

Small- and Medium-Sized Illinois Employers: Deadlines Fast Approaching for Illinois Secure Choice Act Registration

Insights for Employers Alert | 2 min read

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A series of registration deadlines are fast approaching for a new law in Illinois that will have a significant impact on small- and medium-sized employers who do not offer a retirement savings plan to their employees.

Under the Illinois Secure Choice Act, employers in Illinois who are not exempt (see discussion below) will be required either to have a retirement savings program in place for their workforce or to register under the Illinois Secure Choice Program. The deadline for registering is July 1, 2019, for those employers with 100-499 employees. For employers with 25-99 employees, the registration deadline is November 1, 2019. Larger employers were required to register last year, although many large employers already have retirement plans for their workforce and are exempt under the Secure Choice Program.

Employers can register at <https://employer.ilsecurechoice.com/>.

Program Requirements

Employers subject to the new Secure Choice Program will be responsible for distributing informational materials about the Program to all employees, and will then have to facilitate the enrollment of their employees, set up the payroll deduction process, and ensure timely remittance of employee contributions to the retirement plan provider. There will also be ongoing administrative requirements to make sure eligible employees are given the information needed to enroll and that proper payroll deductions are taking place. Employers will not be allowed to contribute to the accounts, nor will they have any administrative or managerial duties with respect to the Program itself. Employers are not considered plan managers or fiduciaries in the way they would be with a qualified savings plan. Employers who do not comply with the Secure Choice Act may be subject to fines and penalties as high as \$250 per eligible employee; that penalty will increase to \$500 in 2020.

Program Exemptions

Employers who offer any type of retirement plan to their workers (including 401(k) plans, profit sharing plans, SEP or SIMPLE plans, and traditional defined benefit plans) are exempt from registering under the new Program. Additionally, employers with fewer than 25 employees and employers that have been in business for less than two years are exempt from participating in the Program. Exempt employers should notify the State of such status.

Conclusion

The Illinois Secure Choice Act is designed to set up an automatic retirement program for employees who work for employers with no retirement programs. While the intention is to keep employer burdens to a minimum, there are still a number of compliance tasks that will apply to applicable employers. We are happy to address any questions you may have about the requirements of this new Program.

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