

ILLINOIS SECURE CHOICE BOARD

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

MEETING MINUTES

The November 14, 2019 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* (via teleconference)

David Rappaport, *Board Member* (via teleconference)

TREASURER’S STAFF

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

Barbara Delano, *Assistant General Counsel*

Courtney Eccles, *Director of Secure Choice*

Sara Meek, *Legislative Director*

Catherine Shannon, *Chief Legislative and Policy Officer*

APPROVAL OF BOARD MEETING MINUTES

Board members reviewed the August 15, 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 Mr. Mosby, seconded by Ms. Martinez to approve the August 15, 2019 Board Meeting Minutes. Mr. Rowell abstained from voting since he was not present during the August 15, 2019 meeting. The motion carried.

STAFF UPDATES

Ms. Eccles provided an update on Board member transitions and welcomed Jay Rowell as the newest Board member. Ms. Eccles then provided a budget report for the first portion of the fiscal year 2020 spending (from July 1, 2019 to November 4, 2019) that had been sent to Board members in advance of the meeting.

Ms. Eccles notified the Board that a press conference would be held at James R. Thompson Center on Monday, November 18, 2019 at 11:30 am. The conference would be focused on the one-year anniversary of the program since the first employer onboarding wave in November of 2018. Employers and employees would be attending the conference to share their experiences in the program along with other stakeholders. Staff would be putting together a press release and working to generate media attention and would share the media coverage with Board Members following the event.

Ms. Eccles gave an update on the administrative rules process, noting that the proposed rule changes had been filed for pre-review in early October. Changes included updated definitions based on statutory language as well as clarifying the relationship between professional employer organizations (PEOs) and client employers. Staff had worked with stakeholders on the new language based on the feedback received after finalizing the initial rules in the fall of 2018. The proposed rules language would be formally submitted for first notice in the next few weeks.

Ms. Eccles then provided an update on the legislative changes to the enforcement section of the statute for the Illinois Department of Revenue (IDOR). Treasurer's staff worked with IDOR on the changes to the Secure Choice's statute for the legislation. The bill number is HB2455 and a fact sheet of the bill was included in the packets to Board Members. Staff indicated they would continue to work with IDOR in the 2020 spring session.

Finally, Ms. Eccles briefed the Board on the legislative initiative for 2020 to expand access to Secure Choice by lowering the employee threshold, currently set at 25. Ms. Shannon added that the language should be ready by January 2020 and the bill number should be available by February 2020. Staff would continue to work on gathering information and would provide updates to the Board at future meetings. All Board Members indicated their support towards the 2020 legislative initiative.

DISCUSSION – SECURE CHOICE QUARTERLY REPORT

Matt Golden of Ascensus provided a program update for the 3rd quarter and numbers current as of early November. Key data snapshots included \$1,700,00 monthly contributions through November 7, 2019 (up from \$663,000 in July) and funded accounts had grown by ~1,000 accounts per week over the past two months. He explained that the average monthly saver contribution amount continued to increase as the program moved into waves two and three. Mr. Golden also walked the Board through the targeted focus on employer engagement, registration progress, and responsiveness to the program. He then provided the Board an update on the fund balances and the investment trends by age. Mr. Golden also provided a quarterly update on the client services work, including employer onboarding progress and the call trends across employers and employees. He noted that a total number of 524 employers had been onboarded and a total of 1,705 employers were in progress.

Gina Maria Lemon of Ascensus provided a summary of the marketing activities and outreach work for the previous quarter. She walked the Board through the current sponsorship opportunities and social media activities. She also mentioned that saver engagement and final wave promotion would be the focus for the next quarter's initiatives. Ms. Eccles added that AARP had been working directly with the Treasurer's Office and devoting their own resources to commercials and advertising. Mr. Diaz then added that the Office was utilizing new avenues for marketing, including digital radio channels like Spotify to target younger savers. Ms. Lemon provided the quarterly budget update at the end of her presentation and highlighted the 2020 Marketing Plan with an emphasis on employer engagement, saver engagement, and brand awareness.

Mr. Aguilar provided an overview of the market trends during the 3rd quarter and an overview of investment performance. He noted that some funds on the conservative side had outperformed certain target date funds that were heavily equity focused. Peter Gerlings of Segal Marco Advisors provided additional market analysis with a focus on fund performance and bonds. He mentioned that new assumptions around the current tariffs would be added in the upcoming analysis market analysis.

ACTION ITEM – APPROVAL OF PROGRAM/INVESTMENT CONSULTANT SERVICES

Mr. Diaz asked the Board to authorize the Treasurer's Office to amend or enter into contracts for Secure Choice consulting services. He explained that the current contract with Segal Marco was going to expire and the Board's approval was required in order to negotiate, modify, or enter into a new contract for the program and investment consultant services.

A motion was made by Mr. Rowell, seconded by Ms. Martinez to allow the Treasurer's Office to amend or enter into contracts for Secure Choice consulting services. The motion carried unanimously.

PRESENTATION – SECURE CHOICE SURVEY RESEARCH PROJECT - PEW

John Scott of The Pew Charitable Trusts provided an update (via teleconference) on the Illinois Secure Choice survey research, including goals, timeline, and the current status. Employer participants would be surveyed to help understand the correlations between program participation and the impact on employees. He noted that a pilot survey would be conducted by end of November and the baseline survey would be going out in January 2020. In addition, Mr. Scott provided a summary of the initial findings from the OregonSaves program survey research.

PRESENTATION – ENVIRONMENTAL UPDATE – SEGAL MARCO

As part of ongoing board enrichment, Wendy Carter of Segal Marco Advisors started with a review of the program updates in the states of Connecticut and Maryland. She also highlighted the findings from the recent Employee Benefit Research Institute (EBRI) retirement research study that had been shared with the Board in advance of the meeting. Ms. Carter noted that EBRI's study used the OregonSaves model on a national basis. She pointed out the projected reduction the overall retirement savings deficit. Mr. Diaz also added that some other states had reached out to the Treasurer's Office to learn about the details of the Secure Choice program.

PUBLIC COMMENT

There was no public comment.

OLD AND NEW BUSINESS

Ms. Eccles reminded the Board to complete the Annual Ethics Training and Sexual Harassment Prevention Training (included in the Board materials), which are due by the end of 2019. She also noted that the 2020 Quarterly Board Meeting Schedule (Feb/May/Aug/Nov) was confirmed and it would be sent out to everyone's calendar.

There was no new business.

ADJOURNMENT

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