

ILLINOIS SECURE CHOICE SAVINGS BOARD

**Meeting of Thursday, February 20, 2025
Held In-Person & Remotely by Videoconference**

MEETING MINUTES

The February 20, 2025 meeting of the Illinois Secure Choice Savings Board (“Board”) was called to order by Mr. Diaz shortly after 3:45 p.m. CT with the presence of a quorum.

BOARD MEMBERS PRESENT

Fernando Diaz, *Designee for the Illinois State Treasurer* (In-person)

Cesar Orozco, *Designee for the Illinois State Comptroller* (In-person)

Curt Clemons-Mosby, *Designee for the Illinois Governor’s Office of Management and Budget*

Roderick Bashir, *Board Member* (In-person)

Erica Marquez Avitia, *Board Member*

Staci Mayall, *Board Member* (In-person)

Lotika Pai, *Board Member*

TREASURER’S OFFICE STAFF

Erica Tremble, *Assistant General Counsel* (In-person)

Joe Aguilar, *Chief Investment Officer* (In-person)

Ismael Vega, *Director, Public Market Investments* (In-person)

Arielle Singer, *Manager, Public Market Investments* (In-person)

Sara Meek, *Chief Legislative and Policy Officer*

Yolonda Williams, *Deputy Director of Legislative Affairs*

Christine Cheng, *Executive Director of Secure Choice* (In-person)

Deanna Verduin, *Deputy Director of Secure Choice* (In-person)

Jaimee Niles, *Manager of Secure Choice*

APPROVAL OF BOARD MEETING MINUTES

Board members reviewed the November 14, 2024 Board Meeting Minutes, which were provided in advance of the meeting. There was no discussion, and no additional changes were proposed.

A motion was made by Mr. Bashir, seconded by Ms. Marquez Avitia to approve the November 14, 2024 Board Meeting Minutes. The motion carried unanimously via roll call.

APPROVAL OF SPECIAL BOARD MEETING MINUTES

Board members reviewed the December 3, 2024 Special Board Meeting Minutes, which were provided in advance of the meeting. There was no discussion, and no additional changes were proposed.

A motion was made by Mr. Orozco, seconded by Mr. Bashir to approve the December 3, 2024 Board Meeting Minutes. The motion carried unanimously via roll call.

STAFF UPDATES

Ms. Cheng provided Q4 2024 program updates stating that from the end of Q3 to the end of Q4, funded accounts decreased by about 0.5% due to the assessment of quarterly fees. Assets increased approximately 3.5% from the end of Q3, ending 2024 at \$224M, and at the end of January 2025, assets were at \$232M, an increase of 7.3% from the end of Q3. Additionally, monthly contributions increased 37% from an average of \$4.5M in 2023 to \$6.2M in 2024. Ms. Cheng reported that office activities in Q4 included providing onboarding support for Wave 2024 employers and hosting outreach events. These outreach events included multi-agency webinars with the U.S. Department of Labor, Internal Revenue Service, and Illinois Department of Revenue (IDOR), sessions which yielded high registration numbers. With the success of these collaborative webinars, the Treasurer's Office plans to continue to conduct these events in the future. Ms. Cheng then stated that IDOR will begin formal enforcement action this month. She then reviewed the 2025 enforcement population which currently includes just over 2,000 employers with approximately 1,950 from Wave 4 and the remaining employers from previous enforcement actions. She added that the Treasurer's Office will work closely with IDOR and Ascensus to help these employers understand their next steps and come into compliance. Ms. Cheng emphasized that the first notice that IDOR sends is a Notice of Proposed Assessment that informs the employer that they still have 120 days to come into compliance before the penalty is assessed.

Next, Ms. Meek provided a legislative update regarding the Secure Choice legislative initiative that provides explicit language that participants may have both a Roth and a Traditional IRA for the federal Saver's Match. The initiative also updates the Board duties to specify that the Board can assess the feasibility of agreements with other governmental agencies, including other states, to achieve greater economies of scale and enhance program quality and can enter into these agreements if determined beneficial. Identical House and Senate bills have been filed. The Senate bill is SB 1441 and the sponsor is Senator Robert Peters, and it is anticipated that the bill will be heard during the week of February 24, 2025, in the Senate State Government Committee. The House bill is HB 1435 and Representative Gregg Johnson is the sponsor, and the bill is scheduled to be heard on February 27, 2025, in the House Personnel & Pensions Committee. The legislative team will provide updates at the next Board meeting.

Ms. Cheng then reviewed FY25 year-to-date expenditures for the program, sharing that they are in line with expectations.

DISCUSSION – SECURE CHOICE QUARTERLY REPORT

Troy Montigney of Ascensus started by sharing product and technology updates including the recent launch of an Intuit QuickBooks integration through Payroll Integrations (PI), a payroll aggregator. Since the launch in December, over 100 employers have connected and successfully run payroll via the new integration. There are approximately 85 additional employers that are still connected to the original QuickBooks API that need to either connect to QuickBooks via PI or facilitate the program manually. Mr. Montigney stated that Ascensus has also been working with the Treasurer's Office to address "day two items" as employers transition from the old QuickBooks API to the new integration. The next step is to determine the correct time to expand the number of payroll provider integrations available through PI. Additionally, Ascensus recently added another logic enhancement for the Customer Identification (CID), or Know Your Customer (KYC), process to increase the pool of eligible savers. Lastly, there will be a series of Target Date fund events occurring on February 28, 2025, to 1) launch the 2075 portfolio, 2) update the 2070 portfolio to have the 2070 BlackRock fund as the underlying investment, and 3) collapse the 2025 portfolio into the Retirement portfolio. This series of events occurs once every five years. Mr. Montigney then discussed 2025 priorities, which includes a roadmap for the Ascensus product and technology team that is being developed in collaboration with Illinois Secure Choice and CalSavers. A few items that have already been identified are redesigning the payroll provider experience to increase employer compliance and minimize confusion, develop the ability for employers to download transaction history, and automate contribution rebooking.

Mr. Montigney then provided an update on Wave 2024 stating that the employer response rate was 68.9% as of February 10, 2025, with 89% of registered employers having uploaded employee rosters. This response rate is up by 18% since the last Board meeting. He noted that the overall population of Wave 2024 did decrease slightly over time due to employers receiving updated wave assignments.

Mr. Montigney then provided an enforcement update stating that 2025 enforcement action will begin near the end of February. He noted that the 2025 enforcement batch is the largest batch of enforcement employers thus far. He added that all pre-enforcement and enforcement activities to date have resulted in 478 new employers submitting payroll and nearly \$7M in total payroll contributions (up by \$1.2M since the last Board meeting).

Mr. Montigney then presented the Saver Data Summary noting the decrease in funded accounts. He stated that this decrease is due to the \$4 account fee being assessed quarterly, which resulted in some low-dollar account balances decreasing to \$0. He then stated that as of January 31, 2025, the average funded account balance was almost \$1,500, and nearly 25% of funded accounts are web-registered accounts. Additionally, the majority of web-registered accounts have opted in to electronic delivery, therefore, those account holders are not assessed the quarterly \$1.25 paper-delivery fee.


Finally, Mr. Montigney presented Q4 Client Services metrics for both employers and savers stating that in Q4, Client Services met the Service Level Agreement with an average speed to answer of 2 minutes, 28 seconds, and the average for the year was 1 minute, 56 seconds (with the Service Level Agreement being 3 minutes). He noted that there was a slight increase in enforcement calls from Q3 to Q4 due to the pre-enforcement notices sent by the Treasurer's Office. Additionally, he shared a year-over-year comparison of participant satisfaction in relation to the average speed to answer. Participant satisfaction has remained above the 85% target metric and in Q4 ranged between 87% and 90%.

Mr. Bashir then asked Mr. Montigney to provide an example of a "day two item" related to the launch of the QuickBooks integration through PI. Mr. Montigney stated that one issue has been duplicate contributions that sometimes occur as an employer moves from the old QuickBooks API to the new integration through PI. He stated that the issue has been detected and remediated for 8 of the 9 employers with either early detection to cancel the duplicate contribution before it occurred or by reversing the duplicate contribution after the fact. Ascensus is currently researching a systematic fix.

Carrie Bickerstaff of Ascensus provided a Q4 marketing review noting four areas of focus. These included saver-focused statement messages, Wave 2024 communications, Payroll Integrations transition communications, and web updates. She highlighted that open rates were over 50% and

click rates were between 7% and 16% for the roster maintenance emails and the Payroll Integrations emails. Ms. Bickerstaff then previewed the marketing focus for 2025 including employer engagement, Wave 2025 communications, and saver engagement. She noted that employer engagement will include sending another roster maintenance email as well as exploring ideas such as an employer newsletter and a thank-you mailer to employers that have been facilitating contributions since the start of the program. To improve Wave 2025 communications, the initial 100-day email will be updated, and Ascensus will be conducting A/B subject line testing to improve open rates. Finally, for saver engagement, a financial resources webpage has been completed, and it will be promoted as a resource for savers in statement messages.

Martha Nemecek of Ascensus announced that Raissa Nketcha was hired as the new Illinois field team representative. Ms. Nketcha then introduced herself and stated that in her first few months she has gained a greater understanding of Illinois Secure Choice and has provided assistance to employers. Ms. Nemecek then provided a quarterly summary of Field Team activities. The Field Team conducted 62 employer meetings in Q4 that were primarily focused on resolving questions and assisting employers with program implementation. As part of the 62 employer meetings, 14 meetings were specific to Payroll Integrations. She previewed that in January of 2025, the Field Team conducted 61 employer meetings related to Payroll Integrations. In 2024, the Field Team conducted a total of 229 employer meetings. Ms. Nemecek then provided metrics for the Webinar Support Program, which comprises four offerings (an employer overview, two employer how-to sessions, and a saver webinar). For Q4, there were 83 individuals registered for webinars and a total of 208 individuals registered for webinars in 2024. She noted that there was a spike in registrations in October 2024 due to a one-time webinar on Payroll Integrations. Ms. Nemecek then reviewed the focus areas for the Field Team which include providing employers with white-glove service as they transition from the outgoing QuickBooks API to Payroll Integrations as well as reconciling payroll contributions. Additionally, the Field Team will coordinate outreach efforts with the Treasurer's Office and provide assistance to employers in formal enforcement.

 Mr. Orozco then asked about the correlation between an employer attending a webinar and an employer being in compliance with the program. Ms. Nemecek stated that she did not have the statistics today and that she can provide an update at the next Board meeting. She added that there are also recorded webinars available on the website, and that the Ascensus marketing team tracks how often those recordings are accessed. Mr. Diaz then requested that metrics and the yield from the marketing outreach efforts be shared at the next Board Meeting. Ms. Cheng added that the Treasurer's Office is working to obtain a .gov email address for Ascensus to utilize for employer communications in hopes of yielding greater open rates.

Dave Smith of Marquette Associates then provided a 2025 market preview. He noted that 2024 was an excellent year for U.S. equities, international equities, and fixed income, with U.S. equities showing strong returns. He noted that 2023 and 2024 represented two consecutive years of returns

of more than 20% which has only happened five times in the last 100 years. He also noted that the Personal Consumption Expenditure, the preferred inflation gauge of the Federal Reserve, increased in January and is now at 3.3%, which is higher than the Federal Reserve's target inflation rate of 2%. This is due, in part, to healthy levels of employment which drive up spending and inflation. Given inflation and unemployment rates, the number of forecasted interest rate cuts in 2025 has decreased, and investors now expect the Federal Reserve to make one or two cuts in 2025. Additionally, Mr. Smith added that the probability of a recession declined in 2024. He added that market concentration is still a dominant theme with the top 10 S&P 500 companies fueling 60% of the 2024 equity returns meaning that the performance of these 10 companies dictates what happens with U.S. equities. Mr. Smith noted that the level of growth experienced by the Magnificent 7 is difficult to sustain so there may be a slowdown in earnings growth for these companies in 2025, which underscores the importance of a diversified portfolio. Mr. Smith noted that the strength of the U.S. dollar is driving the outperformance of U.S. equities. Mr. Aguilar added that another factor contributing to the performance of U.S. equities is the strength of corporate earnings across the entire S&P 500 in 2024.

Mr. Bashir asked about emerging markets in the current environment. Mr. Smith stated that emerging markets has been a relatively difficult environment largely driven by the slow growth in China as well as the strength of the U.S. dollar that puts pressure on emerging markets. Mr. Orozco then asked about U.S. debt, and Mr. Smith stated that it is causing investors to demand a longer term maturity premium and driving down bond prices.

Mr. Aguilar then reviewed the 2024 program performance stating that the program ended the year with just over \$224M in assets with 95% being invested in the Target Date series. Across the funds there was strong returns for the year with double-digit returns for the 2070 Fund to the 2035 Fund. There was more utilization for the Growth Fund, which is underpinned by an index fund that tracks the S&P 500, and the Growth Fund ended the year with a nearly 25% return.

APPROVAL OF SECURE CHOICE PROGRAM ADMINISTRATOR RFP

Mr. Diaz stated that the contract with the current program administrator, Ascensus, expires in late 2026, and the Treasurer's Office is seeking approval to issue a Request for Proposals (RFP) to allow ample time to review proposals, negotiate contracts, and plan and execute a conversion if necessary. Mr. Diaz also stated that once the RFP is released, there is a blackout period during which the items within the RFP cannot be discussed and any questions should be directed to the Chief Procurement Officer, Christopher Flynn.

A motion was made by Ms. Mayall, seconded by Mr. Bashir to approve the Secure Choice program administrator RFP. The motion carried unanimously via roll call vote.

PUBLIC COMMENT

There was no public comment.

OLD AND NEW BUSINESS

There was no older or new business.

ADJOURNMENT

With no further business, Mr. Diaz adjourned the meeting.