
State-sponsored workplace savings program passes Illinois Senate

By Editorial Staff Thu, Apr 17, 2014

Senate Bill 2758 would provide access to an IRA plan at businesses with 25 or more employees and in business more than two years. Automatic payroll contributions would go into the Illinois Secure Choice Savings Fund, a trust outside the state treasury.

The Illinois Secure Choice Savings Program ([Senate Bill 2758](#)), which provides a simple workplace retirement savings program for over 2.5 million Illinois workers currently without access to such a plan, was passed by the Illinois Senate on April 9.

The bill, sponsored by Sen. Daniel Biss and supported by AARP, will now move to the House where Rep. Barbara Flynn Currie will be the chief sponsor. Similar bills are under consideration in California and Connecticut.

Senate Bill 2758 would provide access to an Individual Retirement Account (IRA) plan at businesses with 25 or more employees that have been in business more than two years. Automatic payroll deductions and contributions would go into the Illinois Secure Choice Savings Fund, a trust set up outside the state treasury. The law stipulates that administrative expenses not exceed 75 basis points a year. The fund's board will pick a target-date fund provider to offer a default life-cycle fund. The default contribution amount will be 3%.

The program enables businesses to facilitate employee savings without having to sponsor a plan, comply with ERISA requirements or make matching contributions. Workers would be automatically opted-in to an account, but could opt-out at any time, and the accounts would be portable.

According to the bill, employers who fail without reasonable cause to enroll employees in the plan will be fined \$250 for each calendar year or part of a calendar in which the employees weren't enrolled or had opted out of the plan, and \$500 per employee per calendar year for continuing not to enroll employees after the first penalty was assessed.

Nationally, 45% of working-age households have no retirement savings and the average Social Security benefit in Illinois is only \$1,281 per month, according to an Illinois Senate release. Over 71% of workers participate in a retirement savings plan when it is offered by their employer – and less than 5% save if their employer does not offer a plan.

The Illinois Secure Choice Savings Program is supported by AARP Illinois, Illinois Asset Building Group, Sargent Shriver National Center on Poverty Law, Woodstock Institute, Heartland Alliance, SEIU Illinois/Indiana and over 45 other businesses, associations and advocacy groups.

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