

Illinois Secure Choice Retirement Savings Program Hits \$100 Million Mark - Employers Encouraged To Leverage Public-Private Partnership

by Eric Krol

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SPRINGFIELD – Workers who participate in the Illinois Secure Choice retirement savings program have set aside more than \$100 million of their own money for their retirement, Illinois State Treasurer Michael Frerichs said today.

The threshold signals a growing recognition that workers understand Social Security alone will not provide enough income after their working days are over and reflects data that shows workers are more likely to save for retirement if they can do so through workplace payroll deductions.

“Secure Choice helps workers in Illinois retire with dignity and confidence,” Frerichs said. “The program is one way my office provides people the tools to achieve the American Dream.”

Through Illinois Secure Choice, workers can save for retirement through Individual Retirement Accounts (IRAs) funded by payroll deductions facilitated by their employers. The default option for program participants is to enroll in a target-date Roth IRA with a 5 percent contribution rate. Participants can choose to change their contribution level or fund option at any time. Accounts are owned by individual participants and are portable from job-to-job. Investments are held in a separate trust outside the Illinois Treasury and are managed by private-sector investment managers.

The General Assembly created Illinois Secure Choice in 2015 and declared employers must either offer a retirement savings program or participate in Illinois Secure Choice. Lawmakers assured employers they would not be responsible for investment decisions and barred them from contributing to a worker’s account. Lawmakers assured workers their accounts would travel with them if they changed employers.

In addition, lawmakers created a seven-member board to oversee the program; determined that investments would be managed by the private sector; and assigned implementation of the savings program to the Illinois State Treasurer’s Office. The program launched in 2018, based on recommendations from the board and consultations with lawmakers.

Today, 117,000 workers, many of whom never thought they could save for retirement, have worked with 9,350 employers to set aside more than \$100 million.

Enrollment was apportioned by employer size so as not to overwhelm employers. Wave one in 2018 included employers with 500 or more employees. Wave two in 2019 included employers with 100-499 employees and another wave that same year included employers with 25-99 employees. The deadline for wave four, employers with 16 or more employees, was Nov. 1, 2022. The deadline for wave five, employers with five or

more employees, is Nov. 1, 2023. Eligible employers can register or report an exemption at www.ilsecurechoice.com any time before their applicable deadline.

Illinois Secure Choice is critical because 40 percent of the state's private-sector workers do not have access to an employer-sponsored retirement plan. The numbers are even higher for those at small businesses. Among businesses with 10-24 employees, nearly 59 percent of workers are not covered by a workplace retirement plan, and for businesses with fewer than 10 employees, that figure is nearly 73 percent, according to [AARP](#).

The employer component is key because workers are 15 times more likely to save for retirement if they can do so through payroll deductions, according to an AARP study. And there's a need to save --- 23 percent of Illinois seniors rely upon Social Security for 90 percent of their retirement income, although Social Security was not designed to be the sole source of income in retirement.

"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," said Pamela Frazier, president of All In One Laundry Center & Services in Springfield.

About Illinois State Treasurer Michael Frerichs

As Illinois State Treasurer, Michael Frerichs (FRAIR'-iks) is the state's Chief Investment and Banking Officer and actively manages approximately \$52 billion. The portfolio includes \$26 billion in state funds, \$17 billion in retirement and college savings plans and \$9 billion on behalf of local and state governments. Frerichs' office protects consumers by safeguarding more than \$3.5 billion in unclaimed property, encouraging savings plans for college or trade school, increasing financial education among all ages, assisting people with disabilities to save without losing government benefits, and removing barriers to a secure retirement. The Treasurer's Office predates Illinois incorporation in 1818. Voters in 1848 chose to make it an elected office.