



104TH GENERAL ASSEMBLY

State of Illinois

2025 and 2026

HB1435

Introduced 1/28/2025, by Rep. Gregg Johnson

SYNOPSIS AS INTRODUCED:

820 ILCS 80/10
820 ILCS 80/30
820 ILCS 80/55
820 ILCS 80/85

Amends the Illinois Secure Choice Savings Program Act. Provides that the accounts established under the Secure Choice Savings Program shall be IRAs, into which enrollees contribute funds that are invested in investment options established by the Illinois Secure Choice Savings Board. Provides that a separate account shall be established for each enrollee and the accounts shall be owned by the enrollee. Provides that the savings accounts established under the Program shall be portable and allow for an enrollee to make contributions from multiple employers into a single account. Provides that an enrollee in the Program may have both a Roth IRA and a Traditional IRA through the Program. Provides that the Board shall have the duty to assess the feasibility of agreements with other governmental entities, including other states and their agencies and instrumentalities, to achieve greater economies of scale through shared resources and to enter into those agreements if determined to be beneficial. Provides that an employer who fails without reasonable cause to enroll an employee in the Program within the time provided and fails to remit their contributions (rather than fails without reasonable cause to enroll an employee in the Program within the time provided) shall be subject to a penalty. Makes changes in provisions concerning employer and employee information packets. Effective immediately.

LRB104 08140 SPS 18186 b

1 AN ACT concerning employment.

2 **Be it enacted by the People of the State of Illinois,**
3 **represented in the General Assembly:**

4 Section 5. The Illinois Secure Choice Savings Program Act
5 is amended by changing Sections 10, 30, 55, and 85 as follows:

6 (820 ILCS 80/10)

7 Sec. 10. Establishment of Illinois Secure Choice Savings
8 Program.

9 (a) A retirement savings program in the form of an
10 automatic enrollment payroll deduction IRA, known as the
11 Illinois Secure Choice Savings Program, is hereby established
12 and shall be administered by the Board for the purpose of
13 promoting greater retirement savings for private-sector
14 employees in a convenient, low-cost, and portable manner.

15 (b) The accounts established under this Program shall be
16 IRAs, into which enrollees contribute funds that are invested
17 in investment options established by the Board. A separate
18 account shall be established for each enrollee and the
19 accounts shall be owned by the enrollee.

20 (c) The savings accounts established under the Program
21 shall be portable and allow for an enrollee to make
22 contributions from multiple employers into a single account,
23 either simultaneously or separately throughout the enrollee's

1 lifetime.

2 (d) An enrollee in the Program may have both a Roth IRA and
3 a Traditional IRA through the Program.

4 (Source: P.A. 98-1150, eff. 6-1-15.)

5 (820 ILCS 80/30)

6 Sec. 30. Duties of the Board. In addition to the other
7 duties and responsibilities stated in this Act, the Board
8 shall:

9 (a) Cause the Program to be designed, established and
10 operated in a manner that:

11 (1) accords with best practices for retirement
12 savings vehicles;

13 (2) maximizes participation, savings, and sound
14 investment practices;

15 (3) maximizes simplicity, including ease of
16 administration for participating employers and
17 enrollees;

18 (4) provides an efficient product to enrollees by
19 pooling investment funds;

20 (5) ensures the portability of benefits; and

21 (6) provides for the deaccumulation of enrollee
22 assets in a manner that maximizes financial security
23 in retirement.

24 (b) Appoint a trustee to the IRA Fund in compliance
25 with Section 408 of the Internal Revenue Code.

1 (c) Explore and establish investment options, subject
2 to Section 45 of this Act, that offer employees returns on
3 contributions and the conversion of individual retirement
4 savings account balances to secure retirement income
5 without incurring debt or liabilities to the State.

6 (d) Establish the process by which interest,
7 investment earnings, and investment losses are allocated
8 to individual program accounts on a pro rata basis and are
9 computed at the interest rate on the balance of an
10 individual's account.

11 (e) Make and enter into contracts necessary for the
12 administration of the Program and Fund, including, but not
13 limited to, retaining and contracting with investment
14 managers, private financial institutions, other financial
15 and service providers, consultants, actuaries, counsel,
16 auditors, third-party administrators, and other
17 professionals as necessary.

18 (e-5) Conduct a review of the performance of any
19 investment vendors every 4 years, including, but not
20 limited to, a review of returns, fees, and customer
21 service. A copy of reviews conducted under this subsection
22 (e-5) shall be posted to the Board's Internet website.

23 (f) In collaboration with the State Treasurer,
24 determine the number and duties of staff members needed to
25 administer the Program and assemble such a staff.

26 (g) Cause moneys in the Fund to be held and invested as

1 pooled investments described in Section 45 of this Act,
2 with a view to achieving cost savings through efficiencies
3 and economies of scale.

4 (h) Evaluate and establish the process by which an
5 enrollee is able to contribute a portion of his or her
6 wages to the Program for automatic deposit of those
7 contributions and the process by which the participating
8 employer provides a payroll deposit retirement savings
9 arrangement to forward those contributions and related
10 information to the Program, including, but not limited to,
11 contracting with financial service companies and
12 third-party administrators with the capability to receive
13 and process employee information and contributions for
14 payroll deposit retirement savings arrangements or similar
15 arrangements.

16 (i) Design and establish the process for enrollment
17 under Section 60 of this Act, including the process by
18 which an employee can opt not to participate in the
19 Program, select a contribution level, select an investment
20 option, and terminate participation in the Program.

21 (j) Evaluate and establish the process by which an
22 individual may voluntarily enroll in and make
23 contributions to the Program.

24 (k) Accept any grants, appropriations, or other moneys
25 from the State, any unit of federal, State, or local
26 government, or any other person, firm, partnership, or

1 corporation solely for deposit into the Fund, whether for
2 investment or administrative purposes.

3 (l) Evaluate the need for, and procure as needed,
4 insurance against any and all loss in connection with the
5 property, assets, or activities of the Program, and
6 indemnify as needed each member of the Board from personal
7 loss or liability resulting from a member's action or
8 inaction as a member of the Board.

9 (m) Make provisions for the payment of administrative
10 costs and expenses for the creation, management, and
11 operation of the Program, including the costs associated
12 with subsection (b) of Section 20 of this Act, subsections
13 (e), (f), (h), and (l) of this Section, subsection (b) of
14 Section 45 of this Act, subsection (a) of Section 80 of
15 this Act, and subsection (n) of Section 85 of this Act.
16 Subject to appropriation, the State may pay administrative
17 costs associated with the creation and management of the
18 Program until sufficient assets are available in the Fund
19 for that purpose. Thereafter, all administrative costs of
20 the Fund shall be paid only out of moneys on deposit
21 therein. However, private funds or federal funding
22 received under subsection (k) of Section 30 of this Act in
23 order to implement the Program until the Fund is
24 self-sustaining shall not be repaid unless those funds
25 were offered contingent upon the promise of such
26 repayment. The Board shall keep investment fees as low as

1 possible, but in no event shall they exceed 0.25% of the
2 total trust balance. The Board may charge administrative
3 fees, established by rule, that shall be consistent with
4 industry standards.

5 (n) Allocate administrative fees to individual
6 retirement accounts in the Program on a pro rata basis.

7 (o) Set minimum and maximum contribution levels in
8 accordance with limits established for IRAs by the
9 Internal Revenue Code.

10 (o-5) Select a default contribution rate for Program
11 participants within the range of 3% to 6% of an enrollee's
12 wages.

13 (o-10) Establish annual, automatic increases to the
14 contribution rates based upon a schedule provided for in
15 rules up to a maximum of 10% of an enrollee's wages.

16 (p) Facilitate education and outreach to employers and
17 employees.

18 (q) Facilitate compliance by the Program with all
19 applicable requirements for the Program under the Internal
20 Revenue Code, including tax qualification requirements or
21 any other applicable law and accounting requirements.

22 (q-5) Verify employee eligibility for auto-enrollment
23 in accordance with the Internal Revenue Code and
24 applicable Federal and State laws. The verification shall
25 include the rejection of any enrollee under 18 years of
26 age.

1 (r) Carry out the duties and obligations of the
2 Program in an effective, efficient, and low-cost manner.

3 (s) Exercise any and all other powers reasonably
4 necessary for the effectuation of the purposes,
5 objectives, and provisions of this Act pertaining to the
6 Program.

7 (t) Deposit into the Illinois Secure Choice
8 Administrative Fund all grants, gifts, donations, fees,
9 and earnings from investments from the Illinois Secure
10 Choice Savings Program Fund that are used to recover
11 administrative costs. All expenses of the Board shall be
12 paid from the Illinois Secure Choice Administrative Fund.

13 (u) Assess the feasibility of agreements with other
14 governmental entities, including other states and their
15 agencies and instrumentalities, to achieve greater
16 economies of scale through shared resources and to enter
17 into those agreements if determined to be beneficial.

18 ~~The Board may enter into agreements with other~~
19 ~~governmental entities, including other states or their~~
20 ~~agencies and instrumentalities, to enable residents of other~~
21 ~~states to participate in the Program.~~

22 (Source: P.A. 102-179, eff. 1-1-22; 103-43, eff. 6-9-23.)

23 (820 ILCS 80/55)

24 Sec. 55. Employer and employee information packets and
25 disclosure forms.

1 (a) Prior to the opening of the Program for enrollment,
2 the Board shall design and disseminate to all employers an
3 employer information packet and an employee information
4 packet, which shall include background information on the
5 Program, appropriate disclosures for employees, and
6 information regarding the vendor Internet website described in
7 subsection (i) of Section 60 of this Act.

8 (b) The Board shall provide for the contents of both the
9 employee information packet and the employer information
10 packet.

11 (c) The employee information packet shall include a
12 disclosure form. The disclosure form shall explain, but not be
13 limited to, all of the following:

14 (1) the benefits and risks associated with making
15 contributions to the Program;

16 (2) the mechanics of how to make contributions to the
17 Program;

18 (3) how to opt out of the Program;

19 (4) how to participate in the Program with a level of
20 employee contributions other than the default contribution
21 rate;

22 (5) the process for withdrawal of retirement savings;

23 (6) how to obtain additional information about the
24 Program;

25 (7) that employees seeking financial advice should
26 contact financial advisors, that participating employers

1 are not in a position to provide financial advice, and
2 that participating employers are not liable for decisions
3 employees make pursuant to this Act;

4 (8) that the Program is not an employer-sponsored
5 retirement plan; and

6 (9) that the Program Fund is not guaranteed by the
7 State.

8 (d) The employee information packet shall also include a
9 form for an employee to note his or her decision to opt out of
10 participation in the Program and information on how ~~or elect~~
11 to participate with a custom ~~level of employee contributions~~
12 ~~other than the default~~ contribution rate.

13 (e) Participating employers shall supply the employee
14 information packet to employees upon launch of the Program.
15 Participating employers shall supply the employee information
16 packet to new employees at the time of hiring, and new
17 employees may opt out of participation in the Program or elect
18 to participate with a level of employee contributions other
19 than the default contribution rate at that time.

20 (Source: P.A. 100-6, eff. 6-30-17.)

21 (820 ILCS 80/85)

22 Sec. 85. Penalties.

23 (a) An employer who fails without reasonable cause to
24 enroll an employee in the Program within the time prescribed
25 under Section 60 of this Act and fails to remit their

1 contributions shall be subject to a penalty equal to:

2 (1) \$250 per employee for the first calendar year the
3 employer is noncompliant; or

4 (2) \$500 per employee for each subsequent calendar
5 year the employer is noncompliant; noncompliance does not
6 need to be consecutive to qualify for the \$500 penalty.

7 The Department shall determine total employee count using
8 the annual average from employer-reported quarterly data.

9 (b) After determining that an employer is subject to a
10 penalty under this Section for a calendar year, the Department
11 shall issue a notice of proposed assessment to such employer,
12 stating the number of employees for which the penalty is
13 proposed under item (1) of subsection (a) of this Section or
14 the number of employees for which the penalty is proposed
15 under item (2) of subsection (a) of this Section for such
16 calendar year, and the total amount of penalties proposed.

17 Upon the expiration of 120 days after the date on which a
18 notice of proposed assessment was issued, the penalties
19 specified therein shall be deemed assessed, unless the
20 employer had filed a protest with the Department under
21 subsection (c) of this Section or come into full compliance
22 with the Program as required under Section 60 of this Act.

23 If, within 120 days after the date on which it was issued,
24 a protest of a notice of proposed assessment is filed under
25 subsection (c) of this Section, the penalties specified
26 therein shall be deemed assessed upon the date when the

1 decision of the Department with respect to the protest becomes
2 final.

3 (c) A written protest against the proposed assessment
4 shall be filed with the Department in such form as the
5 Department may by rule prescribe, setting forth the grounds on
6 which such protest is based. If such a protest is filed within
7 120 days after the date the notice of proposed assessment is
8 issued, the Department shall reconsider the proposed
9 assessment and shall grant the employer a hearing. As soon as
10 practicable after such reconsideration and hearing, the
11 Department shall issue a notice of decision to the employer,
12 setting forth the Department's findings of fact and the basis
13 of decision. The decision of the Department shall become
14 final:

15 (1) if no action for review of the decision is
16 commenced under the Administrative Review Law, on the date
17 on which the time for commencement of such review has
18 expired; or

19 (2) if a timely action for review of the decision is
20 commenced under the Administrative Review Law, on the date
21 all proceedings in court for the review of such assessment
22 have terminated or the time for the taking thereof has
23 expired without such proceedings being instituted.

24 (d) As soon as practicable after the penalties specified
25 in a notice of proposed assessment are deemed assessed, the
26 Department shall give notice to the employer liable for any

1 unpaid portion of such assessment, stating the amount due and
2 demanding payment. If an employer neglects or refuses to pay
3 the entire liability shown on the notice and demand within 10
4 days after the notice and demand is issued, the unpaid amount
5 of the liability shall be a lien in favor of the State of
6 Illinois upon all property and rights to property, whether
7 real or personal, belonging to the employer, and the
8 provisions in the Illinois Income Tax Act regarding liens,
9 levies and collection actions with regard to assessed and
10 unpaid liabilities under that Act, including the periods for
11 taking any action, shall apply.

12 (e) An employer who has overpaid a penalty assessed under
13 this Section may file a claim for refund with the Department. A
14 claim shall be in writing in such form as the Department may by
15 rule prescribe and shall state the specific grounds upon which
16 it is founded. As soon as practicable after a claim for refund
17 is filed, the Department shall examine it and either issue a
18 refund or issue a notice of denial. If such a protest is filed,
19 the Department shall reconsider the denial and grant the
20 employer a hearing. As soon as practicable after such
21 reconsideration and hearing, the Department shall issue a
22 notice of decision to the employer. The notice shall set forth
23 briefly the Department's findings of fact and the basis of
24 decision in each case decided in whole or in part adversely to
25 the employer. A denial of a claim for refund becomes final 120
26 days after the date of issuance of the notice of the denial

1 except for such amounts denied as to which the employer has
2 filed a protest with the Department. If a protest has been
3 timely filed, the decision of the Department shall become
4 final:

5 (1) if no action for review of the decision is
6 commenced under the Administrative Review Law, on the date
7 on which the time for commencement of such review has
8 expired; or

9 (2) if a timely action for review of the decision is
10 commenced under the Administrative Review Law, on the date
11 all proceedings in court for the review of such assessment
12 have terminated or the time for the taking thereof has
13 expired without such proceedings being instituted.

14 (f) No notice of proposed assessment may be issued with
15 respect to a calendar year after June 30 of the fourth
16 subsequent calendar year. No claim for refund may be filed
17 more than 1 year after the date of payment of the amount to be
18 refunded.

19 (g) The provisions of the Administrative Review Law and
20 the rules adopted pursuant to it shall apply to and govern all
21 proceedings for the judicial review of final decisions of the
22 Department in response to a protest filed by the employer
23 under subsections (c) and (e) of this Section. Final decisions
24 of the Department shall constitute "administrative decisions"
25 as defined in Section 3-101 of the Code of Civil Procedure. The
26 Department may adopt any rules necessary to carry out its

1 duties pursuant to this Section.

2 (h) Whenever notice is required by this Section, it may be
3 given or issued by mailing it by first-class mail addressed to
4 the person concerned at his or her last known address or in an
5 electronic format as determined by the Department.

6 (i) All books and records and other papers and documents
7 relevant to the determination of any penalty due under this
8 Section shall, at all times during business hours of the day,
9 be subject to inspection by the Department or its duly
10 authorized agents and employees.

11 (j) The Department may require employers to report
12 information relevant to their compliance with this Act on
13 returns otherwise due from the employers under Section 704A of
14 the Illinois Income Tax Act and failure to provide the
15 requested information on a return shall cause such return to
16 be treated as unprocessable.

17 (k) For purposes of any provision of State law allowing
18 the Department or any other agency of this State to offset an
19 amount owed to a taxpayer against a tax liability of that
20 taxpayer or allowing the Department to offset an overpayment
21 of tax against any liability owed to the State, a penalty
22 assessed under this Section shall be deemed to be a tax
23 liability of the employer and any refund due to an employer
24 shall be deemed to be an overpayment of tax of the employer.

25 (l) Except as provided in this subsection, all information
26 received by the Department from returns filed by an employer

1 or from any investigation conducted under the provisions of
2 this Act shall be confidential, except for official purposes
3 within the Department or pursuant to official procedures for
4 collection of penalties assessed under this Act. Nothing
5 contained in this subsection shall prevent the Director from
6 publishing or making available to the public reasonable
7 statistics concerning the operation of this Act wherein the
8 contents of returns are grouped into aggregates in such a way
9 that the specific information of any employer shall not be
10 disclosed. Nothing contained in this subsection shall prevent
11 the Director from divulging information to an authorized
12 representative of the employer or to any person pursuant to a
13 request or authorization made by the employer or by an
14 authorized representative of the employer.

15 (m) Civil penalties collected under this Act and fees
16 collected pursuant to subsection (n) of this Section shall be
17 deposited into the Tax Compliance and Administration Fund. The
18 Department may, subject to appropriation, use moneys in the
19 fund to cover expenses it incurs in the performance of its
20 duties under this Act. Interest attributable to moneys in the
21 Tax Compliance and Administration Fund shall be credited to
22 the Tax Compliance and Administration Fund.

23 (n) The Department may charge the Board a reasonable fee
24 for its costs in performing its duties under this Section to
25 the extent that such costs have not been recovered from
26 penalties imposed under this Section.

1 (o) The Department shall post on its Internet website a
2 notice stating that this Section is operative and the date
3 that it is first operative. This notice shall include a
4 statement that rather than enrolling employees in the Program
5 under this Act, employers may set up a qualified retirement
6 plan, including, but not limited to, a defined benefit plan,
7 401(k) plan, a Simplified Employee Pension (SEP) plan, or a
8 Savings Incentive Match Plan for Employees (SIMPLE) plan. The
9 Board shall provide a link to the vendor Internet website
10 described in subsection (i) of Section 60 of this Act, if
11 applicable.

12 (Source: P.A. 102-179, eff. 1-1-22; 103-681, eff. 1-1-25.)

13 Section 99. Effective date. This Act takes effect upon
14 becoming law.