Early Adopter: Illinois

How Illinois Secure Choice Directly and Indirectly Helps Reduce the Access Gap

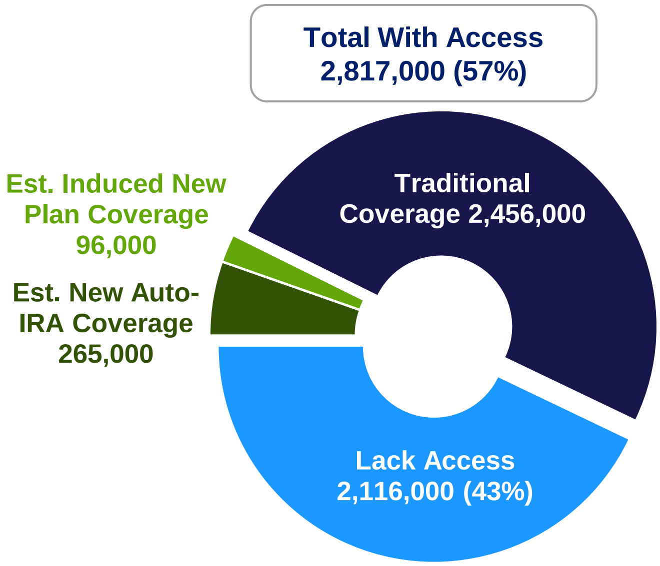
Savings are Growing Rapidly in the Illinois Secure Choice State-Facilitated Auto-IRA Program…

State-facilitated retirement savings programs like Illinois Secure Choice are making important progress in expanding access to more workers. In just the first few years, access is already improving directly with employers participating in the Illinois Secure Choice program and indirectly as businesses adopt new private plans in response to the state policy.

Workers in states with Auto-IRAs are 20% more likely to save for retirement, with the largest gains among small employers and workers earning below the median income.[1] These gains will continue to build through program implementation as more employers register for Illinois Secure Choice or adopt new private plans.

Illinois Secure Choice Key Program Metrics (Dec 2024)[3]	
Year Launched	2018
Total Assets	$224 Million
Employers Submitting Payroll Deductions (Last 90 Days)	7,757
Funded Accounts[4]	156,347
Average Contribution Rate	6.0%
Average Monthly Contribution	$163
Average Funded Account Balance	$1,434

Illinois' Workplace Access to Retirement Savings Among Its 4.93 Million Full- & Part-Time Private Sector Employees (2023)[2]



…And There Has Been an Associated Increase in Private Plan Formation

Induced Plan Formation

Illinois requires private sector employers with five or more employees to either participate in the Illinois Secure Choice program or offer their own Employer-Sponsored Retirement Plans (ESRP). CRI research found that 8% of private sector Illinois firms with 16-24 employees and 13% of firms with 25-99 employees that were not offering an ESRP before the policy began have created new plans to comply with the state requirement.[5] This "induced" plan formation complements participation in the state-facilitated program to help close the access gap.

Gig Workers Represent Another Significant Population Lacking Access

"Gig economy" workers with non-traditional employment arrangements are less likely to have access to workplace retirement savings options.[6] This segment of the workforce is growing as work arrangements change.[7] These workers are typically not included in state program requirements and represent an opportunity to further enhance coverage.

2.12 Million Private Sector Employees in IL Lack Access + **863,000** Gig Economy Workers in IL Lack Access[8] → **2.98 Million** Total Workers In IL Potentially Lack Access

Sources: 1: Gusto, "Auto-enroll state retirement savings policies significantly increase savings rates" (2024); Gusto, "State Auto-IRA Mandates Boost 401(k) Adoption, With Largest Gains Among Lower-Income Workers" (2023); 2: ESI Estimates based on analysis of Census Bureau and BLS Data, State performance data (CRI, Vestwell, and Ascensus) and induced plan formation data (Bloomfield et al.) – see Technical Document for further detail. Note that Illinois' initial employer size threshold for the requirement to provide access to coverage was 25, which did not include a sizable portion of the population lacking access. This threshold was lowered to 5 in 2022, with implementation for small employers still ongoing through late 2023; 3: See CRI's State Program Performance Data; 4: Funded accounts trail gains in access attributable to the Auto-IRA program due to a combination of employee opt-outs, staggered employer registration timelines and thresholds for employer participation, employees with insufficient information to open accounts, and other factors; 5: Bloomfield et al., "Why Do Employers Establish Retirement Savings Plans? Evidence from State 'Auto IRA' Policies" (2024); 6: Gig workers include independent contractors, on-call, temporary, and contingent workers, as defined by the BLS; 7: Collins, et al., "Is Gig Work Replacing Traditional Employment? Evidence from Two Decades of Tax Returns" (2019); 8: ESI Analysis of BLS Data (2023) and Census NES Data (2022).

Georgetown University McCourt School of Public Policy — Center for Retirement Initiatives

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With grant support from American Retirement Association — Working for America's Retirement

For further information and technical details, see: "Who Lacks Access to Retirement Savings? A State-Level Analysis and an Examination of the Potential Benefits of State-Facilitated Retirement Savings Programs"

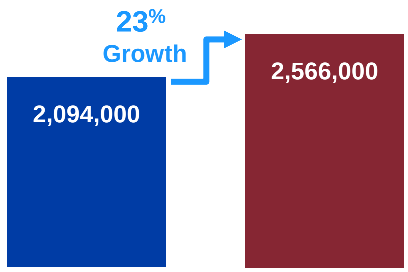
Early Adopter: Illinois

Why do Retirement Savings Matter?

Too many of the elderly in Illinois already rely almost exclusively on Social Security. Because Illinois' senior population will grow significantly, boosting private retirement savings is crucial to supporting a better quality of life for seniors and greater economic activity from their household spending, while constraining growth in the costs of government support programs.

Illinois' Aging Population...

Growth of Population 65 and Older: 2020–2040[1]



...Already Relies Heavily on Social Security...

Share of Elderly Households Relying on Social Security for at Least 90% of Their Income[2]

...and Benefit Programs

Median Annual Per-Beneficiary Spending (Federal & State) for Elderly Medicaid Recipients in Illinois[3]

State-facilitated retirement programs provide a simple pathway for workers without employer-sponsored plans to save for retirement. These programs, most often designed as automatic enrollment individual retirement accounts (Auto-IRAs), make saving easy and automatic while giving workers full control to adjust their contribution levels or opt out at any time.

The new federal Saver's Match provides additional support for eligible low- and moderate-income workers, including those saving through these state programs. It has the potential to boost retirement savings and income for millions of Americans and help supplement Social Security benefits, which today average $23,150 per year.[4]

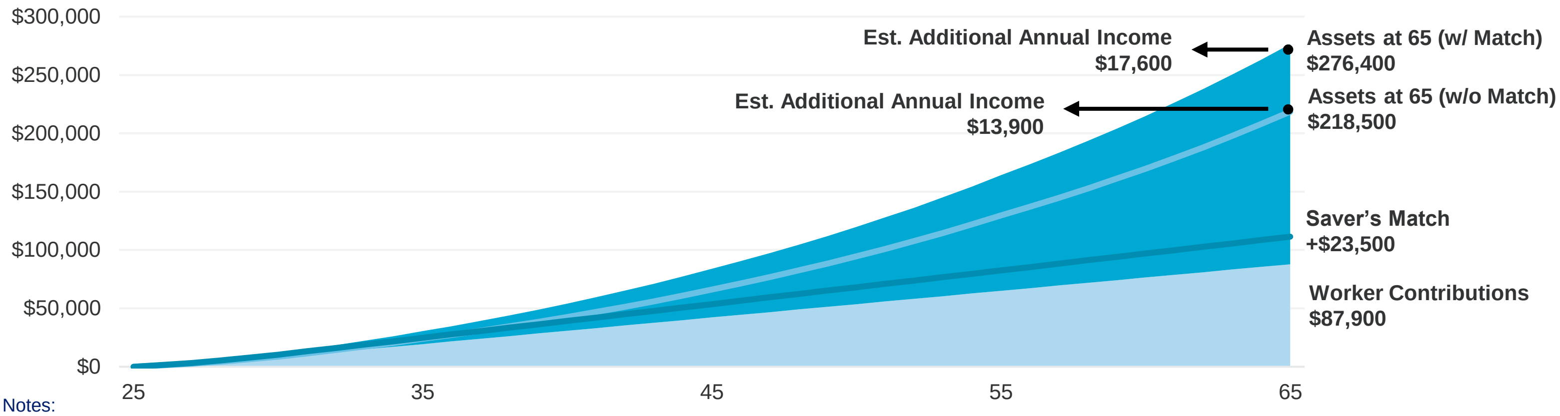
Worker Contributions + Saver's Match Provide Additional Income for Retirement

NAME: Jane Doe
OCCUPATION: Server
AGE: 25
ANNUAL INCOME: $26,500
SAVINGS CONTRIBUTION: 5% of income to start, growing 1% annually to 10% cap
MARKET RETURN: Inflation adjusted annual return of 4.0% - 5.4%, adjusted for fees

Using the most common state Auto-IRA program defaults, Jane would contribute $87,900 to her retirement account over a 40-year career. The Saver's Match could add $23,500 in contributions.

By age 65, Jane's assets could grow to $276,400, providing her with $17,600 each year in retirement through an immediate annual fixed annuity to supplement her Social Security income.

Potential Supplemental Income Available at Age 65 for a Saver With and Without the Saver's Match[5]



Notes:
1: University of Virginia Population Projections (2024); 2: ESI Analysis of Current Population Survey Data (2022-2024); 3: Centers for Medicaid and Medicare Services (2021-2022); 4: Social Security Administration, "Monthly Statistical Snapshot," Table 2 (Jan. 2025); 5: ESI simulation of asset growth over time for a worker in the food service industry in the state following Auto-IRA savings defaults.

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