



FACTS ABOUT IL SECURE CHOICE



Overview

Illinois has established an auto-IRA program that requires established employers with 25 or more employees and no retirement plan to automatically enroll their workers, who are allowed to opt out. Illinois was the first state to pass legislation establishing an auto-IRA, in 2015, and the second to go “live,” in 2018.

To date, Illinois has 2,527 participating employers and 71,568 worker accounts (see Table 1).

TABLE 1. OVERVIEW OF ILLINOIS SECURE CHOICE

Design	Target	Status (as of September 30, 2020)
⇒ Mandated for employers in operation for 2+ years with 25+ employees and no retirement plan	⇒ 10,400 employers ^a ⇒ 2.3 million workers ^{a,b}	⇒ 2,527 employers able to process payroll contributions ⇒ 71,568 workers with a funded account
⇒ 5% default contribution rate, no auto-escalation	⇒ Registration deadline has passed, but not all employers have set up payroll deductions yet.	⇒ \$35.2 million in assets
⇒ Annual penalty of \$250 per eligible employee		

^a The targets are CRR estimates designed to reflect the Illinois Secure Choice mandate, excluding the criterion on the length of time an employer is operating. The estimates are based on 2017 data on the number of employers and workers from the *Statistics of U.S. Businesses* and 2018 data on retirement plan coverage from the *National Compensation Survey* and the *Current Population Survey*.

^b These workers represent an estimated 63 percent of all uncovered workers in Illinois. The remaining uncovered workers include those whose firms are not covered by the mandate and the self-employed.

Sources: CRR calculations from U.S. Census Bureau, *Current Population Survey* (2018); *National Compensation Survey* (2018); *Statistics of U.S. Businesses* (2017); and Illinois Secure Choice program website (2020).

Employers

So far, 2,527 employers in Illinois have set up their payroll systems to process deductions to Illinois Secure Choice (see Table 2 on the next page). Unlike Oregon and California, where not all employers are required to register for the programs yet, Illinois currently requires all employers subject to the mandate to be registered. At this point, the system has not yet reached full rollout status as a number of firms that have registered have not completed setting up their payroll systems.

TABLE 2. NUMBER OF ILLINOIS SECURE CHOICE EMPLOYERS WITH PAYROLL SET UP, BY QUARTER

Quarter	Employers
2019-Q4	1,592
2020-Q1	2,334
2020-Q2	2,460
2020-Q3	2,527

Source: CRR calculations from the Illinois Secure Choice program website (2020).

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. 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 just about 72,000. Given the very early stage of the program, average account balances are modest. As of the most recent quarter, 37 percent of eligible workers chose to opt out of participating. It is important to note that the participation rate is not necessarily equal to one minus the opt-out rate (see Table 3). (For more discussion on participation rates in state auto-IRA programs, see [Quinby et al. \(2019\)](#).)

TABLE 3. SELECTED ILLINOIS SECURE CHOICE EMPLOYEE OUTCOMES, BY QUARTER

Quarter	Number of accounts (with balances)	Average account balance	Reported opt-out rate ^a
2019-Q4	46,494	\$267	40%
2020-Q1	59,964	286	39
2020-Q2	65,933	401	38
2020-Q3	71,568	492	37

^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: CRR calculations from the Illinois Secure Choice program website (2020).

Assets

The program, which is intended to eventually become financially self-sufficient, had assets under management of \$35.2 million by the end of September 2020 (see Table 4). To pay for its operating costs, Illinois Secure Choice charges an annual fee of 0.75 percent on program assets.

TABLE 4. ASSETS IN ILLINOIS SECURE CHOICE, BY QUARTER

Quarter	Assets (in millions)
2019-Q4	\$12.4
2020-Q1	17.2
2020-Q2	26.5
2020-Q3	35.2

Source: CRR calculations from the Illinois Secure Choice program website (2020).

Related link: [IL Secure Choice program website](#)



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