



103RD GENERAL ASSEMBLY

State of Illinois

2023 and 2024

HB3155

Introduced 2/17/2023, by Rep. Bob Morgan

SYNOPSIS AS INTRODUCED:

820 ILCS 80/5
820 ILCS 80/30

Amends the Illinois Secure Choice Savings Program Act. Provides that the Illinois Secure Choice Savings Board shall determine the number and duties of staff members needed to administer the Illinois Secure Choice Savings Program and assemble such a staff in collaboration with the State Treasurer. Provides that the Board shall keep investment fees (rather than total annual expenses) as low as possible, but in no event shall they exceed 0.25% (rather than 0.75%). Provides that the Board may charge administrative fees, established by rule, that shall be consistent with industry standards. Provides that the definition of "employer" does not include the federal government, the State, any county, any municipal corporation, or any of the State's units or instrumentalities. Makes other changes. Effective immediately.

LRB103 27572 SPS 53948 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 5 and 30 as follows:

6 (820 ILCS 80/5)

7 Sec. 5. Definitions. Unless the context requires a
8 different meaning or as expressly provided in this Section,
9 all terms shall have the same meaning as when used in a
10 comparable context in the Internal Revenue Code. As used in
11 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 employed by an
17 employer, and who has wages that are allocable to Illinois
18 during a calendar year under the provisions of Section
19 304(a)(2)(B) of the Illinois Income Tax Act.

20 "Employer" means a person or entity engaged in a business,
21 industry, profession, trade, or other enterprise in Illinois,
22 whether for profit or not for profit, that (i) has employed at
23 least 5 employees in the State during every quarter of the

1 previous calendar year, (ii) has been in business at least 2
2 years, and (iii) is not offering or contributing to ~~has not~~
3 ~~offered~~ a qualified retirement plan, including, but not
4 limited to, a plan qualified under Section 401(a), Section
5 401(k), Section 403(a), Section 403(b), Section 408(k),
6 Section 408(p), or Section 457(b) of the Internal Revenue Code
7 of 1986 ~~in the preceding 2 years~~. "Employer" does not include
8 the federal government, the State, any county, any municipal
9 corporation, or any of the State's units or instrumentalities.

10 "Enrollee" means any employee who is enrolled in the
11 Program.

12 "Fund" means the Illinois Secure Choice Savings Program
13 Fund.

14 "Internal Revenue Code" means Internal Revenue Code of
15 1986, or any successor law, in effect for the calendar year.

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

19 "Participating employer" means an employer or small
20 employer that facilitates a payroll deposit retirement savings
21 arrangement as provided for by this Act for its employees.

22 "Payroll deposit retirement savings arrangement" means an
23 arrangement by which a participating employer facilitates
24 payroll deduction contributions from 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 5 employees during any quarter of the
5 previous calendar year, or (ii) has been in business less than
6 2 years, or both items (i) and (ii), but that notifies the
7 Board that it is interested in being a participating employer.

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

12 (Source: P.A. 101-353, eff. 8-9-19; 102-179, eff. 1-1-22.)

13 (820 ILCS 80/30)

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

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

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

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

23 (3) maximizes simplicity, including ease of
24 administration for participating employers and
25 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
5 assets in a manner that maximizes financial security
6 in retirement.

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

9 (c) Explore and establish investment options, subject
10 to 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
13 without incurring debt or liabilities to the State.

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

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

26 (e-5) Conduct a review of the performance of any

1 investment vendors every 4 years, including, but not
2 limited to, a review of returns, fees, and customer
3 service. A copy of reviews conducted under this subsection
4 (e-5) shall be posted to the Board's Internet website.

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

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

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

1 arrangements.

2 (i) Design and establish the process for enrollment
3 under Section 60 of this Act, including the process by
4 which an employee can opt not to participate in the
5 Program, select a contribution level, select an investment
6 option, and terminate participation in the Program.

7 (j) Evaluate and establish the process by which an
8 individual may voluntarily enroll in and make
9 contributions to the Program.

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

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

21 (m) Make provisions for the payment of administrative
22 costs and expenses for the creation, management, and
23 operation of the Program, including the costs associated
24 with subsection (b) of Section 20 of this Act, subsections
25 (e), (f), (h), and (l) of this Section, subsection (b) of
26 Section 45 of this Act, subsection (a) of Section 80 of

1 this Act, and subsection (n) of Section 85 of this Act.
2 Subject to appropriation, the State may pay administrative
3 costs associated with the creation and management of the
4 Program until sufficient assets are available in the Fund
5 for that purpose. Thereafter, all administrative costs of
6 the Fund, ~~including repayment of any start up funds~~
7 ~~provided by the State,~~ shall be paid only out of moneys on
8 deposit therein. However, private funds or federal funding
9 received under subsection (k) of Section 30 of this Act in
10 order to implement the Program until the Fund is
11 self-sustaining shall not be repaid unless those funds
12 were offered contingent upon the promise of such
13 repayment. The Board shall keep investment fees ~~total~~
14 ~~annual expenses~~ as low as possible, but in no event shall
15 they exceed 0.25% ~~0.75%~~ of the total trust balance. The
16 Board may charge administrative fees, established by rule,
17 that shall be consistent with industry standards.

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

20 (o) Set minimum and maximum contribution levels in
21 accordance with limits established for IRAs by the
22 Internal Revenue Code.

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

26 (o-10) Establish annual, automatic increases to the

1 contribution rates based upon a schedule provided for in
2 rules up to a maximum of 10% of an enrollee's wages.

3 (p) Facilitate education and outreach to employers and
4 employees.

5 (q) Facilitate compliance by the Program with all
6 applicable requirements for the Program under the Internal
7 Revenue Code, including tax qualification requirements or
8 any other applicable law and accounting requirements.

9 (q-5) Verify employee eligibility for auto-enrollment
10 in accordance with the Internal Revenue Code and
11 applicable Federal and State laws. The verification shall
12 include the rejection of any enrollee under 18 years of
13 age.

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

16 (s) Exercise any and all other powers reasonably
17 necessary for the effectuation of the purposes,
18 objectives, and provisions of this Act pertaining to the
19 Program.

20 (t) Deposit into the Illinois Secure Choice
21 Administrative Fund all grants, gifts, donations, fees,
22 and earnings from investments from the Illinois Secure
23 Choice Savings Program Fund that are used to recover
24 administrative costs. All expenses of the Board shall be
25 paid from the Illinois Secure Choice Administrative Fund.
26 The Board may enter into agreements with other

1 governmental entities, including other states or their
2 agencies and instrumentalities, to enable residents of other
3 states to participate in the Program.

4 (Source: P.A. 101-353, eff. 8-9-19; 102-179, eff. 1-1-22.)

5 Section 99. Effective date. This Act takes effect upon
6 becoming law.