

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 5, 30, 45, 65, and 80 as
6 follows:

7 (820 ILCS 80/5)

8 Sec. 5. Definitions. Unless the context requires a
9 different meaning or as expressly provided in this Section, all
10 terms shall have the same meaning as when used in a comparable
11 context in the Internal Revenue Code. As used in this Act:

12 "Board" means the Illinois Secure Choice Savings Board
13 established under this Act.

14 "Department" means the Department of Revenue.

15 "Director" means the Director of Revenue.

16 "Employee" means any individual who is 18 years of age or
17 older, who is employed by an employer, and who has wages that
18 are allocable to Illinois during a calendar year under the
19 provisions of Section 304(a)(2)(B) of the Illinois Income Tax
20 Act.

21 "Employer" means a person or entity engaged in a business,
22 industry, profession, trade, or other enterprise in Illinois,
23 whether for profit or not for profit, that (i) has at no time

1 during the previous calendar year employed fewer than 25
2 employees in the State, (ii) has been in business at least 2
3 years, and (iii) has not offered a qualified retirement plan,
4 including, but not limited to, a plan qualified under Section
5 401(a), Section 401(k), Section 403(a), Section 403(b),
6 Section 408(k), Section 408(p), or Section 457(b) of the
7 Internal Revenue Code of 1986 in the preceding 2 years.

8 "Enrollee" means any employee who is enrolled in the
9 Program.

10 "Fund" means the Illinois Secure Choice Savings Program
11 Fund.

12 "Internal Revenue Code" means Internal Revenue Code of
13 1986, or any successor law, in effect for the calendar year.

14 "IRA" means a Roth or Traditional IRA (individual
15 retirement account) under Section 408 or 408A of the Internal
16 Revenue Code.

17 "Participating employer" means an employer or small
18 employer that facilitates ~~provides~~ a payroll deposit
19 retirement savings arrangement as provided for by this Act for
20 its employees ~~who are enrollees in the Program~~.

21 "Payroll deposit retirement savings arrangement" means an
22 arrangement by which a participating employer facilitates
23 ~~allows enrollees to remit~~ payroll deduction contributions from
24 enrollees to the Program.

25 "Program" means the Illinois Secure Choice Savings
26 Program.

1 "Small employer" means a person or entity engaged in a
2 business, industry, profession, trade, or other enterprise in
3 Illinois, whether for profit or not for profit, that (i)
4 employed less than 25 employees at any one time in the State
5 throughout the previous calendar year, or (ii) has been in
6 business less than 2 years, or both items (i) and (ii), but
7 that notifies the Board that it is interested in being a
8 participating employer.

9 "Wages" means any compensation within the meaning of
10 Section 219(f) (1) of the Internal Revenue Code that is received
11 by an enrollee from a participating employer during the
12 calendar year.

13 (Source: P.A. 98-1150, eff. 6-1-15; 99-464, eff. 8-26-15.)

14 (820 ILCS 80/30)

15 Sec. 30. Duties of the Board. In addition to the other
16 duties and responsibilities stated in this Act, the Board
17 shall:

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

20 (1) accords with best practices for retirement savings
21 vehicles;

22 (2) maximizes participation, savings, and sound
23 investment practices;

24 (3) maximizes simplicity, including ease of
25 administration for participating employers and enrollees;

1 (4) provides an efficient product to enrollees by
2 pooling investment funds;

3 (5) ensures the portability of benefits; and

4 (6) provides for the deaccumulation of enrollee assets
5 in a manner that maximizes financial security in
6 retirement.

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

9 (c) Explore and establish investment options, subject to
10 Section 45 of this Act, that offer employees returns on
11 contributions and the conversion of individual retirement
12 savings account balances to secure retirement income without
13 incurring debt or liabilities to the State.

14 (d) Establish the process by which interest, investment
15 earnings, and investment losses are allocated to individual
16 program accounts on a pro rata basis and are computed at the
17 interest rate on the balance of an individual's account.

18 (e) Make and enter into contracts necessary for the
19 administration of the Program and Fund, including, but not
20 limited to, retaining and contracting with investment
21 managers, private financial institutions, other financial and
22 service providers, consultants, actuaries, counsel, auditors,
23 third-party administrators, and other professionals as
24 necessary.

25 (e-5) Conduct a review of the performance of any investment
26 vendors every 4 years, including, but not limited to, a review

1 of returns, fees, and customer service. A copy of reviews
2 conducted under this subsection (e-5) shall be posted to the
3 Board's Internet website.

4 (f) Determine the number and duties of staff members needed
5 to administer the Program and assemble such a staff, including,
6 as needed, employing staff, appointing a Program
7 administrator, and entering into contracts with the State
8 Treasurer to make employees of the State Treasurer's Office
9 available to administer the Program.

10 (g) Cause moneys in the Fund to be held and invested as
11 pooled investments described in Section 45 of this Act, with a
12 view to achieving cost savings through efficiencies and
13 economies of scale.

14 (h) Evaluate and establish the process by which an enrollee
15 is able to contribute a portion of his or her wages to the
16 Program for automatic deposit of those contributions and the
17 process by which the participating employer provides a payroll
18 deposit retirement savings arrangement to forward those
19 contributions and related information to the Program,
20 including, but not limited to, contracting with financial
21 service companies and third-party administrators with the
22 capability to receive and process employee information and
23 contributions for payroll deposit retirement savings
24 arrangements or similar arrangements.

25 (i) Design and establish the process for enrollment under
26 Section 60 of this Act, including the process by which an

1 employee can opt not to participate in the Program, select a
2 contribution level, select an investment option, and terminate
3 participation in the Program.

4 (j) Evaluate and establish the process by which an
5 individual may voluntarily enroll in and make contributions to
6 the Program.

7 (k) Accept any grants, appropriations, or other moneys from
8 the State, any unit of federal, State, or local government, or
9 any other person, firm, partnership, or corporation solely for
10 deposit into the Fund, whether for investment or administrative
11 purposes.

12 (l) Evaluate the need for, and procure as needed, insurance
13 against any and all loss in connection with the property,
14 assets, or activities of the Program, and indemnify as needed
15 each member of the Board from personal loss or liability
16 resulting from a member's action or inaction as a member of the
17 Board.

18 (m) Make provisions for the payment of administrative costs
19 and expenses for the creation, management, and operation of the
20 Program, including the costs associated with subsection (b) of
21 Section 20 of this Act, subsections (e), (f), (h), and (l) of
22 this Section, subsection (b) of Section 45 of this Act,
23 subsection (a) of Section 80 of this Act, and subsection (n) of
24 Section 85 of this Act. Subject to appropriation, the State may
25 pay administrative costs associated with the creation and
26 management of the Program until sufficient assets are available

1 in the Fund for that purpose. Thereafter, all administrative
2 costs of the Fund, including repayment of any start-up funds
3 provided by the State, shall be paid only out of moneys on
4 deposit therein. However, private funds or federal funding
5 received under subsection (k) of Section 30 of this Act in
6 order to implement the Program until the Fund is
7 self-sustaining shall not be repaid unless those funds were
8 offered contingent upon the promise of such repayment. The
9 Board shall keep total annual expenses as low as possible, but
10 in no event shall they exceed 0.75% of the total trust balance.

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

13 (o) Set minimum and maximum contribution levels in
14 accordance with limits established for IRAs by the Internal
15 Revenue Code.

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

19 (p) Facilitate education and outreach to employers and
20 employees.

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

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

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

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

10 The Board may enter into agreements with other governmental
11 entities, including other states or their agencies and
12 instrumentalities, to enable residents of other states to
13 participate in the Program.

14 (Source: P.A. 99-571, eff. 7-15-16; 100-6, eff. 6-30-17.)

15 (820 ILCS 80/45)

16 Sec. 45. Investment options.

17 (a) The Board shall establish as an investment option a
18 life-cycle fund with a target date based upon the age of the
19 enrollee. This shall be the default investment option for
20 enrollees who fail to elect an investment option unless and
21 until the Board designates by rule a new investment option as
22 the default as described in subsection (c) of this Section.

23 (b) The Board may also establish any or all of the
24 following additional investment options:

25 (1) a conservative ~~principal protection~~ fund;

1 (2) a growth fund;

2 (3) a secure return fund whose primary objective is the
3 preservation of the safety of principal and the provision
4 of a stable and low-risk rate of return; if the Board
5 elects to establish a secure return fund, the Board may
6 procure any insurance, annuity, or other product to insure
7 the value of individuals' accounts and guarantee a rate of
8 return; the cost of such funding mechanism shall be paid
9 out of the Fund; under no circumstances shall the Board,
10 Program, Fund, the State, or any participating employer
11 assume any liability for investment or actuarial risk; ~~the~~
12 ~~Board shall determine whether to establish such investment~~
13 ~~options based upon an analysis of their cost, risk profile,~~
14 ~~benefit level, feasibility, and ease of implementation;~~

15 (4) an annuity fund.

16 The Board shall determine whether to establish any of the
17 additional investment options based upon an analysis of its
18 cost, risk profile, benefit level, feasibility, and ease of
19 implementation.

20 (c) If the Board elects to establish a secure return fund,
21 the Board shall then determine whether such option shall
22 replace the ~~target date or~~ life-cycle fund as the default
23 investment option for enrollees who do not elect an investment
24 option. In making such determination, the Board shall consider
25 the cost, risk profile, benefit level, and ease of enrollment
26 in the secure return fund. The Board may at any time thereafter

1 revisit this question and, based upon an analysis of these
2 criteria, establish either the secure return fund or the
3 life-cycle fund as the default for enrollees who do not elect
4 an investment option.

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

6 (820 ILCS 80/65)

7 Sec. 65. Payments. Employee contributions deducted by the
8 participating employer through payroll deduction shall be paid
9 by the participating employer to the Fund using one or more
10 payroll deposit retirement savings arrangements established by
11 the Board under subsection (h) of Section 30 of this Act,
12 either:

13 (1) on or before the last day of the month following
14 the month in which the compensation otherwise would have
15 been payable to the employee in cash; or

16 (2) by a ~~before such later~~ deadline prescribed by the
17 Board for making such payments, but not later than the due
18 date for the deposit of tax required to be deducted and
19 withheld relating to collection of income tax at source on
20 wages or for the deposit of tax required to be paid under
21 the unemployment insurance system for the payroll period to
22 which such payments relate.

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

24 (820 ILCS 80/80)

1 Sec. 80. Audit and reports.

2 (a) The Board shall annually submit an audited financial
3 report, prepared in accordance with generally accepted
4 accounting principles, on the operations of the Program during
5 each fiscal ~~calendar~~ year by January ~~July~~ 1 of the following
6 year to the Governor, the Comptroller, the State Treasurer, and
7 the General Assembly and shall be provided electronically to
8 any member of the General Assembly upon request. The annual
9 audit shall be made by an independent certified public
10 accountant and shall include, but is not limited to, direct and
11 indirect costs attributable to the use of outside consultants,
12 independent contractors, and any other persons who are not
13 State employees for the administration of the Program.

14 (b) In addition to any other statements or reports required
15 by law, the Board shall provide periodic reports at least
16 annually to participating employers, reporting the names of
17 each enrollee employed by the participating employer and the
18 amounts of contributions made by ~~the participating employer on~~
19 ~~behalf of~~ each employee during the reporting period, as well as
20 to enrollees, reporting contributions and investment income
21 allocated to, withdrawals from, and balances in their Program
22 accounts for the reporting period. Such reports may include any
23 other information regarding the Program as the Board may
24 determine.

25 (c) The State Treasurer shall annually prepare a report in
26 consultation with the Board that includes a summary of the

1 benefits provided by the Program each fiscal year, including
2 the number of enrollees in the Program, the percentage and
3 amounts of investment options and rates of return, and such
4 other information that is relevant to make a full, fair, and
5 effective disclosure of the operations of the Program and the
6 Fund. The report shall be made available on the Program website
7 by January of the following year.

8 (Source: P.A. 98-1150, eff. 6-1-15; 99-464, eff. 8-26-15.)

9 Section 99. Effective date. This Act takes effect upon
10 becoming law.