



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 2,806 participating employers and 85,355 worker accounts (see Table 1).

TABLE 1. OVERVIEW OF ILLINOIS SECURE CHOICE

Design	Rollout	Status (as of March 31, 2021)
⇒ 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	⇒ 2,806 employers facilitating payroll contributions ⇒ 85,355 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.	⇒ \$55.7 million in assets
⇒ Annual penalty of \$250 per eligible employee		

Source: Illinois Secure Choice, Office of the State Treasurer (2021).

Employers

So far, 2,806 employers in Illinois have set up their payroll systems to process deductions to Illinois Secure Choice (see Table 2 on the next page). Unlike California, where not all employers are required to register for the program yet, Illinois (and Oregon) currently require 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

Period	Employers
2020-Q2	2,460
2020-Q3	2,527
2020-Q4	2,705
2021-Q1	2,806

Source: Illinois Secure Choice performance dashboards, Office of the State Treasurer (2021).

Employees

To date, the number of employees with assets in Illinois Secure Choice has reached about 85,355. 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 month, 35 percent of eligible workers chose to opt out of participating (see Table 3).

TABLE 3. SELECTED ILLINOIS SECURE CHOICE EMPLOYEE OUTCOMES

Period	Number of accounts (with balances)	Average account balance	Reported opt-out rate ^a
2020-Q2	65,933	\$401	38%
2020-Q3	71,568	492	37
2020-Q4	79,837	589	36
2021-Q1	85,355	652	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 (2021).

Assets

The program, which is intended to eventually become financially self-sufficient, had assets under management of \$55.7 million by the end of February 2021 (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

Period	Assets (in millions)
2020-Q2	\$26.5
2020-Q3	35.2
2020-Q4	47.0
2021-Q1	55.7

Source: Illinois Secure Choice performance dashboards, Office of the State Treasurer (2021).

Related links:

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

[Illinois Secure Choice program website](#)



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