



OFFICE OF ILLINOIS STATE TREASURER

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President Trump Repeals Retirement Savings Protections, Hurting Workers, Small Employers

Frerichs Still Plans to Move Forward with Secure Choice Program That Offers Retirement Savings Solution to Illinois Workers

SPRINGFIELD – President Donald Trump this week authorized new rules that will hurt workers and small business owners while worsening the retirement crisis facing millions of Americans, Illinois Treasurer Michael Frerichs said today.

President Trump’s rejection of the commonsense approach that encouraged workers to save their own money while at the same time protecting employers from lawsuits about how those retirement savings are invested needlessly injects uncertainty into the employer community and will invite frivolous lawsuits, Frerichs said.

“President Trump chose to ignore workers and the small business owners who want this retirement savings solution and instead side with the entrenched financial interests that he wailed against during the campaign,” Frerichs said. “Trump said he would be a President for all Americans, but this action clearly shows that he supports putting profit over people.”

Trump signed two Congressional Review Act resolutions that strip away Department of Labor rules implemented by the President Obama administration. H. J. Res. 66 and Res. 67 removes legal and financial protections from employers who provide state-authorized IRA retirement accounts through payroll deduction. Trump’s decision will increase litigation risk and create more red tape for businesses that choose to offer plans such as Illinois’ Secure Choice retirement savings program.

Despite Trump’s action, Frerichs announced earlier this month that Illinois’ Secure Choice will move forward and provide nearly 1.3 million private-sector workers access to employer-based retirement savings plans. Illinois law authorizing Secure Choice allows it to move forward without the federal protections.

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Illinois' plan will offer Illinois businesses with at least 25 employees that have been in business for two or more years and that do not offer a qualified savings plan the option to either offer a private-sector savings vehicle or automatically enroll their employees into Secure Choice.

Workers will be enrolled in a default target date Roth IRA with a default 3 percent payroll deduction. Workers could choose to change their contribution level or fund option at any time. Workers also could opt-out of the program. Accounts are owned by individual participants and will be portable from job-to-job.

Illinois' Secure Choice was signed into law in January 2015. While the program's first accounts are expected in 2018, President Trump's decision needlessly casts a cloud over the program.

"This is a setback for the many states, including Illinois, that have been working hard to address the retirement crisis facing our nation," Frerichs said. "We remain committed to offering a savings option so Illinois workers can retire with dignity."

Nationally, only half of working Americans save for retirement, according to the Survey of Income and Program Participation by the U.S. Census Bureau. Of those who do not save, 84 percent work for an employer that does not offer a retirement savings vehicle. A lack of retirement savings increases the likelihood that workers will be over-reliant on Social Security and retire into poverty, creating significant burdens on taxpayer-supported state and federal social safety nets.

For more information about Illinois' Secure Choice Program, visit www.illinoistreasurer.gov.

About the Illinois Treasurer

The Illinois Treasurer is the state's chief investment officer and Frerichs is a Certified Public Finance Officer. He protects consumers by encouraging savings plans for college or trade school, increasing financial education among all ages, and removing barriers to a secure retirement. The Treasurer oversees a portfolio worth more than \$25 billion. It includes approximately \$13 billion in state funds, \$7 billion in college savings plans and \$5 billion on behalf of local and state governments. The investment approach is cautious to ensure the preservation of capital and returns \$28 to the state for every \$1 spent in operations. The Treasurer's Office predates Illinois incorporation in 1818. Voters in 1848 chose to make it an elected office.

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