

University of Massachusetts Boston

ScholarWorks at UMass Boston

Pension Action Center Publications

Pension Action Center

4-9-2015

Illinois Secure Choice Savings Program Act (Passed Jan. 4, 2015)

Emily G. Brown JD

University of Massachusetts Boston, emilyg.brown@umb.edu

Ellen Bruce JD

University of Massachusetts Boston, ellen.bruce@umb.edu

Follow this and additional works at: https://scholarworks.umb.edu/pensionaction_pubs



Part of the [Benefits and Compensation Commons](#), [Gerontology Commons](#), [Labor and Employment Law Commons](#), [Retirement Security Law Commons](#), and the [State and Local Government Law Commons](#)

Recommended Citation

Brown, Emily G. JD and Bruce, Ellen JD, "Illinois Secure Choice Savings Program Act (Passed Jan. 4, 2015)" (2015). *Pension Action Center Publications*. 13.

https://scholarworks.umb.edu/pensionaction_pubs/13

This Fact Sheet is brought to you for free and open access by the Pension Action Center at ScholarWorks at UMass Boston. It has been accepted for inclusion in Pension Action Center Publications by an authorized administrator of ScholarWorks at UMass Boston. For more information, please contact scholarworks@umb.edu.

Illinois Secure Choice Savings Program Act (Passed January 4, 2015)

The IL Secure Choice Savings Program Act creates an automatic enrollment payroll deduction IRA. The purpose of the program is to promote increased retirement savings participation for employees in the private sector.

Is participation mandatory?

- Not for employees. Employees may elect out of participating in the Program.¹
- Participation is mandatory for employers with 25 or more employees, that have been in business for at least 2 years, and have no established pension plan. There is a \$250/employee/year penalty for not setting up auto-enrollment.²
- Participation is optional for employers with less than 25 employees.

Who participates?

- Employees age 18 or over, working in Illinois
- Employers with 25 or more employees
- Employers must set up an auto-enrollment of 3% contribution from employees.³

Who holds the fiduciary duty?

- The Act creates the Illinois Secure Choice Savings Board, Board members, trustee, and agents.⁴
- The Fund is a trust outside of the State Treasury.
- **The Board, the individual members of the Board, appointed trustees, and any other agents engaged/appointed hold fiduciary duties.**
- Employers do not hold fiduciary duty.⁵ Their only duty is to deduct the money and forward it to the Savings Board.
- The Board selects and engages the investment manager or State Board of Investment.

¹Information packets must include information on how employees can opt out of participating. 820 ILL. COMP. STAT. §55 /94-321 (2015).

<http://www.ilga.gov/legislation/fulltext.asp?DocName=&SessionId=85&GA=98&DocTypeId=SB&DocNum=2758&GAID=12&LegID=78572&SpecSess=&Session=>

² §85 /94-321 (2015).

³ *Id.* §60.

⁴ *Id.* §25.

⁵ *Id.* §75(a).

What are the investment options?

- Life-cycle fund with target date. (mandated) (default)
- Conservative principal protection fund (optional)
- Growth fund (optional)
- Secure return fund (optional)
- Annuity fund (optional)

How are the administrative fees paid?

- The Illinois Secure Choice Administrative Fund is established in the State Treasury. The Fund can receive grant and state money for start-up costs and administrative expenses.
- From the pooled resources (per rata)⁶
- Law restricts the administrative expenses to no more than 0.75% of total trust balance.⁷

What law governs?

- ERISA is not intended to govern.⁸
- The board must apply for rulings from appropriate bodies to ensure that ERISA does not apply and that the plan complies with IRS IRA requirements.⁹
- Fund must meet the requirements for IRAs under the Internal Revenue Code.¹⁰
- Program begins within 24 months of signing the bill (January 2017).

Do you have any questions about this fact sheet? Call the Pension Action Center at 888-425-6067 or visit us online at pension.umb.edu

Disclaimer

This fact sheet is intended to provide general information about pensions and other retirement benefits and should not be used as a substitute for a consultation with an attorney or other legal professional. Individuals should always consult a legal or financial advisor to discuss the facts and circumstances of their specific situations.

Because of the rapidly changing nature of the law affecting pensions and other retirement benefits, the information published online by the Pension Action Center is subject to change without notice. Although every effort has been made to verify the accuracy of information presented, there may be errors.

If you find inaccurate data in this fact sheet or on our web site, please let us know by sending an e-mail to the Pension Action Center at Pension@umb.edu.

⁶ *Id.* §30(n).

⁷ *Id.* §30(m).

⁸ *Id.* §59 (8).

⁹ *Id.* §95.

¹⁰ *Id.* §15.