

# Illinois Mandatory Retirement Program Enrollment Deadlines Coming Later this Year

## Labor & Employment Law Update

By Kelly Haab-Tallitsch on March 27, 2019

Illinois employers that have 25 or more employees and have been in business at least two years will be required to participate in the state-run retirement savings program or offer another qualifying retirement plan later this year.

The status of the Illinois Secure Choice Program was uncertain last fall following an amendatory veto issued by former Governor Bruce Rauner making the program optional, instead of mandatory, as discussed in a previous blog post. The Illinois legislature generally opposed making the program optional, and chose not to act on the amendment, effectively overriding the veto. As a result, the Secure Choice Program remains mandatory for covered employers that do not offer another retirement program.

Employers with 100 – 499 employees must register for the Illinois Secure Choice Savings Program by July 1, 2019 and employers with 25 – 99 employees must register by November 1, 2019 (employers with 500+ employees were required to register in late 2018). The Illinois State Treasurer's office will notify employers directly (by mail or email) when they are required to register. Employers will receive two notifications – an early registration notice 120 days prior to the required registration date and a second notice 30 days prior to the registration date.

During the registration process, employers will provide basic information for the state to determine if the employer must participate in the Secure Choice Program (e.g., number of employees, and whether another retirement plan is offered). Participating employers will be required to automatically enroll employees in the savings program, withhold five percent of an employee's compensation (up to an annual IRS maximum), and remit employees' contributions to the state-run savings program, unless the employee elects a different amount or opts out of the program. Employer contributions to the plan are not permitted.

After registration, employers will be given instructions on how to enroll employees and remit payroll contributions, and provided enrollment forms and communication materials to give to employees. Employees will have 30 days to opt out or make adjustments to their savings rate or investment choices. At the end of this 30 day period, the employer must record employees' elections in an online employer portal. Payroll deductions must begin within the following 30 days. Employers can remit employee contributions to the Secure Choice Program by ACH, wire transfer or check.

Employee contributions will be deposited into Roth Individual Retirement Accounts (IRAs) for each participant and invested at the participant's direction among a menu of investment alternatives.

An Illinois employer that offers another qualifying retirement plan is exempt from the Secure Choice Program. This includes a 401(k) plan, 403(b) tax-sheltered annuity plan, 403(a) qualified annuity plan, Simplified Employee Pension plan, SIMPLE IRA plan, governmental 457(b) plan, or any other plan qualified under Internal Revenue Code section 401(a) (payroll deduction IRAs are not included). As such, employers required to participate in the Secure Choice Program should examine the options available to determine whether implementing a qualified retirement plan may be a better alternative.

Employers can find additional information on the Illinois Secure Choice website.

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