



Resolution 16-01

RESOLUTION FOR THE ESTABLISHMENT OF INVESTMENT PRINCIPLES FOR THE ILLINOIS SECURE CHOICE SAVINGS PROGRAM

WHEREAS, the Illinois Secure Choice Savings Program was established pursuant to 820 ILCS 80/1 *et seq.* for the purpose of promoting greater retirement savings for private sector employees in a practical and low-cost manner; and

WHEREAS, the Illinois Secure Choice Savings Board, in addition to other duties and responsibilities delineated in 820 ILCS 80/1 *et seq.*, is responsible for ensuring that the investment framework for the Illinois Secure Choice Savings Program is designed, established, and operated in a manner that accords with best practices for defined contribution plans; and

WHEREAS, it will serve the best interests of the Illinois Secure Choice Savings Program participants, stakeholder groups, and the State of Illinois to establish a special set of overarching Investment Principles that represent and reinforce the unique fiduciary and investment goals of the Illinois Secure Choice Savings Board and serve as guiding doctrines for the design, establishment, and operation of the Illinois Secure Choice Savings Program;

THEREFORE, IT IS HEREBY RESOLVED, pursuant to the power vested in the Illinois Secure Choice Savings Board as delineated in 820 ILCS 80/1 *et seq.*, the following Investment Principles are hereby established and shall be heeded as it pertains to decision-making regarding the investment design, objectives, and operations of the Illinois Secure Choice Savings Program:

I. Low Cost

The Illinois Secure Choice Savings Program's investment options shall be constructed and administered in a manner that minimize fees to account holders. It is understood that these costs diminish the total return accorded to Illinois Secure Choice Savings Program participants. The lowest cost index-based portfolios shall be viewed as the default standard in evaluating investment management fees.

II. Market Performance

The Illinois Secure Choice Savings Program's investment options shall be constructed and administered in manner that consistently track market performance, as measured in comparison to applicable market benchmarks, thus eliminating potential for significant underperformance.

III. Simplicity

The Illinois Secure Choice Savings Program's investment options shall be constructed and administered in a manner that provides a range of clear, easily understood options (defined in terms of expected risk/ return) in order to maximize participation and savings. This includes providing participants with practical investment options, such as retirement target date portfolios that automatically rebalance based on their retirement time-horizon (*i.e.* a life-cycle fund), risk-based portfolios (*i.e.* aggressive, moderate, or conservative risk profiles) with varying target allocations, or a choice-based portfolio of stand-alone investment funds that track broad market segments. Furthermore, the Illinois Secure Choice Savings Program shall be designed and administered in a manner that strives to achieve full transparency by delineating accordant investment expenses, program management fees, and administrative expenses.

In addition, the Illinois Secure Choice Savings Program shall provide a clear and simple investment approach for participants who fail to elect an investment option.

IV. Highest Ethical Standards

The Illinois Secure Choice Savings Program's investment framework shall be constructed and administered in a manner that ensures that participants and the people of the State of Illinois have faith in the integrity of decisions made by the Illinois Secure Choice Savings Board, the Office of the Illinois State Treasurer, and any contractors retained to support the Illinois Secure Choice Savings Program. To promote the trust, respect, and confidence in said entities, it is crucial that the Illinois Secure Choice Savings Board, the Office of the Illinois State Treasurer, and any contractors retained to support the Illinois Secure Choice Savings Program embody high ethical standards, lawfully administer the affairs of the Illinois Secure Choice Savings Program, and avoid conflicts of interest or even the appearance of conflicts of interest.

IN TESTIMONY WHEREOF, Members of the Illinois Secure Choice Savings Board have hereunto agreed to the establishment of the aforementioned Investment Principles for the Illinois Secure Choice Savings Program this 15th day of April, in the year Two Thousand Sixteen.

Treasurer Michael W. Frerichs
Illinois Secure Choice Savings Board Chair