

Illinois can help small businesses avoid retirement savings crisis

State law now requires most small businesses to offer a retirement savings plan option. The deadline for the Illinois Secure Choice program is Nov. 1.

By Tasha Brown and Michael W. Frerichs
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Small businesses want to offer retirement plans for their employees, but often can't afford it. Illinois' Secure Choice program is an option. | Getty/iStockphoto

There's a looming retirement savings **crisis** across the country, and small businesses, especially those owned by people of color, are bearing the brunt of it.

The COVID-19 pandemic pushed Illinois small businesses to their limits and highlighted the importance of saving. But even before the pandemic, smaller businesses were **less likely** to offer a workplace retirement plan, often because they needed more administrative or financial resources to do so.

Through the **Illinois Secure Choice Retirement Savings Program**, our state is taking a critical step to remove retirement savings challenges and ensure more small business employees can retire with dignity.

Small employers now have support in creating a pathway to a successful financial future for their employees and mitigating some of the savings insecurities. By providing employees with access to a workplace retirement program, smaller firms will be able to compete with larger companies for talent, and their employees will have a better opportunity to save for their golden years.

Opinion

Since its launch in 2018, Illinois Secure Choice has created an affordable way for businesses to help their employees prepare for retirement. Our state has recently **expanded** the program to include smaller businesses.

State law now requires every employer that had five or more employees in the previous year and has been in business for at least two years to offer a workplace retirement savings option, whether that's through a qualified plan, such as a 401(k), or through Illinois Secure Choice.

Employers contacted by the program this year have until Nov. 1 to either start the Illinois Secure Choice onboarding process or request an exemption if they already offer a qualified retirement plan.

We know small employers in Illinois are looking for ways to support their workforce amid a changing economic environment. One way to ensure employees of small businesses feel supported is to facilitate access to Illinois Secure Choice.

Small Business Majority research has found that a majority (68%) of small business owners support automatically enrolling employees who lack access to an employer-sponsored plan into a state-administered retirement program and agree these programs will help to close the state's vast retirement savings gap.

Across active state-facilitated retirement programs in states such as Oregon, California, Colorado and Virginia, more than 750,000 workers have amassed over \$990 million in retirement savings.

Smaller firms, particularly the smallest businesses, are often overlooked by retirement services companies and don't have the support to offer qualified retirement plans as a benefit to their employees. Secure Choice solves this problem, by serving as an easy-to-use option that does not charge fees to employers, allowing an owner to focus on running their business.

Research has found that only **one-third** of small employers are able to offer a retirement plan, despite many wanting to do so. Illinois Secure Choice can help level the playing field between small businesses and their larger counterparts, so small businesses can compete for the best employees and have peace of mind they are doing what's best for their workers.

Nearly **two-thirds** of Illinois small business owners are concerned their employees are unprepared and will not have enough money to cover their basic living expenses when they retire. Overall, inflation and fluctuating labor markets have influenced American confidence in saving for retirement. Most families, even those approaching retirement, have little or **no retirement savings**.

With the Nov. 1 deadline quickly approaching, we encourage small business owners to take advantage of this program to help improve their employees' economic future.

***Tasha Brown** is Midwest director for small business majority and directs outreach, education and policy efforts.*

Michael W. Frerichs started his third term as Illinois state treasurer in January 2023.