own retirement. When fully implemented, Secure Choice will give 1.2 million workers access to a retirement savings tool at work. Program participants will be enrolled in a default target date Roth IRA with a default five percent contribution rate, but can choose to change their contribution level or fund option at any time, or choose to opt-out of the program altogether. Accounts are owned by individual participants and will be portable from job-to-job.

The Program has received endorsements from both employers and editorial boards across the state. The Chicago Tribune said supporting Secure Choice “should have been a no-brainer for any lawmaker who devoted some time to understanding it.” (December 10, 2014) In a national poll released earlier this year by Small Business Majority nearly 7 in 10 small employers (68%) supported a Secure Choice program, while only 16% were opposed.

The pilot program was successfully launched in May. The full launch of the program will occur in three waves, based on employer size. Employers with 500 or more employees must enroll by November 2018. Employers with 100-499 employees must enroll by July 2019. Employers with 25-99 employees must enroll by November 2019.

Since Illinois acted, seven more states have followed – California, Connecticut, Maryland, New Jersey, Oregon, Vermont and Washington.

About the Illinois Treasurer

The Illinois Treasurer is the state's chief investment officer and Frerichs is a Certified Public Finance Officer. He protects consumers by encouraging savings plans for college or trade school, increasing financial education among all ages, and removing barriers to a secure retirement. As the state's Chief Investment Officer, he actively manages approximately \$28 billion. The portfolio includes \$12 billion in state funds, \$10 billion in college savings plans and \$5.5 billion on behalf of local and state governments. The investment approach is cautious to ensure the preservation of capital and returns \$28 to the state for every \$1 spent in operations. The Treasurer's Office predates Illinois incorporation in 1818. Voters in 1848 chose to make it an elected office.