

ILLINOIS SECURE CHOICE BOARD

**Meeting of Thursday, April 19, 2018
James R. Thompson Center
100 West Randolph, 16th Floor, Chicago, Illinois**

MEETING MINUTES

The April 19, 2018 meeting of the Illinois Secure Choice Board (“Board”) was called to order at 9:02 a.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*

Curt Clemons Mosby, *Designee for the Illinois Governor’s Office of Management and Budget* (via videoconference)

Miriam Martinez, *Board Member*

David Marzahl, *Center for Economic Progress - President*

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*

Fernando Diaz, *Chief Financial Products Officer*

Courtney Eccles, *Director of Secure Choice*

Christopher Flynn, *Deputy General Counsel*

Ashlee Gabrysch, *Deputy Director of Secure Choice*

Rodrigo Garcia, *Deputy Treasurer-Chief Investment Officer*

Sara Meek, *Deputy Director of Legislative Affairs*

Laura Williams, *Director of Policy*

APPROVAL OF NOVEMBER BOARD MEETING MINUTES

Board members reviewed the March 6, 2018 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. Gay, seconded by Ms. Martinez to approve the March 6, 2018 Board Meeting Minutes. The motion carried unanimously.

STAFF UPDATES

Director Courtney Eccles provided an update on the Treasurer's site visit to the Ascensus client services center in Tucson, Arizona. Client services staff undergo a five-week training (including IRA training, platform training, and case-studies scenario training) before taking calls from Secure Choice employees and employers. Ms. Eccles also discussed the client services reporting and risk management policies in place.

Ms. Eccles provided a budget update, reviewing the report that had been sent to Board members in advance of the meeting.

Ms. Eccles then proceeded to give a legislative update, covering both the Secure Choice trailer bill, which passed out of the committee unanimously, and will be voted on in the House and then in the Senate. Ms. Eccles then noted an amendment that was added which will allow the Secure Choice Board to send the required annual program report to the General Assembly electronically.

Ms. Eccles gave an update of the administrative rules, which were filed for pre-review on Monday, April 16, 2018. She then gave an overview of the administrative rules process. Mr. Rowell reminded the Board that once the rules were filed, all questions or comments should be submitted as part of the public comment process.

ASCENSUS – PROGRAM IMPLEMENTATION UPDATE

Kevin Cox, prior Chief Operating Officer of College Savings and incoming Head of Government Savings Plans, provided an update on some Ascensus organizational changes. Mr. Cox also provided an update on the advisor strategy group realignment, with the investor management group now reporting directly to Mr. Cox. Mr. Cox noted the realignment should enhance Ascensus' ability to serve clients. Board member David Marzahl noted that it would be useful to see the

organizational structure of who is filling what role and Mr. Cox agreed to provide such information to the Board.

Brian Hogan, product manager for Ascensus, then gave an update on the Secure Choice key accomplishments since the last board meeting. Mr. Hogan noted that Ascensus will be working with Pew Charitable Trusts on some survey research, which John Scott of Pew would be discussing at a later point in this meeting. Mr. Hogan gave an update on the payroll provider demonstration which occurred on March 29th with approximately 30 payroll providers. Mr. Hogan stated that the program will be working closely with and sees the importance of developing strong relationships with payroll providers. Mr. Hogan stated that a contract had been executed between Ascensus and Kivvit, a marketing firm that will be doing work on the program. Mr. Hogan also provided information on the completion of client services training. Mr. Hogan moved on to discussing pilot employer recruitment. Ms. Gabrysch gave an update on the geographic, industry, and size diversity of the employers that have already signed up to take part in the pilot.

DISCUSSION – SECURE CHOICE LAUNCH SCHEDULE & AUTO-ENROLLMENT

Mr. Rowell gave an overview of the two action items that require Board approval: the proposed rollout schedule and the resolution to establish participant Roth IRAs. Ms. Eccles provided more information about the breakdown of three waves: Wave 1 – 500 or more employees, Wave 2 – 100-499 employees, and Wave 3 – 25-99 employees. Ms. Eccles explained that each employer would be assigned to a wave based on their number of employees and that the wave structure was developed to ensure that the program has the capacity to assist and follow up with the employers during the registration and enrollment process. Ms. Martinez asked whether employers from later waves would be able to enroll before their assigned wave. Ms. Eccles replied that the process for that would need to be worked out with Ascensus to ensure the proper capacity exists to allow for early entry by later employers. Ms. Eccles noted that these employers will need to notify the program about their interest in enrolling in an earlier than assigned wave. Ms. Eccles then noted that the number of employers and employees anticipated in each wave is just a best estimate based upon matching federal data on qualified retirement plans to the list of Illinois employers. Actual enrollment numbers may be lower if more employers are found to offer a qualified plan.

Mr. Rowell asked for a motion to approve the wave rollout. The motion was made by Ms. Martinez and seconded by Mr. Gay and it was carried unanimously.

Mr. Rowell then turned the discussion back over to Ms. Eccles to provide an overview of the resolution to establish participant Roth IRAs. Ms. Eccles noted that the language in the resolution is consistent with the language in the administrative rules, but since the rule would not be finalized before the start of the pilot, this resolution would give Ascensus the clear directive to open Roth IRAs for Secure Choice participants. Ms. Eccles asked if there were any questions regarding the

resolution. Mr. Gay asked whether, since the program is voluntary for employees, the auto-creation of Roth IRAs would pertain only to the pilot. Ms. Eccles provided an overview of the auto-enrollment process, which allows participants to start saving automatically without having to interact with the employee portal. Ms. Eccles confirmed with Mr. Hogan that in Oregon employee interaction with the portal, including setting up their accounts, has been limited. Ms. Eccles explained that this resolution coupled with the administrative rules would give Ascensus the directive to set up Roth IRA accounts for participants who have not interacted with the portal or opted out in some other form.

Mr. Rowell asked for a motion to approve the resolution to establish participant Roth IR. The motion was made by Mr. Mosby and seconded by Ms. Martinez, and it was carried unanimously.

PRESENTATION – SECURE CHOICE SURVEY RESEARCH

Mr. Rowell introduced John Scott, Director of the Retirement Savings Project at Pew Charitable Trust. Mr. Scott gave an overview of Pew and then provided an overview of the Retirement Savings Project, which has produced about 20 research reports in the last few years. Mr. Scott gave some detail on the Retirement Savings Project’s most recent collaboration with the Social Security Administration, looking at whether IRA programs like Illinois Secure Choice could delay the uptake of Social Security benefits. Mr. Scott then provided some of the motivations for collaborating with Illinois Secure Choice for research purposes. Mr. Scott noted that Secure Choice programs are unique in terms of the populations they intend to reach as well as their scale. Mr. Scott presented on the nature of the survey the Retirement Savings Project would conduct with Illinois Secure Choice, including data sources. Mr. Marzahl asked whether the survey would only apply to Illinois. Mr. Scott replied that Pew hopes to work with other states in the future, but that this panel survey would only pertain to Illinois participants. Mr. Scott gave an overview of output and uses of the data, which could be used to improve the program and the programs in other states.

PRESENTATION – SECURE CHOICE MESSAGE TESTING

Mr. Rowell gave a brief history of the Treasurer’s Office existing relationship with Civis, especially in relation to College Savings, and the overall importance of message testing. Scarlett Swerdlow of Civis Analytics provided background on the type of work Civis is engaged in and the breadth of clients it serves. Ms. Swerdlow reviewed the importance of message testing, noting that approximately one-third of all messages tested negatively affect people’s perception of the product or program. Ms. Swerdlow provided an overview of the type of message testing Civis would engage in to determine the initial messaging frame for Secure Choice. Ms. Swerdlow noted that one of the main goals of message testing would be determining what messaging frames are most effective to talk about Secure Choice in terms of minimizing opt-outs and developing positive feelings toward Secure Choice.

DISCUSSION – SECURE CHOICE PILOT PROGRAM UPDATES

Ms. Gabrysch gave an update on the pilot and employer recruitment. Ms. Gabrysch noted that the program was in contact with approximately nine different employers who were potentially interested in the pilot. Ms. Gabrysch stated that efforts were underway to secure enrollment of those nine employers and to continue to solicit interest from employers across the state in all different industries.

PUBLIC COMMENT

There was no public comment.

OLD AND NEW BUSINESS

Mr. Rowell introduced Amanda Sonneborn from Seyfarth Shaw to provide an update on Oregon's litigation. Ms. Sonneborn discussed the Oregon lawsuit and the terms of the settlement.

Mr. Rowell then covered statements of economic interest and asked that anyone with outstanding statements send those to Ms. Eccles.

Mr. Rowell reminded the Board of the program's relationship with K&L Gates and noted that K&L Gates was putting together a memo on ERISA. Mr. Rowell noted that the memo was still in draft form but would be circulated to the Board at a later date.

Mr. Rowell then addressed the issue of indemnification. Mr. Rowell reminded the Board about the Illinois statute that covers the Board and mentioned that the program would be working with CMS as well as outside vendors to procure fiduciary liability coverage.

Finally, Mr. Rowell noted suggested that the Board schedule its next meeting for July or August and thanked the Board for their flexibility and commitment to Secure Choice.

ADJOURNMENT

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