

ILLINOIS SECURE CHOICE BOARD

**Meeting of Thursday, September 14, 2017
James R. Thompson Center
100 West Randolph, Room #9-034, Chicago, Illinois**

MEETING MINUTES

The September 14, 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)

Miriam Martinez
Office of the City Treasurer – Chief Investment Officer

David Marzahl
Center for Economic Progress – President and CEO

David Rappaport
Rappaport Reiches Capital Management, LLC - Co-Managing Partner

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*

Sara Meek, *Deputy Director of Legislative Affairs*

Sandi Raphael, *Deputy General Counsel*

Catherine Shannon – *Legislative Director*

APPROVAL OF JULY BOARD MEETING MINUTES

Board members reviewed the July 20, 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 July 20, 2017 Board Meeting Minutes. Ms. Martinez seconded the motion. The motion was unanimously approved.

PRESENTATION: NATIONAL UPDATE ON STATE ADMINISTERED PLANS

Wendy Carter, a consultant from Segal Marco, provided a brief update on the payroll IRA environment across the country. She discussed action at the federal level and the implementation status of other state programs, including efforts in Oregon, California, Maryland, Washington, Vermont, Massachusetts, and Connecticut.

Ms. Carter's presentation slides are available on the Secure Choice webpage under Board Materials.

PRESENTATION: ASCENSUS STATUS UPDATE AND PLATFORM DEMO

Ascensus staff provided an update on the status of contract negotiations, program branding, communication and marketing plans, investments, and platform technology. Ascensus then provided the board with a demonstration of the public facing website, employer portal, and employee portal that was developed for the OregonSaves Program. Ascensus staff noted that the platform and functionality for Secure Choice would be similar but reminded the Board that the look and branding would be unique to Secure Choice. Ascensus staff walked through how the enrollment process would work for employers and employees, and highlighted the different ways that participants will be able to engage through the web portals.

Peg Creonte, Scott Morrison, and Brian Hogan of Ascensus presented to the Board. The presentation slides are available on the Secure Choice webpage under Board Materials. The platform demonstration was based off of features and portals available on the OregonSaves website which can be found at www.oregonsaves.com.

Mr. Rauschenberger asked how the opt-out process will work for employers that offer a plan already. Ascensus staff walked through the process in the employer portal. The Board engaged in

a discussion about language availability and accessibility for the website and call service centers, noting their desire to provide resources in languages other than English. Mr. Rowell stated that while it may not be possible to have an entire website in Spanish, providing downloadable fact sheets in alternative languages might be more feasible. Mr. Marzahl noted that Illinois could also learn from Oregon's experiences as they begin their program rollout in the coming months.

Ms. Martinez asked how the process would work for beneficiaries and the Ascensus staff explained the company's death claims process, noting they have an entire division specifically assigned to process and address death claims. Mr. Marzahl asked where Oregon is in their rollout schedule. Ascensus staff explained that OregonSaves is in the midst of its second pilot program and that the first wave of enrollment for employers would begin in October of 2017.

APPROVAL OF ENROLLMENT TIMELINE

Ms. Eccles provided the Board with a proposed enrollment schedule created in partnership with Ascensus. The proposed schedule envisions a spring 2018 pilot program followed by three enrollment waves. Wave one would begin with employer registration in the fall of 2018 and first contributions from participants beginning January 1, 2019. The second wave would begin employer registration in the summer of 2019 and first contributions from participants in September of 2019, and the third wave would begin with employer registration in early 2020 and first contributions beginning in May of 2020. Ms. Eccles noted that the waves are based on employer size, with the smallest employers going in the later waves and the larger employers in the first wave. She explained that this schedule fits within the timeline set forth in the Secure Choice statute.

Ms. Eccles noted that the staff recommendation would be for the Board to approve the enrollment timeline but understand that the breakdown of which employers would participate in each wave may change in order to keep the waves roughly the same size.

The Board discussed the expected size of each pool as well as what the ideal pilot size should be.

Ms. Martinez moved to approve the enrollment timeline. Mr. Rauschenberger seconded the motion. The motion was approved 6-0.

STAFF UPDATES

Mr. Federle provided a brief update on the status of a meeting between state treasurers and the Secretary of the U.S. Department of Labor. The meeting was postponed due to a change in the Secretary's schedule but efforts are underway to set a new meeting date. The bi-partisan group of

state treasurers hopes to begin a dialogue with the Secretary about states' efforts to improve retirement security.

Ms. Eccles presented the Board with an updated budget report from fiscal year 2017, noting that additional receipts had been processed since the July Board meeting. Total spending was still well below the amount of money appropriated for the year. Ms. Eccles noted that major contractual expenses include legal fees, the financial feasibility study, and the contract with Segal Marco. Ms. Eccles said that the first spending report for fiscal year 2018 would be provided at the next meeting.

Mr. Rowell provided a brief update of on the administrative rules process, noting that staff was in the process of drafting the rules and that the draft would be brought to the Board for approval. He added that staff would need some flexibility, similar to when the Board approved legislative language in the spring of 2017, because the draft rules would be presented to the Joint Committee on Administrative Rules (JCAR) and their process may involve a fair number of technical changes based on how JCAR prefers rules to be drafted.

Ms. Eccles reminded members that the administrative rules add additional clarity and detail to parts of the statute that were left more general. She stated that that staff was in the process of working on draft rules and planned to work with both Ascensus and Seyfarth during the drafting process. Ms. Eccles added that staff expected to bring the draft rules to the Board in October or November and would then proceed through the public rules process in the hope that final rules could be ready in the spring of 2018. Mr. Rowell added that the rules are not required to be in place by the time the pilot launches.

INVESTMENT DISCUSSION

Mr. Garcia provided a brief overview of the next steps on the Secure Choice investment line-up, noting that every item would be covered in more detail at the upcoming investment subcommittee. Mr. Garcia explained that Treasurer's staff have been working with Segal Marco to develop a recommended investment framework for the Board which would be presented at the subcommittee meeting, determine what fund option should be used for the capital preservation fund, and draft an investment policy statement that will ultimately be reviewed and approved by the Board.

Mr. Garcia added that staff will provide meeting materials, including the recommended investment framework, in advance of the subcommittee meeting and that any decisions made by the investment subcommittee would still be brought to the Board for review and approval.

OLD AND NEW BUSINESS

Mr. Marzahl suggested that it could be beneficial to coordinate a future meeting with the Oregon Board to discuss program implementation and lessons learned. Ms. Eccles added that she had spoken with the Director of OregonSaves about potentially coming to present to the Board, but said she would explore an opportunity to bring the Boards together, perhaps through a webinar. Mr. Federle added that he and Ms. Eccles would be attending a World Economic Forum workshop that would bring together staff from state programs and similar programs in other countries to discuss best practices and lessons learned.

PUBLIC COMMENT

There was no public comment.

ADJOURNMENT

With no further business, Ms. Martinez moved to adjourn the meeting, and Mr. Rauschenberger seconded the motion. The motion to adjourn was approved unanimously.