

## There Is A New Mandatory Retirement Program in Illinois. Does It Apply To Your Business?

By Laurie Kaplan, CPA – Partner  
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There is a new Illinois retirement program that is mandatory for certain employers called Illinois Secure Choice Savings Program. If your company does not currently offer a retirement plan, you may be required to offer this new plan to your employees.

According to the state, the goal of the program is to increase retirement savings and reduce poverty among retirees. The Illinois Secure Choice Savings Program (ACT) requires private sector employers who meet all of the following criteria to offer retirement benefits with a state-run payroll-deduction Roth IRA:

1. Illinois employer with 25 or more employees,
2. Business has been in operation for two or more years, and
3. Employer does not currently offer an employer-sponsored retirement plan.

Employer obligations include:

- Once you have reached the rollout date for employers of your size, inform employees of the program and automatically enroll them into the program.
- Hold an annual open enrollment period for any employees who opted out.
- Administer payroll deductions and deposits into program accounts.

The Act does not provide for employer contributions. Employees will be automatically enrolled with a deferral of 5% of pay, unless they opt out or choose a different rate of savings. This program is applicable to both full-time and part-time employees, as well as business owners who are 18 or older. There will be a menu of investment options for employees to choose from, although there is a default investment option if none are selected. Employees can also adjust their contribution or opt out at any time.

Annual contributions cannot exceed Federal IRA Maximums (employees for 2018, \$5,500 for workers under age 50 and \$6,500 for those 50 or older). In addition, if the employee exceeds the Federal Roth IRA income limitations, they will need to opt out of participation.

There is an initial penalty of \$250 per employee per year (increasing to \$500 per employee) for noncompliance with this program.

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Affected employers should receive notification from Illinois Secure Choice closer to their rollout deadline as indicated below.

Employers with 500 or more employees	Fall 2018
Employers with 100-499 employees	Spring 2019
Employers with 25 – 99 employees	Fall of 2019

The experts at MichaelSilver are ready to assist you with any questions on how this new retirement plan will affect your business. Please contact us at 847-982-0333 to discuss your specific needs.

**Laurie Kaplan, CPA – Partner** – Laurie Kaplan has served as a trusted advisor to clients for over 25 years, managing and addressing tax and accounting issues within a variety of industries, including manufacturing and distribution, retail, restaurants, real estate, automobile dealerships, and professional service providers. Laurie’s consultative approach allows her to partner with clients to address their personal and business needs. Laurie develops innovative solutions for her clients based on her expertise in like-kind exchanges, small business start-ups and estate and gift taxation. Laurie also serves as the firm’s key employee benefit plan specialist, consulting and advising clients on plan selection, design, set-up, and administration.

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