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 2,846 participating employers and 91,655 worker accounts (see Table 1).

<table>
<thead>
<tr>
<th>Design</th>
<th>Rollout</th>
<th>Status (as of July 31, 2021)</th>
</tr>
</thead>
<tbody>
<tr>
<td>➡️ Mandated for employers in operation for 2+ years with 25+ employees and no retirement plan</td>
<td>➡️ Rollout to employers in progress</td>
<td>➡️ 2,846 employers facilitating payroll contributions</td>
</tr>
<tr>
<td>➡️ 5% default contribution rate, no auto-escalation</td>
<td>➡️ Rollout to workers in progress</td>
<td>➡️ 91,655 workers with a funded account</td>
</tr>
<tr>
<td>➡️ Annual penalty of $250 per eligible employee</td>
<td>➡️ Registration deadline passed, but some firms have yet to set up payroll deductions.</td>
<td>➡️ $70.2 million in assets</td>
</tr>
</tbody>
</table>


Employers

So far, 2,846 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.
Employees

To date, the number of employees with assets in Illinois Secure Choice has reached 91,655. 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, the account balance and future contributions are defaulted into a target-date fund. As of the most recent month, 34 percent of eligible workers chose to opt out of participating (see Table 3).

Assets

The program, which is intended to eventually become financially self-sufficient, had assets under management of $70.2 million by the end of July 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

<table>
<thead>
<tr>
<th>Period</th>
<th>Assets (in millions)</th>
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</thead>
<tbody>
<tr>
<td>2020-Q4</td>
<td>$47.0</td>
</tr>
<tr>
<td>2021-Q1</td>
<td>55.7</td>
</tr>
<tr>
<td>2021-Q2</td>
<td>67.1</td>
</tr>
<tr>
<td>2021-July</td>
<td>70.2</td>
</tr>
</tbody>
</table>


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/