



SecureChoice FAQ's

What is Secure Choice?

The **Illinois Secure Choice Savings Program** is a retirement savings vehicle for private sector workers in Illinois that do not have access to an employer-sponsored plan. Secure Choice enables workers to save their own money easily and safely through a regular payroll deduction, and doesn't burden employers with administrative or managerial costs and responsibilities.

When do employers need to enroll workers in Secure Choice?

Secure Choice will be phased in with a pilot program in 2018. While all participating employers will be notified in advance of Secure Choice's rollout, many may not begin enrolling employees until later phases in 2018 and 2019.

Which employers are affected by Secure Choice?

Any employer in Illinois with 25 or more employees, that has been operating in the state for two years or more, and that doesn't offer a qualified savings plan will automatically enroll their workers in Secure Choice. Instead of participating in Secure Choice, an employer can choose to offer a qualified plan to its workers.

What will employers need to do?

Employers will be responsible for distributing informational materials about the program (materials will be provided by the program manager) to all employees. They will facilitate the enrollment of their employees, set up the payroll deduction process, and ensure timely remittance of employee contributions to the retirement plan provider.

Employers will not be allowed to contribute to the accounts, nor will they have any administrative or managerial duties. Employers are not considered plan managers or fiduciaries the way they would be with a qualified savings plan.

Does Secure Choice have a cost to employers?

Secure Choice does not have a cost for employers. While employers will need to spend some time enrolling employees and ensuring money is remitted in a timely fashion, they will not be charged any sort of administrative or program fee and will not need to pay any costs associated with Secure Choice.

Does the 25 employee count include full-time and part-time employees? How does Secure Choice define "employee"?

Secure Choice will count employees in the same way that the Illinois Department of Employment Security (IDES) counts employees for Unemployment Insurance. In other words, if an employer is reporting at least 25 employees to IDES for unemployment insurance than it would meet the qualification of having 25 employees for Secure Choice. This definition does include both part-time and full-time workers but does not include contracted 1099 workers.

What is considered a qualified retirement savings plan?

The Secure Choice Board has decided that qualifying plans include any plan defined as such by the IRS (under section 401(a) of the code), as well as Simple IRAs or SEP-IRA Plans. If a business is not offering one of those plans and meets the other two qualifications (25 more employees and operating for two years) then it will need to participate in Secure Choice.

Secure Choice FAQ's Cont.

Who manages Secure Choice?

Secure Choice is overseen by a seven person Board but the investment management and administrative services will be contracted out and to a third party provider. The Board will solicit bids through the state's competitive procurement process. No program manager has been selected at this time.

What if my employees do not want to participate Secure Choice?

While employers are required to facilitate auto-enrollment in Secure Choice, an employee can choose to opt-out at any time. If an employee opts-out initially, then an employer will not need to facilitate the payroll deduction. If employees opt out after the program has begun, employers will be notified to cease payroll deductions. Once a year, employees who have opted out will be given the opportunity to opt back in to the program.

What happens if a worker leaves their place of employment?

Secure Choice accounts are owned by the individual participant and will be portable. If an employee leaves a company, the employer is not responsible for keeping track of that individual's account or maintaining it in any way.

What if I already offer a retirement plan but there is a waiting period for eligibility?

Secure Choice is not intended to replace qualified plans that employers already offer. Employers will not need to enroll employees into Secure Choice during any sort of waiting period.

What savings products will Secure Choice offer?

The Secure Choice savings vehicle is a Roth IRA and Secure Choice will offer a limited number of fund options. The default investment option is a target date index fund but participants will be able to choose between a menu of other options. The final fund line-up will not be available until the Board selects an investment manager.

Are there any program fees for participants in Secure Choice?

Secure Choice participants may be charged administrative or investment fees, which is standard in the retirement plan space. Secure Choice has a limit on total fees that may be charged and the Secure Choice Board is intent on ensuring that fees are as low as possible. Exact costs will not be available until the program manager is selected.

Are there penalties to employers for non-compliance?

Employers who do not comply with the Illinois Secure Choice Savings Program Act may be subject to fines and penalties as described in 820 ILCS 80/85.

Is Secure Choice connected to the Illinois pension system?

Secure Choice is completely separate from the Illinois pension system. It is not a pension program, and the state does not make any contribution or have any financial obligations. Secure Choice accounts are Individual Retirement Accounts (IRAs) that are owned by the individual participants in the program.

Can employers with fewer than 25 employees participate in Secure Choice?

The Secure Choice Board is very interested in opening Secure Choice to employers that choose to voluntarily participate. Because of recent federal rules, those employers will not be allowed to auto-enroll employees (employees will actively need to say they want to participate). Opening enrollment for voluntary participation will likely not begin until after the phased enrollment for employers that are required to offer a plan is complete.

Where can I find more information on the Secure Choice Program?

For more information on the Secure Choice Program, visit www.illinoisretirement.gov where you can find additional fact sheets, information on the Secure Choice Board, Board meeting materials, and an email address to submit additional questions.