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 3,612 participating employers and 113,430 worker accounts (see Table 1).

Table 1. Overview of Illinois Secure Choice

<table>
<thead>
<tr>
<th>Design</th>
<th>Rollout</th>
<th>Status (as of November 30, 2022)</th>
</tr>
</thead>
<tbody>
<tr>
<td>➡️ Mandated for employers in operation for 2+ years with 5+ employees and no retirement plan</td>
<td>➡️ Rollout to employers in progress</td>
<td>➡️ 3,612 employers facilitating payroll contributions</td>
</tr>
<tr>
<td>➡️ 5% default contribution rate, with auto-escalation of 1 ppt per year up to 10%</td>
<td>➡️ Rollout to workers in progress</td>
<td>➡️ 113,430 workers with a funded account</td>
</tr>
<tr>
<td>➡️ Annual penalty of $250 per eligible employee</td>
<td>➡️ Registration deadline has passed for firms with 25+ employees, deadlines for smaller firms are in 2022-23.</td>
<td>➡️ $99.9 million in assets</td>
</tr>
</tbody>
</table>


Employers

So far, 3,612 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.
To date, the number of employees with assets in Illinois Secure Choice has reached 113,430. 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).

**Assets**

The program, which is intended to eventually become financially self-sufficient, had assets under management of $99.9 million by the end of November 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

<table>
<thead>
<tr>
<th>Period</th>
<th>Assets (in millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2022-Q1</td>
<td>$87.3</td>
</tr>
<tr>
<td>2022-Q2</td>
<td>82.7</td>
</tr>
<tr>
<td>2022-Q3</td>
<td>84.0</td>
</tr>
<tr>
<td>2022-November</td>
<td>99.9</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/