

# Deadline Approaching for Illinois Secure Choice Retirement Savings Program Employers That Do Not Offer Retirement Benefits Must Register or Face Penalties



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The final deadline for [Illinois Secure Choice](#), the new state-sponsored retirement savings program, is quickly approaching on November 1, 2019. Covered employers should review the program's requirements and begin the registration process or face significant monetary penalties down the road.

## Encouraging Savings

Illinois Secure Choice was created as a path to retirement savings for employees who do not have direct access to a retirement plan through their employers. It requires most Illinois employers that do not sponsor their own retirement plans to make after-tax payroll deduction contributions to Roth IRAs established in their employees' names. The program is administered by a state-appointed board that will set up and maintain the accounts.

Illinois Secure Choice has had a phased rollout, with registration deadlines based on an employer's size. The final registration deadline of November 1, 2019 applies to

employers with 25-99 employees. (Larger employers should already be registered.) Employers that fail to register face penalties of \$250 per year for each eligible employee who is not enrolled in the program.

## **Covered Employers**

The program applies to any Illinois employer that:

- has been in business for at least two years,
- has at least 25 employees, and
- does not sponsor its own retirement program (such as a 401(k) or profit sharing plan)

The program covers both part-time and full-time employees, as well as seasonal employees who work for their employers for more than 60 days.

## **Registration and Participation**

As part of the initial registration process, a covered employer is required to provide information about each of its current employees. Once the employer is registered, it must enroll new employees within 30 days of hire. The program will provide materials for the employer to pass along to newly enrolled employees.

Employees can elect to contribute between 1 percent and 100 percent of their gross income (subject to IRS limits on contributions to Roth IRAs), or they can opt out of the program entirely. Employees have 30 days following their enrollment to make these elections. If an employee fails to make an election, the standard contribution is 5 percent of gross pay.

Once the employee's 30-day enrollment period ends, the employer begins making after-tax payroll deductions that are contributed to the employee's account under the program. Employer contributions are not permitted. Illinois Secure Choice's governing board has selected a menu of funds from which employees can choose to direct the investment of their accounts.

As with all IRAs, the accounts belong to the employees and move with them from job-to-job. If an employee begins working for another employer that participates in the program, contributions will be made to the same account. The employee can also roll the money over to another Roth IRA.

## **Preparing for Illinois Secure Choice**

With the final registration deadline only a few months away, Illinois employers should:

- review the requirements of the program to determine if they are covered
- register at [www.ilsecurechoice.com](http://www.ilsecurechoice.com)
- revise their internal procedures for hiring and terminating employees to include a reminder to update the program's website for changes in employment status

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