



FACTS ABOUT IL SECURE CHOICE



Overview

Illinois was the first state to pass legislation establishing an auto-IRA, in 2015, and the second to go “live,” in 2018. In 2022, Illinois’ program began expanding to require employers with 5 to 24 employees and no retirement plan to automatically enroll their workers, who are allowed to opt out. Previously, the requirement only applied to firms with 25 or more employees.

To date, Illinois has 3,796 actively participating employers and 128,392 worker accounts (see Table 1).

TABLE 1. OVERVIEW OF ILLINOIS SECURE CHOICE

Design	Rollout	Status (as of August 31, 2023)
⇒ Mandated for employers in operation for 2+ years with 5+ employees and no retirement plan	⇒ Rollout to employers in progress ⇒ Rollout to workers in progress	⇒ 3,796 employers facilitating payroll contributions in the last 90 days ⇒ 128,392 workers with a funded account
⇒ 5% default contribution rate, with auto-escalation of 1 ppt per year up to 10%	⇒ Registration deadline has passed for firms with 25+ employees, deadlines for smaller firms are in 2022-2023.	⇒ \$133.7 million in assets
⇒ Annual penalty of \$250 per eligible employee		

Source: Illinois Secure Choice, Office of the State Treasurer (2023).

Employers

As of August 2023, 3,796 employers in Illinois have payroll systems in place to process deductions to Illinois Secure Choice (see Table 2). As the program continues to roll out to smaller employers, the number of firms will continue to grow. Among firms that have registered, not all have completed setting up their payroll systems.

TABLE 2. NUMBER OF ILLINOIS SECURE CHOICE EMPLOYERS WITH PAYROLL DEDUCTIONS IN THE LAST 90 DAYS

Period	Active employers
2022-Q4	3,044
2023-Q1	3,622
2023-Q2	3,730
2023-August	3,796

Source: Illinois Secure Choice performance dashboards, Office of the State Treasurer (2023).

Employers subject to the mandate that do not comply must pay an annual fine of \$250 per eligible employee if noncompliance extends 90 days or more after the notice. If the period of noncompliance extends past one year, the annual fine rises to \$500 per employee. The program is also open to employers who are not subject to the mandate and self-employed individuals who wish to participate.

Employees

To date, the number of employees with assets in Illinois Secure Choice has reached 128,392. Given the early stage of the program, average account balances are modest. Contributions made in the first 90 days are invested in a money market fund; after that point, the account balance and future contributions are defaulted into a target-date fund. As of the most recent month, 35 percent of eligible workers chose to opt out

TABLE 3. SELECTED ILLINOIS SECURE CHOICE EMPLOYEE OUTCOMES

Period	Number of accounts (with balances)	Average account balance	Reported opt-out rate ^a
2022-Q4	116,216	\$847	32 %
2023-Q1	121,298	931	34
2023-Q2	125,390	1,017	34
2023-August	128,392	1,041	35

^a The participation rate is not necessarily equal to one minus the opt-out rate. For more discussion on participation rates, see [Quinby et al. \(2019\)](#).

Source: Illinois Secure Choice performance dashboards, Office of the State Treasurer (2023).

of participating (see Table 3).

Assets

The program, which is intended to eventually become financially self-sufficient, had assets under management of \$133.7 million by the end of August 2023 (see Table 4). To pay for its operating costs, Illinois Secure Choice charges an annual fee of approximately 0.75 percent on program assets.

TABLE 4. ASSETS IN ILLINOIS SECURE CHOICE

Period	Assets (in millions)
2022-Q4	\$98.5
2023-Q1	113.0
2023-Q2	127.6
2023-August	133.7

Source: Illinois Secure Choice performance dashboards, Office of the State Treasurer (2023).

Related links:

[Illinois Secure Choice performance dashboards \(Office of the State Treasurer\)](#)

[Illinois Secure Choice program website](#)

C E N T E R *for*
RETIREMENT
RESEARCH
at BOSTON COLLEGE

For more information on closing the coverage gap, visit:
<https://crr.bc.edu/closing-the-coverage-gap/>
