



OFFICE OF ILLINOIS STATE TREASURER

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Illinois Secure Choice Board Selects Ascensus to Manage Retirement Savings Program

One-Third of Workers Nationwide do not Save for Retirement

CHICAGO – The state board overseeing the Secure Choice retirement savings program selected Ascensus to manage the day-to-day operations of the program, Illinois State Treasurer Michael Frerichs said today.

Secure Choice will increase the number of workers saving for retirement by providing an investment plan that is connected to the worker, not the employer. When the worker leaves to accept a new position with a different company, the retirement plan follows.

“We have a retirement savings crisis in our country,” Frerichs said. “A retirement savings tool that travels from job-to-job with the worker will make it easier to save and allow a worker to retire with dignity and respect.”

Pennsylvania-based Ascensus, the nation’s largest independent retirement and college savings service provider, emerged as Illinois’ best partner following a public-bidding process. The selection is subject to successful contract negotiations with Ascensus, which will begin immediately. Frerichs is chairman of the Secure Choice Board.

To combat the retirement crisis in this country, Illinois lawmakers in 2014 passed a law requiring employers at least two years old with at least 25 employees to either offer their own retirement plan to workers or participate in Secure Choice. Secure Choice will automatically deduct pre-tax contributions from a paycheck and invest in options similar to an IRA account. The program will be launched in phases in 2018 and 2019 based on the size of a company’s workforce. Phase-in details have not been finalized.

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The legislation also created the Secure Choice Board, which is tasked with implementing and administering the program. Secure Choice investment dollars do not touch state coffers and, therefore, will not be impacted and cannot be swept should Illinois encounter another lengthy budget dispute.

Secure Choice is needed because **half of Illinois' private-sector workers do not have access to an employer-sponsored retirement plan.** When fully implemented, the program is expected to cover 1.2 million workers directly through Secure Choice or because an employer chose to initiate their own retirement plan.

The national retirement crisis increases the likelihood that workers will be over-reliant on Social Security and retire into poverty, creating significant burdens on taxpayer-supported state and federal social safety nets.

The Social Security Administration reports that the average monthly benefit payment is \$1,360. Of the estimated 171 million workers covered under social security, 31 percent report that they and/or their spouse have no savings set aside specifically for retirement.

The seven-member Secure Choice Board voted 7-0 to choose Ascensus. Legislation designates the state treasurer as the board's chairman and the state's comptroller and a representative of the Governor's Office of Management and Budget be on the board. The final four positions are appointed by the governor with the approval of the treasurer.

About Ascensus

Ascensus helps more than 7 million Americans save for the future – retirement, college and healthcare – through technology and service solutions. With more than 35 years of experience, the firm offers tailored solutions that meet the needs of banks, credit union, states, governments, financial professionals, employers, and individuals. Ascensus supports approximately 50,000 retirement plans, more than 4 million 529 college savings accounts, and a growing number of ABLE savings accounts. It also administers more than 1.5 million IRAs and health savings accounts.

About the Illinois Treasurer

The Illinois Treasurer is the state's chief investment officer and Frerichs is a Certified Public Finance Officer. He protects consumers by encouraging savings plans for college or trade school, increasing financial education among all ages, and removing barriers to a secure retirement. As the state's Chief Investment Officer, he actively manages approximately \$25 billion. The portfolio includes \$13 billion in state funds, \$7 billion in college savings plans and \$5 billion on behalf of local and state governments. The investment approach is cautious to ensure the preservation of capital and returns \$28 to the state for every \$1 spent in operations. The Treasurer's Office predates Illinois incorporation in 1818. Voters in 1848 chose to make it an elected office.

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