

ILLINOIS SECURE CHOICE SAVINGS BOARD

**Meeting of Wednesday, May 21, 2025
Held In-Person & Remotely by Videoconference**

MEETING MINUTES

The May 21, 2025 meeting of the Illinois Secure Choice Savings Board (“Board”) was called to order by Mr. Diaz shortly after 3:00 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* (In-person)

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

Erica Marquez Avitia, *Board Member* (In-person)

Staci Mayall, *Board Member*

Lotika Pai, *Board Member* (In-person)

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)

Sara Meek, *Chief Legislative and Policy Officer* (In-person)

Yolonda Williams, *Deputy Director of Legislative Affairs*

Matt Kisling, *Deputy Director of Legislative Affairs and Outreach*

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 February 20, 2025 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 Mr. Orozco to approve the February 20, 2025 Board Meeting Minutes. The motion carried unanimously via roll call.

STAFF UPDATES

Ms. Cheng provided Q1 2025 program updates stating that the Treasurer's Office has continued to work with Ascensus on the rollout of the new Intuit QuickBooks integration made available through the payroll aggregator, Payroll Integrations, including providing support to employers as they utilize the integration. Additionally, in April, the Illinois Department of Revenue (IDOR) sent the annual data file for tax year 2024 that will determine which employers will be in Wave 2025. That file is currently being analyzed; however, preliminarily, this wave appears to be larger than Wave 2024. Ms. Cheng stated that Wave 2025 will have a deadline of November 1, 2025, and communications to employers will begin in late July 2025. She also reported that since the Board last met, the Treasurer's Office participated in outreach events with the Polish American Chamber of Commerce and with LIFT, an organization that works with parents of young children. The Treasurer also spoke on Secure Choice at a leadership forum hosted by The Aspen Institute and at the Defined Contribution Plan Summit in Canada. He also visited a few employers who are facilitating Secure Choice and footage from those events can be found on the social media channels for the Treasurer's Office. Ms. Cheng then provided an update on enforcement stating that IDOR issued a Notice of Proposed Assessment on February 26, 2025, to a little over 1,900 employers and that to date, approximately 36% of those employers are already compliant. The Treasurer's Office will continue to conduct outreach to these employers during their 120-day grace period before the penalty is assessed. In June, there will be a second batch of employers referred to IDOR for enforcement that will include approximately 250 employers from legacy waves. Pre-enforcement outreach is currently being conducted to those employers.

Next, Ms. Meek provided a legislative update regarding the Secure Choice legislation, SB 1441, which provides explicit language that participants may have both a Roth IRA 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. Lastly, it specifies that penalties can be assessed if employers do not remit contributions for participating employees. The legislation passed the Senate 48 to 6, and it passed out of the House committee and is waiting for the final floor vote. The legislative team will provide updates at the next Board meeting.

Ms. Cheng then provided procurement updates stating that AKF Consulting Group was selected as the program and regulatory consultant for the program, and that the request for proposals for program administrator was issued on April 9, 2025, with responses due by June 18, 2025. She then reviewed FY25 year-to-date expenditures for the program, sharing that they are in line with expectations.

Mr. Diaz asked Ms. Cheng to share where the Illinois Secure Choice team is spending the majority of their time. She replied that the team is conducting direct employer outreach as well as undertaking data analysis of the annual file from IDOR. Mr. Diaz added that the Treasurer's Office recently engaged with a new marketing firm that will support the marketing and communications efforts for the program.

DISCUSSION – SECURE CHOICE QUARTERLY REPORT

Troy Montigney of Ascensus started by sharing product and technology updates including the newly developed automated roster maintenance email. The roster maintenance email was originally sent manually last year and again earlier this year; however, it has now become a daily automated email that is sent to employers that have not added a new employee in the past 180 days. An employer only receives an email once in a 180-day period. He stated that the email is generating a 3% to 5% increase in employers adding employees, and Ascensus is developing reporting enhancements to better evaluate the success of the automated email. Mr. Montigney added that Ascensus continues to work on "Day 2" items related to the new Intuit QuickBooks integration as well as working with the Treasurer's Office on a testing plan to prepare for expanding the Payroll Integrations experience to include other payroll providers. Other items in progress include the ability for employers to download transaction history and preparing to process the employer annual data file. Lastly, Mr. Montigney stated that Ascensus is currently developing artificial intelligence (AI) chatbot technology and preparing to pilot it later in 2025 as well as expanding Interactive Voice Response (IVR) capabilities. Mr. Bashir then asked about the rationale for choosing the 180-day timeframe for the roster maintenance email. Mr. Montigney and Ms. Cheng responded that Ascensus and the Treasurer's Office collaborated and determined that a twice-a-year cadence was appropriate. They added that this timeframe will be evaluated and could be altered in the future.

Mr. Montigney then provided an update on employer enforcement stating that enforcement activity to date has resulted in 748 employers submitting payroll with more than \$8.8 million in total payroll contributions. He then reviewed employer activity stating that the average number of employers adding employees in Q1 is down quarter over quarter and year over year, however, there was a spike in April that is attributable to 2025 enforcement activity and the systematic automated roster maintenance emails. An average of 3,900 employers submitted payroll weekly throughout Q1 which is up 2.5% year over year.

Mr. Montigney then presented the Saver Data Summary noting that despite market volatility, program assets are currently around \$250M. He also added that as the quarterly fees are assessed, the number of funded accounts decreases a bit as the fees bring some account balances to \$0. The 2025 auto-escalation action increased the average deferral rate to 6.38%. Finally, Mr. Montigney noted that over 25% of the saver population are now web registered.

Carrie Bickerstaff of Ascensus provided an update on 2025 marketing activities including updated Q2 statement messages for savers that highlight the updated Financial Resources page on the website, updated Wave 2025 communications, and newly developed FAQs for Payroll Integrations. Ms. Bickerstaff also noted that in addition to the roster maintenance email, a contributions remittance reminder email was sent to employers with lapsed contributions. The roster maintenance email and lapsed contributions email both saw higher-than-average open rates and click-through rates. The roster maintenance email also resulted in a spike of activity on the website including a corresponding spike in welcome emails to new savers. Finally, she noted that she is developing an employer newsletter that will provide a positive touchpoint to employers and serve as a friendly reminder of ongoing responsibilities.

Martha Nemecek of Ascensus provided a Q1 Field Team update stating that the Field Team conducted 130 one-on-one employer meetings focused on program implementation and Payroll Integrations support. In January alone, the Field Team facilitated 61 meetings regarding Payroll Integrations. 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 Q1, only the saver webinar was offered as a live webinar with 11 participants attending two webinars. She then followed up on a question from the last Board meeting regarding the correlation between webinar participation and employer compliance and stated that 50% to 60% of employers take action after attending a live webinar. Ms. Nemecek then reviewed the 2025 priorities for the Field Team which include providing onboarding support to newly registered employers, assisting enforcement employers, and supporting employers utilizing Payroll Integrations.

Finally, Mr. Montigney presented Q1 Client Services metrics stating that Service Level Agreements were met with an average speed to answer of 2 minutes, 47 seconds and an average

handle time of 5 minutes, 47 seconds. He noted that the callback feature was utilized by almost 4,000 callers with an average call back time of 31 minutes, 56 seconds. Additionally, Mr. Montigney shared that participant satisfaction scores remain high. He also provided an update on the hiring of client service representatives stating that there were additional representatives hired recently as well as backfill classes to maintain staffing throughout the year. Additionally, temporary representatives will be added toward the end of the year to assist with the Illinois Secure Choice annual wave and a sizable onboarding wave for CalSavers. Lastly, Mr. Montigney reviewed call trends and noted that Ascensus is utilizing this data as the AI chatbot is being developed. Ms. Cheng asked when the wait time estimator and callback features became available as related to maintenance of strong participant satisfaction scores even as Service Level Agreements were changed. Mr. Montigney stated he would check and report back on the exact timeline. Related to the AI chatbot, Mr. Bashir expressed his preference that a live person be available particularly for a state-facilitated program. Mr. Montigney acknowledged the need to develop the AI chatbot in a thoughtful way and stated that there will always be the option for human interaction. Mr. Clemons-Mosby requested that the median callback time also be included in future presentations.

Dave Smith of Marquette Associates then provided a 2025 Q1 market update, initially noting the volatility in the markets. He reviewed the history of bear markets (20% sell-off) in the S&P 500 since the 1950s, noting that, on average, the index has experienced a bear market every six and a half years and that in every instance, the catalyst that started the bear market has been different but that each time, there has been a recovery over time. Over the last twenty calendar years, the S&P 500 has experienced a correction (10% sell-off) twelve times; however, only in three of those years were there negative calendar year returns. Mr. Smith stated this is an important reminder to stay invested and not attempt to time the markets. He then noted that inflation has continued to trend down but remains over the 2% target which is why there has not been a reduction in interest rates this year. Investors anticipate that there may be one rate reduction in June or July. Fixed income performance was generally positive over the trailing one-year period. U.S. equity performance declined in Q1 from all-time highs in January. Mr. Smith then discussed the necessity of a diversified equity portfolio that helps to mitigate volatility, noting that the program's portfolio is allocated roughly 65% to U.S. equities and 35% to non-U.S. equities. Non-U.S. equity performance was positive in Q1, excluding emerging small-cap stocks. A key driver was currency as non-U.S. developed currencies strengthened as the U.S. dollar weakened. Mr. Smith concluded by stating that the Illinois Secure Choice program is well diversified, and participants have been largely insulated from market volatility.

Ms. Pai asked if the Treasurer's Office expected to see an impact to the savers based on the uncertainty small businesses might be facing due to federal policy changes. Mr. Diaz stated that anecdotally there has not been feedback from employers, and there is a lag in the data received from IDOR making it difficult to determine any effect at this time. Ms. Pai stated that it will be

helpful to review this information again next quarter. Ms. Marquez Avitia emphasized the importance of educating savers. Ms. Bickerstaff and Ms. Cheng discussed the Financial Resources page on the website, which includes information on several topics, including market volatility and utilizing the Treasurer's Office's Financial Wellness Hub. Additionally, Ms. Cheng and Mr. Montigney added that there has not been a spike in withdrawals.

Mr. Aguilar then reviewed Q1 program performance stating that 95% of program assets are invested in the diversified Target Date Funds which are well positioned to withstand the shocks discussed earlier. He noted that as equity markets pull back, there may be an outsized effect on the overall market value based on exposure on the equity side. The equity-heavy Target Date Funds (2050-2075) experienced slightly negative performance driven from their equity exposure. The exposure to international equities and fixed income assets helped to mitigate the downside. The Growth Fund was down 4.35% and the Conservative Fund was up 2.69%. Mr. Aguilar then shared that the Treasurer's Office, in collaboration with Ascensus, conducted annual studies during Q1 that look to update capital market assumptions and examine benchmarks and fees that are being paid. The fee study was included in the Board packet. One item of note was related to the Conservative Fund, which is underpinned by an aggregate bond fund. There have been cheaper options identified and while there is not a recommendation for the Board at this time, such a recommendation is being reviewed.

APPROVAL OF BOARD INSURANCE POLICY RENEWAL

Ms. Tremble stated that the Board has fiduciary liability and cyber liability insurance, and the current policy expires at the end of July 2025. She provided the current proposal which does not recommend any changes to the coverage; however, there is a 3.80% increase in the premium due to the increase in assets under management. The premium will increase from \$112,000 to \$116,000.

A motion was made by Mr. Bashir, seconded by Ms. Marquez Avitia to approve the renewal of the Board insurance policy. The motion carried unanimously via roll call vote.

PRESENTATION – ENVIRONMENTAL LANDSCAPE

Andrea Feirstein of AKF Consulting Group provided an overview of the auto-IRA industry, noting several observations. The industry has reached new highs on both accounts and assets. She added that partnerships have continued, including a new state partnership agreement in Connecticut. Ms. Feirstein also noted that costs are coming down as account sizes grow.

In a year-over-year comparison, there has been an 18% increase in saver accounts and 52% growth in assets across the entire industry. As of December 31, 2024, the industry's average funded account balance is \$1,915. Ms. Feirstein then noted several important activities including four state partnerships in 2024 and the beginning of 2025, three upcoming RFPs in 2025, and two auto-IRA programs and one Multiple Employer Plan in development.

PUBLIC COMMENT

There was no public comment.

OLD AND NEW BUSINESS

Mr. Diaz stated that the next Board meeting will be held on August 14, 2025.

ADJOURNMENT

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