

ILLINOIS SECURE CHOICE BOARD

**Meeting of Thursday, February 6, 2020
James R. Thompson Center
100 West Randolph, 16th Floor, Chicago, Illinois**

MEETING MINUTES

The February 6, 2020 meeting of the Illinois Secure Choice Board (“Board”) was called to order by Mr. Diaz at 3:00p.m. CT with the presence of a quorum.

BOARD MEMBERS PRESENT

Fernando Diaz, *Designee for the Illinois State Treasurer*

Cesar Orozco, *Designee for the Illinois State Comptroller*

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

Miriam Martinez, *Board Member*

Jay Rowell, *Board Member*

David Marzahl, *Board Member*

David Rappaport, *Board Member* (via teleconference)

TREASURER’S STAFF

Barbara Delano, *Assistant General Counsel*

Courtney Eccles, *Director of Secure Choice*

Rodrigo Garcia, *Deputy Treasurer & Chief Investment Officer*

Cliff Peng, *Deputy Director of Secure Choice*

APPROVAL OF BOARD MEETING MINUTES

Board members reviewed the November 14, 2019 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. Rowell to approve the November 14, 2019 Board Meeting Minutes. The motion carried.

STAFF UPDATES

Ms. Eccles started by introducing the new Deputy Director of Secure Choice at the Treasurer's Office – Cliff Peng. Ms. Eccles then provided a budget report for the first half of fiscal year 2020 spending (from July 1, 2019 to December 31, 2019) that had been sent to Board members prior to the meeting. She walked the Board through the major spending areas, and noted spending was relatively consistent with the previous fiscal year.

Ms. Eccles gave an update on the administrative rules process (a copy of the proposed changes was provided to the Board at the November meeting), noting that the Office had received two comments in support of the rules changes during the comment period. The hearing with the Joint Committee on Administrative Rules (JCAR) had been scheduled on Feb 18, 2020 in Springfield. The updated rules would be put in place upon approval.

Ms. Eccles then provided an update on the 2020 legislative initiative to expand access to Secure Choice by lowering the employee threshold. Ms. Eccles mentioned that the legislative emphasis would be around program expansion, allowing the Board to institute auto-escalation, and program enforcement changes. She noted that the legislative changes to the enforcement section of the statute for the Illinois Department of Revenue (IDOR) would be delayed till 2021 to focus on employer compliance. Conversations would continue with the legislators, stakeholder groups, and all business associations and that were involved. Updates on the 2020 legislation would be made available to the Board via email prior to the next Board Meeting in May.

Finally, Ms. Eccles presented the Secure Choice 2019 Annual Report to the Board that was included in the meeting packets. She noted that the report included data through December 2019 to illustrate the progress and participation of the Secure Choice program. She mentioned that the annual report was posted both on the program website and the Secure Choice page of the Treasurer's website.

DISCUSSION – SECURE CHOICE QUARTERLY REPORT

Matt Golden of Ascensus provided a program update for the 4th quarter of 2019 and numbers current as of January 30, 2020. Key data snapshots included the monthly contributions increased to \$2,800,000 through January 2020 (up from \$1,500,000 in October 2019) and the withdrawals had reached \$402,000 for the past 30 days. He noted that the average withdrawal amount currently

landed at \$200.07 with the ticking up of the average monthly saver contribution in the last quarter. Ms. Eccles pointed out the changes made to the average deferral rate to improve the accuracy of the calculation. Mr. Golden then provided an overview of the saver data summary, noting the increase in average enrolled accounts month over month and an increase in the opt-out rates as awareness grew among savers.

In addition, Mr. Golden pointed out that total number of registered employers had grown to 5,344 as of January 30, 2020, among which 2,020 employers had started remitting payroll contributions. Mr. Golden then discussed the compliance letters being sent by the program and provided a quarterly update on the client services work, including information on the employer onboarding progress and the call trends.

Gina Maria Lemon of Ascensus then provided the board with a quick summary of the marketing activities and outreach work completed in the last quarter. She highlighted the Fighting Illini Sponsorship and Secure Choice anniversary event as well as the brand awareness initiative work through social media engagement on Twitter, Facebook, and LinkedIn. She then moved on to the 2020 first quarter's initiatives which will include information on self-enrollment availability and the ability to recharacterize to a traditional IRA. Ms. Eccles also mentioned media coverage of the anniversary event by several Spanish news outlets and noted that a link to the Spanish translation of FAQs had been provided on the program website. Mr. Diaz added that staff was working with multiple Spanish networks including Telemundo and Univision on direct display ads.

Mr. Garcia provided an overview of the domestic and international market trends and the report on the investment lineups during the 4th quarter. He walked the Board through the comparative fund performance for State Street, Schwab, and Blackrock target date funds and index funds. He mentioned that the consensus remained positive towards the next quarter's investment performance with strong earnings expected for S&P 500 companies.

**ACTION ITEM – APPROVAL OF PARTNERSHIP WITH DUKE UNIVERSITY,
COMMON CENTS LAB**

Ms. Eccles provided a status update on the research project being led by The Pew Charitable Trusts and noted that the preliminary survey results and findings would be shared with the Board in the upcoming months. Ms. Eccles then asked the Board to approve a partnership between the Treasurer's Office and the Common Cents Lab (Lab) of Duke University to assist with research at no cost to the program. She explained that the Lab would assist with research aimed at increasing ease for employer enrollment and making the program communications and platforms more impactful for savers. Mr. Golden added that the OregonSaves program had benefited from the

ongoing partnership with the Lab in the areas of decision-making process and program design improvements.

A motion was made by Mr. Orozco, seconded by Mr. Rowell to allow the Treasurer's Office to partner with Duke University, Common Cents Lab at no cost to the Board. The motion carried unanimously.

PRESENTATION – ENVIRONMENTAL LANDSCAPE - AKF CONSULTING

Andrea Feirstein of AKF Consulting provided an overview of the five state-run retirement savings programs that had been launched and gone live. During her presentation, Ms. Feirstein compared the five programs in California, Illinois, Oregon, Massachusetts, and Washington, highlighting the difference in the areas of the launch timelines, service providers, investment options/managers, and program fees. She also provided a summary of the provisions and possible net effects of the Setting Every Community Up for Retirement Enhancement (SECURE) Act that was signed into law in 2019.

BOARD ENRICHMENT – TRENDS IN THE 401(K) SPACE – MARQUETTE ASSOCIATES

Mr. Garcia reminded the Board that the ongoing board enrichment served as an educational opportunity for the Board and was not intended to steer investment decisions or processes of the program. David Smith of Marquette Associates started with a summary of the key objectives in portfolio management and investment policy for defined contribution plans. He then walked the Board through the trends in defined contribution, highlighting the evolving best practices, tiered framework, glide path considerations, and strategies to improve retirement readiness. Mr. Smith also provided the insights in the pros and cons of the active management and passive management, noting the gains in popularity for passively managed investment options

PUBLIC COMMENT

There was no public comment.

OLD AND NEW BUSINESS

There was no old business.

Ms. Delano asked the Board to complete the 2020 Annual Ethics Training (accessible online) and the Sexual Harassment Prevention Training. She also reminded the Board to complete their Statements of Economics Interest (available online from March 16, 2020 and due by May 1, 2020), noting that board members would receive information from the Secretary of State's Office on how to access their online form.

ADJOURNMENT

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