

# What Employers Need to Know About the Illinois Secure Choice Mandatory Retirement Savings Program

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## Meet the Authors



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Employers in Illinois with at least 25 employees must comply with the Illinois Secure Choice Savings Program Act (Secure Choice) or offer employees an employer-sponsored retirement plan. Secure Choice is set to roll out in November 2018.

Secure Choice applies to Illinois employers that do not sponsor a qualified retirement plan. The program, adopted in 2015, requires employers to automatically withhold five percent of an employee's compensation (up to the annual maximum allowed for IRA contributions each year as provided by the IRS), unless the employee elects a different amount or opts out of the program entirely, and to remit those contributions to the Secure Choice program.

Employers who do not comply with the Illinois Secure Choice Savings Program Act may face a penalty of \$250 per employee for the first year, and \$500 per employee for each subsequent year.

### Employers Covered

Employers that satisfy the following criteria are subject to the Secure Choice program:

1. Have at least 25 employees as reported to the Illinois Department of Employment Security (IDES) for unemployment insurance payments;
2. Have been operating in Illinois for at least two years; and
3. Do not offer a qualified retirement plan to any Illinois employees. (A qualified retirement plan under sections 401(a), 401(k), 403(a), 403(b), 408(k), 408(p), or 457(b).)

The program will notify employers before their scheduled start time to allow them time to register. The schedule is as follows:

*Wave 1* begins November 2018 for employers with at least 500 employees:

- Employers have until December 2018 to enroll employees; and
- Deductions will begin in January 2019;

*Wave 2* begins July 2019 for employers with 100-499 employees; and

*Wave 3* begins November 2019 for employers with 25-99 employees.

### Employer Obligations

Employers that participate in Secure Choice have a limited role in its operation and administration. The employer's responsibilities include:

1. Distributing the information and other materials provided by the Secure Choice

- Program manager to employees;
2. Facilitating employee enrollments;
  3. Setting up the appropriate payroll deductions; and
  4. Timely remitting employee deferral contributions.

Employers who participate in Secure Choice do not:

1. Make any employer contributions;
2. Pay any administrative fees;
3. Act as a plan manager or fiduciary; and
4. Have any obligations under ERISA with respect to the program.

During the registration process, employers will provide information about their business in order to determine whether they are subject to Secure Choice. Employers that are subject to the program will go through an enrollment process and provide additional information about eligible employees.

The program will provide covered employers with information materials to distribute to employees. Employees will have 30 days to elect a deferral percentage (other than the five-percent default) or opt-out.

### Employees Eligible

Full-time and part-time employees are eligible. In addition, seasonal employees are eligible if they work for the employer for more than 60 days. An employer does not need to offer the program to full-time students in a work-study program.

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The Illinois Secure Choice website provides additional information, including [FAQs](#).

If you have any questions or would like assistance in understanding your company's obligations under Illinois Secure Choice, please contact your Jackson Lewis attorney.

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