



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 is 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 3,268 participating employers and 109,346 worker accounts (see Table 1).

TABLE 1. OVERVIEW OF ILLINOIS SECURE CHOICE

Design	Rollout	Status (as of September 30, 2022)
⇒ 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	⇒ 3,268 employers facilitating payroll contributions ⇒ 109,346 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 2022-23.	⇒ \$84.0 million in assets
⇒ Annual penalty of \$250 per eligible employee		

Source: Illinois Secure Choice, Office of the State Treasurer (2022).

Employers

So far, 3,268 employers in Illinois have set up their payroll systems to process deductions to Illinois Secure Choice (see Table 2 on the next page). As the program rolls 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.

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
2021-Q4	2,973
2022-Q1	3,077
2022-Q2	3,107
2022-Q3	3,268

Source: Illinois Secure Choice performance dashboards, Office of the State Treasurer (2021, 2022).

Employees

To date, the number of employees with assets in Illinois Secure Choice has reached 109,346. 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, 32 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
2021-Q4	99,082	\$857	33%
2022-Q1	102,664	850	33
2022-Q2	105,459	785	33
2022-Q3	109,346	768	32

^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, 2022).

Assets

The program, which is intended to eventually become financially self-sufficient, had assets under management of \$84.0 million by the end of September 2022 (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)
2021-Q4	\$84.9
2022-Q1	87.3
2022-Q2	82.7
2022-Q3	84.0

Source: Illinois Secure Choice performance dashboards, Office of the State Treasurer (2021, 2022).

Related links:

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

[Illinois Secure Choice program website](#)

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