

ILLINOIS SECURE CHOICE BOARD

**Meeting of Thursday, February 14, 2019
James R. Thompson Center
100 West Randolph, 16th Floor, Chicago, Illinois**

MEETING MINUTES

The February 14, 2019 meeting of the Illinois Secure Choice Board (“Board”) was called to order by Mr. Diaz at 3:11p.m. CT with the presence of a quorum.

BOARD MEMBERS PRESENT

Fernando Diaz, *Designee for the Illinois State Treasurer*

John Gay, *Designee for the Illinois State Comptroller*

Curt Clemons Mosby, *Designee for the Illinois Governor’s Office of Management and Budget* (via videoconference)

Miriam Martinez, *Board Member*

David Marzahl, *Board Member*

David Rappaport, *Rappaport Reiches Capital Management, LLC - Co-Managing Partner* (via conference call)

John Rauschenberger, *Technology & Manufacturing Association – Executive Vice-President and General Manager*

TREASURER’S STAFF

Joe Aguilar, *Director of Due Diligence & Investment Analysis*

Barbara Delano, *Assistant General Counsel*

Courtney Eccles, *Director of Secure Choice*

Ashlee Gabrysch, *Deputy Director of Secure Choice*

Rodrigo Garcia, *Deputy Treasurer & Chief Investment Officer*

Christopher Flynn, *Assistant General Counsel*

APPROVAL OF BOARD MEETING MINUTES

Board members reviewed the October 30, 2018 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 Ms. Martinez, seconded by Mr. Rauschenberger to approve the July 26, 2018 Board Meeting Minutes. The motion carried.

STAFF UPDATES

Courtney Eccles began the staff updates by announcing that the program had officially surpassed the one-million-dollar mark for assets under management.

Ms. Eccles provided a budget update, reviewing the report that had been sent to Board members in advance of the meeting. She noted that the higher contractual spend was due to the purchase of the insurance bond.

Ms. Eccles gave an update of program enforcement/compliance efforts, which are currently being developed in collaboration with the Illinois Department of Revenue (IDOR). Ms. Eccles reminded that Board that, statutorily, IDOR has enforcement authority over the program. Ms. Eccles noted that once a more formalized enforcement/compliance mechanism has been finalized, it will be shared with the Board.

Ms. Eccles gave an update on the Secure Choice legislation that was amendatorily vetoed by Governor Rauner. Ms. Eccles noted that the legislation this year was largely identical to the technical change legislation that passed out of both houses last year, with small adjustments to language around investments and definitions, and the ability to add a traditional IRA to the program offerings in addition to the existing Roth. Ms. Eccles then asked for a verbal show of support for the legislation, which all present board members avowed.

DISCUSSION – SECURE CHOICE QUARTERLY REPORT – PROGRAM

Ms. Eccles noted that the Board would be provided with an update on Wave 1 quarterly numbers as well as where the program stood as of the end of January. Ms. Eccles gave an overview of the quarterly due diligence meeting with Ascensus, the program manager, which covered the program numbers, the investment numbers, risk management, marketing, outreach, staffing, and client services. Ms. Eccles noted that the Board had been provided a memo memorializing the meeting. Ms. Eccles then gave an update on the quarterly numbers. Ms. Eccles noted some summary statistics including that between 9/30/2018 and 12/31/2018 total program assets increased by over \$400,000 and total funded accounts increased by over 3,000.

Joe Aguilar provided an overview of the overall performances of the Secure Choice investment options. Mr. Aguilar noted that fund performance for all underlying funds were in alignment or outperforming their peers. Mr. Aguilar noted that the equity markets struggled in the fourth quarter, with equity markets down across the globe. Mr. Aguilar also noted that as of 12/31/2018, the majority of program assets were in the 90-Day Hold, money market fund.

Ashlee Gabrysch then provided an overview of the monthly program update numbers. Ms. Gabrysch drew attention to a number of summary slides, including the monthly program asset growth slide, which illustrates jumps that occur when larger employers begin payroll.

Matt Golden then provided an update of saver and employer summary data as of 02/08/2019, including number of registered employers (97) and employers that have begun payroll (37). Mr. Golden also covered an update on Wave 1 employer enrollment and exemptions as well as lessons learned from Wave 1. Mr. Golden then proceeded to give an update on the client service experience, including 2018 call volumes by month by each of employers and savers, in English and in Spanish. Mr. Golden closed out his presentation by giving an update on field representative local outreach and Secure Choice platform enhancements.

DISCUSSION – MARKETING, COMMUNICATIONS, AND OUTREACH UPDATES

Gina Maria Lemon provided a marketing update for 2019. Ms. Lemon started with a recap of the last half of 2018, including the deployment of digital ads. Ms. Lemon then gave an overview of the 2019 marketing plan and the four attendant goals: (1) support awareness of employer registration deadlines, (2) engaging with employers through full registration process, (3) saver education, and (4) continued brand awareness. Ms. Lemon noted that Kivvit had been engaged to assist with public relations activities such as regular outreach at milestones, incorporating testimonials, and identifying savings related events and holidays. Ms. Lemon then provided an update on employer and saver engagement and saver education. Finally, Ms. Lemon concluded her presentation by providing an overview of the marketing budget for 2019.

Ms. Eccles noted that plans were in place to boost the current marketing budget, in order to more effectively build awareness of the program. Ms. Eccles then thanked AARP for their continued support and dedication to the program and then provided a short update on the ongoing relationship with AARP in terms of promoting the program to both employers and savers.

DISCUSSION – LEGAL UPDATES

Action Item – Approval to enter into an Agreement/MOU with ERIC

Barbara Delano gave an update on the status of the MOU with the ERISA Industry Committee (ERIC) raising an issue regarding the employer exemption process.

Mr. Diaz then asked for a motion to give the STO the authority to enter into an agreement or MOU with ERIC.

A motion was made by Mr. Clemons Mosby, seconded by Mr. Rauschenberger to give the STO the authority to enter into an MOU or agreement with ERIC. The motion carried unanimously.

STATE AND FEDERAL LANDSCAPE - SEGAL MARCO

Wendy Carter of Segal Marco Advisors provided an update on the retirement landscape, including updated statistics on movement within the state-sponsored retirement landscape, including noting that 85% of states have proposed legislation for either feasibility studies or program creation. Ms. Carter then gave an overview of the other states that are moving forward with programs, including Washington, Oregon, California, New Jersey, Vermont, Connecticut, Maryland, and Massachusetts. Ms. Carter noted that as several states have started to pursue programs like vendor marketplace and MEPs, there is starting to be a dilution of the payroll IRA dominance in state programs.

PUBLIC COMMENT

There was no public comment.

OLD AND NEW BUSINESS

There was no old or new business.

ADJOURNMENT

With no further business, a motion was made by Mr. Rauschenberger, seconded by Mr. Marzahl to adjourn the meeting. The motion carried unanimously.