

ILLINOIS SECURE CHOICE BOARD

**Meeting of Thursday, November 16, 2017
James R. Thompson Center
100 West Randolph, Room #16-504, Chicago, Illinois**

MEETING MINUTES

The November 16, 2017 meeting of the Illinois Secure Choice Board (Board) was called to order at 3:00 p.m. CT with the presence of a quorum.

BOARD MEMBERS PRESENT

Jay Rowell
Designee for the Illinois State Treasurer

John Gay
Designee for the Illinois State Comptroller

Kim Fowler
Designee for the Illinois Governor's Office of Management and Budget (via teleconference)

David Marzahl
Center for Economic Progress – President and CEO

David Rappaport
Rappaport Reiches Capital Management, LLC - Co-Managing Partner (via teleconference)

John Rauschenberger
Technology & Manufacturing Association – Executive Vice-President and General Manager

TREASURER'S STAFF

Joe Aguilar, *Deputy Director – Investment Analysis and Due Diligence*

Courtney Eccles, *Director of Secure Choice*

Julian Federle, *Chief Policy and Program Officer*

Rodrigo Garcia, *Chief Investment Officer*

Keith Horton, *General Counsel*

Sara Meek, *Deputy Director of Legislative Affairs*

Sandi Raphael, *Deputy General Counsel*

Catherine Shannon, *Legislative Director*

STAFF UPDATES

Ms. Eccles provided an update on program implementation items, including contract negotiations, branding, development of a 2018 marketing plan, investments, program operations, and the pilot program. She added that staff was working with Ascensus on the development of the public website as well as the online employer and employee portals.

Ms. Eccles also noted that staff was continuing to work with the Illinois Departments of Revenue and Employment Security to gather the data necessary for program launch.

PRESENTATION: HEARTLAND ALLIANCE RESEARCH REPORT

Jody Blaylock and Katie Buitrago of Heartland Alliance and its Social Impact Research Center provided the Board with a presentation on their recently released report, “Equitable Access to Secure Choice: Addressing the Barriers to Retirement Savings for Illinois Workers.” Ms. Buitrago provided key findings from the report as well as policy recommendations to ensure that Secure Choice meets the needs of low-income workers across Illinois.

Katie Buitrago presented to the Board. The presentation slides and the final report are available on the Secure Choice webpage under Board Materials.

Board members discussed methods for providing financial education resources and tools for Secure Choice participants, and the most effective ways to market the program in partnership with community organizations and non-profits such as Heartland Alliance. Staff from Heartland Alliance added that they are interested in partnering with the Board and may have resources to provide general Secure Choice fact sheets in multiple languages.

Mr. Marzahl highlighted the importance of helping new participants learn more about their potential eligibility for the federal Savers Credit at tax time.

Mr. Rowell thanked the Heartland Alliance staff for their work on the report and their commitment to supporting Secure Choice.

APPROVAL OF OCTOBER BOARD MEETING MINUTES

Board members reviewed the October 26, 2017 Board Meeting Minutes, which were provided in advance of the meeting. There was no discussion, and no additional changes were proposed.

Mr. Rauschenberger made a motion to approve the October 26, 2017 Board Meeting Minutes. Mr. Gay seconded the motion. The motion was unanimously approved.

DISCUSSION: APPROVAL OF INVESTMENT POLICY STATEMENT

Mr. Rowell provided a brief update on the Investment Policy Statement (IPS), noting that it was unanimously approved by the Investment Subcommittee at its November meeting. He added that the current version of the IPS reflected the changes and edits that had been provided by Board members over the last few months.

Mr. Gay made a motion to approve the proposed Investment Policy Statement. Mr. Marzahl seconded the motion. The motion was unanimously approved.

DISCUSSION: LEARNING FROM OREGON'S PILOT PROGRAM

Brian Hogan of Ascensus provided the Board with a presentation on the rollout of the OregonSaves pilot program, including key lessons learned and feedback from employers that participated in the pilot. He also showed a short video produced for Oregon's program, highlighting employers and employees who joined the pilot. Mr. Hogan explained that Ascensus has made a number of changes to the language, enrollment directions, and functionality of the employer platform based on feedback and information provided by employers and that they will continue to update and modify the platforms as needed.

Mr. Hogan's presentation slides are available on the Secure Choice webpage under Board Materials.

Mr. Marzahl asked what Ascensus has learned about the employees participating through the pilot. Mr. Hogan noted that most employees are staying with the default contribution rate of 5% and the employee opt-out rate is about 23%, which is generally what was expected. Mr. Rauschenberger asked if any employees were increasing their contribution rate and Mr. Hogan answered that about 3% of participants increased their rate above the default. Mr. Aguilar asked if any of there were any issues with language barriers during the pilot or beginning of the first enrollment wave in Oregon. Mr. Hogan responded that they had not had any language issues yet, and that Ascensus had prepared Spanish materials for one employer participating in the pilot.

PUBLIC COMMENT

There was no public comment.

OLD AND NEW BUSINESS

Legal Updates

Amanda Sonneborn and Cory Hirsch of Seyfarth Shaw LLP provided a brief update to the Board on the lawsuit brought against OregonSaves. The lawsuit alleges that OregonSaves places a significant burden on employers that are not subject to the program because they already offer a retirement savings program. Ms. Sonneborn noted that the lawsuit is very narrowly tailored and focuses on the reporting requirements of OregonSaves. At this time no response or motion has been filed.

Mr. Rowell and Ms. Eccles explained that in Illinois, employers will note their exemption from Secure Choice through a checkbox on an existing state tax form as opposed to participating in a new certification process as employers are doing in Oregon. Ms. Sonneborn noted not requiring employers to complete an entirely new form is a strong argument for why Illinois' process is not an additional burden.

Ms. Sonneborn also commented on a legal opinion recently released by the US Chamber of Commerce asserting that the existing US Department of Labor safe harbor does not apply to plans like Secure Choice and concludes that Secure Choice and other state administered plans would be subject to ERISA preemption. Ms. Sonneborn notes that the legal opinion doesn't provide much detail on the unique aspects of each state program and instead is written more as an advocacy piece. Ms. Sonneborn added that this type of legal opinion may indicate that the US Chamber of Commerce is considering bringing forward litigation against state plans at some point in the future.

2017 State Board Ethics Training

Mr. Rowell reminded Board members that they must complete their annual ethics training for 2017 and provide Ms. Eccles with a signed completion form.

There was no additional old or new business.

ADJOURNMENT

With no additional business, Mr. Rowell sought a motion to adjourn.

Mr. Gay motioned to adjourn the November Secure Choice Board Meeting. Mr. Rauschenberger seconded the motion. The motion was unanimously approved.