

Illinois: Secure Choice IRA savings program needs federal approval before taking effect



David M. Kall | Saturday, February 7, 2015

In mid-January, we described former Gov. Quinn's [Illinois Secure Choice Savings Program](#) (Secure Choice), which he signed into law on Jan. 4, 2015, effective June 1, 2015. Secure Choice was created to help private sector workers save for retirement by way of automatic payroll deductions into employment-based individual retirement savings accounts.

Included in the law is a provision that prohibits implementation if Secure Choice fails to “qualify for the favorable federal income tax treatment ordinarily accorded to IRAs under the Internal Revenue Code.”

A second roadblock to its implementation is if “liability is established under the federal [Employee Retirement Income Security Act](#).” The Employee Retirement Income Security Act, commonly referred to as ERISA, is a federal law that regulates private pension and health plans. According to MarketWatch.com, if Secure Choice is covered by ERISA, the state or employer would be considered fiduciaries, which would impose certain additional obligations and potential liabilities. In addition, ERISA would impose burdensome reporting and disclosure requirements above and beyond the state tax reporting mandates included in the law.

While many have praised the effort, implementation is contingent upon resolving these concerns.



David M. Kall

[Team member bio](#)

