



# FACTS ABOUT IL SECURE CHOICE



## Overview

Illinois' auto-IRA program 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	Rollout	Status (as of September 30, 2020)
⇒ Mandated for employers in operation for 2+ years with 25+ employees and no retirement plan	⇒ Rollout to employers in progress ⇒ Rollout to workers in progress	⇒ 2,527 employers facilitating payroll contributions ⇒ 71,568 workers with a funded account
⇒ 5% default contribution rate, no auto-escalation	⇒ Registration deadline passed, but some firms have yet to set up payroll deductions.	⇒ \$35.2 million in assets
⇒ Annual penalty of \$250 per eligible employee		

Source: Illinois Secure Choice, Office of the State Treasurer (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, not all firms that have registered have completed setting up their payroll systems. 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.

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: Illinois Secure Choice performance dashboards, Office of the State Treasurer (2020).

## Employees

To date, the number of employees with assets in Illinois Secure Choice has reached about 71,600. Given the very 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, all contributions are defaulted into a target-date fund. As of the most recent quarter, 37 percent of eligible workers chose to opt out of participating (see Table 3).

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

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

<sup>a</sup> 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 (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 on the next page). 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: Illinois Secure Choice performance dashboards, Office of the State Treasurer (2020).

**Related links:**

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

[Illinois Secure Choice program website](#)

CENTER *for*  
RETIREMENT  
RESEARCH  
at BOSTON COLLEGE

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

---