

**ILLINOIS SECURE CHOICE BOARD**

**Meeting of Thursday, August 18, 2022  
Held In-Person & Remotely by Videoconference**

---

**MEETING MINUTES**

The August 18, 2022 meeting of the Illinois Secure Choice Board (“Board”) was called to order by Mr. Diaz at 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*

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

Staci Mayall, *Board Member*

Roderick Bashir, *Board Member*

Lotika Pai, *Board Member*

Erica Marquez Avitia, *Board Member*

**TREASURER’S OFFICE STAFF**

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

Jacob Hilliard, *Deputy Director of Public Market Investments (In-person)*

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

Catherine Shannon, *Chief Legislative & Policy Officer*

Sara Meek, *Director of Legislative Affairs*

Yolonda Williams, *Deputy Director of Legislative Affairs*

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

Cliff Peng, *Deputy Director of Secure Choice (In-person)*

### **ACTION ITEM – SUSPENSION OF A PORTION OF THE BOARD RULES**

Due to the continuous threat from the current COVID-19 pandemic, potential risks, safety concerns by holding an in-person meeting, the Governor’s Disaster Proclamation (reissued on July 22, 2022), and the suspension of Open Meetings Act in-person attendance, a motion was required for the Rules in Article VII relating to the requirement of in-person attendance to be suspended in accordance with Article XI of the Illinois Secure Choice Savings Board Rules of Order.

The suspension of the previously referenced portion of the Board Rules allowed the Board to conduct its May 19, 2022 Board Meeting partially in-person and remotely with the presence of a quorum (all votes at the meeting were held via roll call).

*A motion was made by Mr. Bashir, seconded by Mr. Orozco to suspend a portion of the Board Rules due to the current COVID-19 pandemic and the Governor’s Disaster Proclamation. The motion carried unanimously.*

### **ACTION ITEM – APPROVAL OF AMENDMENT TO BOARD RULES OF ORDER**

Mr. Diaz asked the Board to approve an amendment of the Board Rules of Order that if adopted would eliminate the need to suspend a portion of the Board Rules that requires the physical presence of a quorum in the event of 1) a disaster proclamation related to public health concerns and 2) the Chair or their designee determining that an in-person meeting is not practical or prudent due to the disaster. He noted that the amendment would codify that in a situation where both conditions are met, the Board may hold meetings by video or audio conference without the physical presence of a quorum in accordance with requirements outlines in the Open Meetings Act.

*A motion was made by Ms. Mayall, seconded by Mr. Bashir to approve the amendment to Board Rules of Order. The motion carried unanimously.*

### **APPROVAL OF BOARD MEETING MINUTES**

Board members reviewed the May 19, 2022 Board Meeting Minutes, which were provided in advance of the meeting. Mr. Bashir proposed a correction to the May 19, 2022 Board Meeting Minutes.

*A motion was made by Mr. Bashir, seconded by Mr. Orozco to approve the May 19, 2022 Board Meeting Minutes. The motion carried with two abstentions from Ms. Pai and Ms. Avitia.*

## **STAFF UPDATES**

Ms. Cheng provided a staff update by introducing the new Board Members, Lotika Pai and Erica Marquez Avitia, and sharing their backgrounds. She then gave an update on program implementation and wave rollout, walking the Board through the details, deadlines, and outreach activities in relation to the upcoming Wave 4 employer enrollment. She noted that Wave 4 includes employers with 16 or more employees and their deadline will be November 1, 2022. She mentioned that staff are currently communicating with employers both directly and through organizations including Small Business Majority and local chambers with which employers interact. She added that the upcoming outreach efforts will be focused on increasing awareness of the program and required next steps for employers.

Ms. Cheng provided an update on program enforcement, noting that staff had been working closely with Illinois Department of Revenue (IDOR) and Ascensus on planning and logistics. She noted that the timing of IDOR issuing Notices of Proposed Assessment (Notice) had been adjusted to begin in February of 2023. She explained that the Notice will alert noncompliant employers that they have 120 days to come into compliance with State law before the penalty is assessed by IDOR. She highlighted that those employers can avoid the penalty by either registering for and facilitating Secure Choice or exempting themselves if they are already offering a tax-qualified retirement plan. In addition, Ms. Cheng provided an update on the administrative rules concerning penalty assessment, noting that IDOR officially adopted its Secure Choice Savings Program Act rules (86 Ill. Adm. Code 950) on July 19, 2022. She mentioned that staff will continue to work closely with Ascensus to reach out to noncompliant employers and bring them into compliance prior to February 2023.

Ms. Cheng then provided the Board with an update on FY2022 expenditures covering the period of July 1, 2021, through June 30, 2022, details of which were shared with Board Members prior to the meeting. She noted that expenditures were fairly consistent with the prior year and reminded the Board that there was an uptick in the travel category due to in-person meetings and conferences resuming to a certain degree. She also mentioned that staff started preparation for the FY2022 financial audit conducted by Landmark PLC, the same firm engaged for the FY2021 audit. She added that Landmark will be invited to present on the audit at the next Board Meeting.

## **DISCUSSION – SECURE CHOICE QUARTERLY REPORT**

Troy Montigney of Ascensus started his in-person presentation by introducing the new SVP and Head of State Retirement Programs, Scott Parry, and the new Institutional Relationship Manager, Jaimee Niles, to the Board. He then highlighted the product and technology upgrades that were recently delivered and implemented, including the re-design of the employer portal and an

integration with payroll provider Intuit QuickBooks. He mentioned that the 360-degree payroll integration will help serve many smaller employers in Waves 4 and 5 and shared that several Illinois employers were able to use the integration to add employees following the initial Wave 4 enrollment notification.

Mr. Montigney provided an overview of program metrics for Q2 2022 and the most recent program numbers as of July 31, 2022. Key data snapshots demonstrated the steady growth of funded accounts (105,459 total accounts with approximately 2,800 new accounts) and the consistency of average deferral rate (5.56%) since the auto-escalation that took effect in January. He noted that the 30-day contributions total remained at peaks of approximately \$3.7M in the last quarter, highlighting that total assets and average account balance were recovering significantly in Q3 due to improved market performance. Discussion also included further analysis of withdrawal patterns given that the percentage of accounts with a withdrawal has trended upward consistently.

Mr. Montigney led the discussion on employer and employee trends as well as recent employer registration activities. He noted that the number of employers submitting payroll files remained steady throughout the last quarter. He mentioned that the number of employers adding employees ticked up in Q2 2022 to 327, which was consistent with numbers from Q1 2021. In addition, he highlighted that last quarter, 84 employers registered with over 100 additional employers adding their employees for the first time. He added that nearly 200 additional registrations had occurred since the end of Q2 due to formal outreach to Wave 4 employers. Mr. Montigney then walked the Board through the definition and implications of employer compliance with detailed examples. He pointed out that 80% of employers eligible for the program are in upcoming Waves 4 and 5 and that 68% of them will be in Wave 5 alone. He also shared that employer exemption percentage goes down as employer size goes down across the state-run retirement industry.

In addition, Mr. Montigney presented the 2022 year-to-date client service metrics for both employers and savers, including service level (88.80%), abandon rate (1.06%), average speed to answer (0:22), and average talk time (6:20). He shared client services highlights in relation to call center service level agreements, customer satisfaction scores, internal Quality Assurance, increased bilingual support, and dedicated enforcement support. He then addressed the questions raised by Mr. Diaz with regards to call volume in different languages such as Spanish, Polish, and Mandarin. Mr. Montigney and Mr. Diaz provided some examples of employees choosing to opt out of the program in response to a question raised by Mr. Bashir.

Mr. Montigney then provided a quarterly review of marketing services. He highlighted the early communication to Wave 4 employers via a mailed postcard. He added that refreshed paid search keywords and ads in market were being closely monitored for performance. He mentioned that requested collateral and website updates were made and implemented as well. In addition, he highlighted that the key marketing priorities for the upcoming quarter are to launch the Wave 4

early outreach campaign; optimize performance of refreshed paid search keywords and ads in market; and consult as necessary on the potential rebranding of the program.

Jaimee Niles then provided a quarterly overview and summary of field team activities. She mentioned that a total of 20 meetings were conducted in the last quarter covering 7 different counties in Illinois. She presented a detailed breakdown of employer actions and activities driven by field team outreach. She also highlighted Bonhomme Hospitality Group as an example of employer satisfaction. In addition, she outlined Q3 field team outreach initiatives including ongoing compliance-based outreach, collection of testimonials and success stories, launching the Webinar Support Program, and working with staff to build partnerships with stakeholder organizations to help promote the program. She added that Ascensus will be adding and utilizing digital tools and additional resources in preparation for the upcoming waves in response to a question raised by Ms. Pai.

Mr. Aguilar started his presentation by providing a review of underlying fund performance, investment options, and asset breakdowns for the last quarter. He then provided an overview of the Q2 market environment with a focus on the macro themes. He mentioned that inflation marked a new 40-year high (June CPI of 9.1%), increasing the burden on the Federal Reserve and the risk that the level of rate hikes needed to control inflation could send the economy into a recession. He added that the effects of higher prices and increasing interest rates were taking hold, with consumer sentiment near historic lows and weaker business confidence starting to impact the labor market. In addition, he pointed out that recession concerns continue to arise, and that the year-to-date equity market drawdown has been driven by a sharp correction in valuation multiples.

### **ACTION ITEM – APPROVAL OF PROGRAM DESCRIPTION**

Mr. Diaz asked the Board to approve the updated Program Description and to allow the Treasurer's Office to update the Program Description when changes do not substantively alter the program. He mentioned that the Treasurer's Office had been working closely with Ascensus as well as program consultant AKF Consulting Group and the investment and legal teams at the Office to develop a more streamlined version of the Program Description provided to savers in the program. He also stated that the Office is seeking approval from the Board to make updates in the future as needed to the Program Description that do not alter the program in substantive ways, for instance, incorporating administrative, legal, and regulatory updates.

*A motion was made by Ms. Mayall, seconded by Mr. Bashir to approve the updated Program Description and to allow the Treasurer's Office to update the Program Description when changes do not substantively alter the program. The motion carried unanimously.*

## **PRESENTATION – OPEN MEETINGS ACT & FREEDOM OF INFORMATION ACT**

Ms. Tremble started her presentation by reminding the Board to complete the Open Meetings Act training and Ethics and Harassment & Discrimination Prevention training, which were shared by Laura Duque, General Counsel at the Office, prior to the meeting. She provided a brief overview of the Illinois Open Meetings Act (5 ILCS 120), including the definition of a meeting, the constitution of a gathering, and explanation of Majority of a Quorum. She also noted the specifics and requirements in relation to discussion of public business, meeting location and attendance, remote meeting conditions, public notice, meeting minutes, and public comment. In addition, Ms. Tremble laid out the purpose and basics of the Freedom of Information Act (5 ILCS 140, “FOIA”). She walked the Board through the definition and examples in relation to the requester, public records, response to FOIA request, exemptions, and timeline to respond to a FOIA request. She also provided instances of violation of the Open Meetings Act in response to a question raised by Mr. Diaz.

## **BOARD ENRICHMENT – INVESTMENT OVERVIEW, MARQUETTE ASSOCIATES**

David Smith started his presentation by providing an overview of investment fundamentals, including portfolio construction, diversification, and definition of a bond and a stock. He shared the investment framework philosophy and pointed out participant hazards with detailed examples. He then provided an explanation of cash and stable value, target date funds, traditional asset classes, specialty options, active and passive management, and documentation as part of the investment framework. In addition, Mr. Smith walked the Board through the investment lineup and performance for Secure Choice as well as the governance considerations to ensure portfolio success. He highlighted that asset allocation controls portfolio risk and presented the key index criteria along with best practices in the industry. He also provided an overview of the Secure Choice Money Market Fund, including its risks, sector allocation, and maturity ladder.

## **PUBLIC COMMENT**

There was no public comment.

## **OLD AND NEW BUSINESS**

Mr. Diaz noted that the next Board Meeting would be held at 3 pm CT on Thursday, November 17, noting that updates and materials would be sent to the Board prior to the meeting.

There was no old business.

**ADJOURNMENT**

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