

Equitable Access to Secure Choice:

Addressing the Barriers to Retirement Savings
for Illinois Workers

November 2017

Report Information

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GLOSSARY OF TERMS

401(k): The most widely used employer-sponsored retirement plan in the United States. Employers can contribute salary deferrals from the employee's taxable income directly into the account. Prior to age 55,* withdrawals from these accounts are penalized, with the exception of hardship waivers and certain loans.

Asset Poverty: Asset poverty is a household's lack of financial savings or cushion. It affects a household's ability to withstand a temporary financial setback and subsist at the poverty level for three months without income.

Emergency, or "Sidecar," Accounts: Emergency, or "sidecar," accounts are buffer savings accounts attached to retirement accounts that are maintained by automatic deductions until they reach a certain threshold. They are intended to limit pre-retirement leakages by offering a separate savings account in case of financial hardship.

Employer-Sponsored Retirement Plans: are generally split up into **Defined Contribution Plans** and **Defined Benefit Plans**. The most common plan is the 401(k), which is a Defined Contribution Plan, where either the employee or the employer (or, in the case of matching, both) contribute to an account based on a set percent of the employee's salary. These funds are in the investment market, and any inherent risks are the employee's responsibility. Nonprofit and educational institutions have their own versions of Defined Contribution Plans that mimic structures of the 401(k) (pre-tax money is invested). Defined Benefit Plans are more commonly known as pensions, and give either a fixed or formulated amount based on salary and how long an employee has been with an employer. Employees may also hold stock or other types of defined contribution plans, depending on the employer.

Leakage: Leakage refers to any withdrawal of retirement funds prior to retirement age. Often these withdrawals are taxed at a higher rate to discourage the practice, but IRAs and 401(k) have hardship exceptions along with options to use funds for a first house or educational needs.

Liquid Asset Poverty: Liquid asset poverty is defined as having insufficient liquid savings or assets (items

that are easy to sell or convert to cash) to subsist above the poverty level for three months without income.

Low Income: In this report, we define low-income Illinoisan households as those with a head of household above 18 with a household income between 100 and 199 percent of the federal poverty line.

Matching: When an employer matches an employee's contribution to a Defined Contribution Plan as incentive to participate and/or save more.

Portability: Portability, in retirement terms, means that a participant in an employer-sponsored plan can move their accumulated benefits from one firm to another in the cases of job change, loss, or retirement itself.

Racial Wealth Gap: The Racial Wealth Gap encompasses disparities in wealth accumulation and access between white communities and communities of color. The wealth gap is larger than the income or wage gap; wealth represents the ability for future saving, investing, retirement, securing stable and equitable housing, and security against times of financial difficulty. Communities of color have higher rates of asset and liquid asset poverty, and people of color are more likely to be un- or underbanked. Furthermore, there are more households per financial institution in communities of color.

Roth IRA: A Roth IRA is a plan where post-tax income can be deposited into an account. These types of accounts can be opened regardless of whether or not a participant has an employer-sponsored plan, and can be maintained independently. The contribution limits for such accounts are \$5,500 or \$6,500 per year for participants over 55.* These plans are the preferred vehicle for state-run retirement programs such as Secure Choice.

Unbanked: A household is unbanked if no member has either a checking or a savings account.

Underbanked: A household is underbanked if at least one member has an account with an insured bank but also use alternative financial services (AFS), including payday loans, prepaid debit cards, check cashing services, and auto title loans.

*Official retirement age has changed to 59.5 since the writing of this report.

EXECUTIVE SUMMARY

Context: Illinois is among the first states in the nation to pass retirement savings legislation in the form of Secure Choice. With the implementation of Secure Choice, workers in Illinois at qualifying businesses without access to an employment-based retirement plan will be automatically enrolled in a retirement savings program. An estimated 1.3 million Illinoisans who currently do not have access to workplace retirement plans will be potentially impacted by Secure Choice. As Illinois moves toward Secure Choice implementation, however, there are a number of key questions that should be answered to help ensure that the program is addressing barriers to participation, especially among low-income workers, women, immigrants, and workers of color. This research is aimed at better understanding these barriers.

Background: Despite the foundation laid by Social Security, additional retirement income is needed for families to make ends meet in retirement. A troubling 92% of US working households do not meet a conservative retirement savings target (savings rate of 10-15%) to maintain their standard of living in retirement. Moreover, only 36% of workers in Illinois that earn less than \$25,000 a year have access to a workplace retirement plan, with a 22% uptake rate. And of the 60% of workers in Illinois earning between \$25,000-49,999 annually, only 50% are participating in a workplace retirement plan. Such disparities largely impact low-income workers, women, immigrants, and workers of color. For this group of Illinoisans, some of the most consistent barriers to saving for retirement include:

- **Lack of accessible savings options:** Many employers do not offer vehicles for saving, which forces people to navigate the complex financial arena independently. In Illinois, 62% of full-time, full-year private-sector wage and salary workers ages 18-64 have access to a workplace retirement plan (26th out of 50 states).¹ Of this group, only 53% are participating in a workplace retirement plan (22nd out of 50 states).²
- **Account leakages:** Approximately 71% of Americans report struggling to save because of unplanned expenses; of those who save, 26% struggle to save at a frequency of 'every' or 'almost every' month.³ Those who lack emergency savings are six times more likely to take out a loan against their retirement plans. In all, this amounts to the fact that, for every \$1 contributed to a retirement account in the US by savers under 55, \$0.40 is lost to leakage.⁴
- **Gaps in financial knowledge:** Financial education resources are more readily available in white communities than in communities of color and inequitable access to financial education is a significant barrier to saving.

Methods: This needs assessment of economically vulnerable workers in Illinois used a mixed-methods approach to better understand the barriers to saving for retirement. We incorporated both primary and secondary data in this inquiry. Data sources include: 1) secondary data from the Illinois Treasurer's Office on Secure Choice-eligible employees; 2) close-ended surveys; 3) semi-structured focus groups; 4) questionnaires; and 5) semi-structured expert interviews.

Key Findings:

- **Finding 1-** Many low-income workers in Illinois are not able to save for retirement due to lack of employer-sponsored retirement options.
- **Finding 2-** Many low-income workers in Illinois struggle to save for retirement due to a lack of funds or appropriate financial planning support.
- **Finding 3-** Many low-income workers in Illinois have just as high of a need for emergency savings accounts as they do for retirement savings accounts.
- **Finding 4-** Many low-income workers in Illinois experience distrust of financial institutions, employers, and the government.
- **Finding 5-** There are promising features of Secure Choice that speak directly to the needs of low-income workers in Illinois.

Secure Choice Implementation Considerations:

- Make program features clear.
- Limit the number of investment options and provide guidance on the differences between existing options.
- Take advantage of tax season.
- Include portability discussions in exit interviews.

Financial Planning Considerations:

- Address lack of financial planning supports.
- Refer workers to vetted institutions that can assist with emergency savings accounts.
- Remind workers about portability.
- Provide demonstrations on how to navigate the online site for Secure Choice.

Messaging Considerations:

- All messaging needs to be written at an accessible reading level.
- Clarify stakeholder roles.
- Define 'meaningful information' for monthly statement content.
- Be persistent.
- Be creative with the medium of messaging.
- Be culturally relevant.
- Include diverse outreach tactics for messaging.

A full discussion of findings and considerations is included in this report.

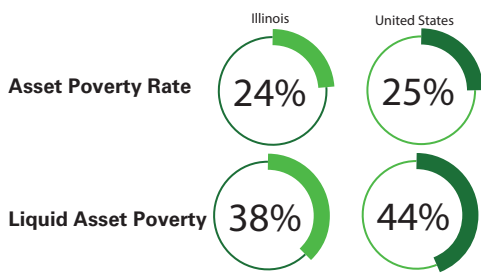
BACKGROUND

The aim of this report is threefold: 1) to provide recommendations for the successful implementation of Secure Choice; 2) to engage in a rigorous research methodology in the examination of barriers to retirement savings for low-income workers in Illinois; and 3) to make available high-level, accessible fact sheets in multiple languages on the topics of both Secure Choice and recommendations for low-income savers. The report includes a glossary of key terms and technical appendix to house supplemental research protocol, research methodology, and data analysis documents. Hyperlinks to secondary resources are included when relevant.

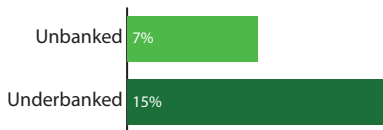
Why now?

The Illinois Secure Choice Savings Program (Secure Choice), a state-administered retirement savings program, is scheduled to begin enrolling Illinois workers at qualifying businesses in a pilot program in the spring of 2018, with all eligible workers enrolled by the end of 2020. Secure Choice allows workers without a pension, 401(k), or similar savings option at work to save their income for retirement. As the Illinois Treasurer's Office finalizes Secure Choice's program design and prepares for implementation, there is no more critical time than the present to better understand the barriers to participation that low-income workers will face once the program is underway. Assets, such as a college education, emergency savings, retirement savings, and homeownership are the building blocks of long-term financial stability for people at all income levels. There are, however, significant disparities in the opportunities and tools available for people at the lower end of the income spectrum and corresponding gaps in wealth and ownership. **A retirement savings account is one vital tool to shrink the wealth gap for low-income workers and workers of color.**

There are important income and demographic differences between workers who have access to employer-based retirement plans and those who don't. Mean annual earnings for Illinoisans are \$10,204 less for those without access to employer-sponsored plans than the total workforce.⁵ This disparity affects women disproportionately: **mean income for women without access to employer-based plans is \$20,917 less than men without access to employer-based plans.**⁶ Median annual earnings for employees without access to an employer-sponsored retirement plan is \$8,498 less than the total workforce, with women (who lack access to employer-based retirement savings) earning a median annual earnings of \$16,707 less than men (who lack access to employer-based retirement savings).⁷ Women are underrepresented



Illinois households are, on average...



Source: [Prosperity Now IL Scorecard](#)

in their access to employer-sponsored retirement plans. Female workers make up 48.8% of the workforce, but represent 50.3% of workers without access to an employer-sponsored retirement plan.⁸ Age does not improve access for women; **women in Illinois currently have less access to employer-sponsored plans than men across all age groups.**⁹

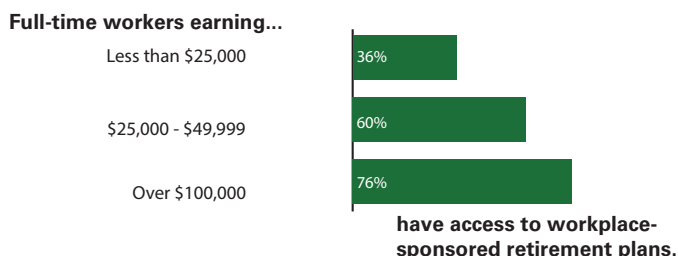
According to 2016 estimates, the asset poverty rate—the percentage of households without sufficient net worth to subsist at the poverty level without three months of income—is 24% in Illinois.¹⁰ Liquid asset poverty refers to cash on hand to cover basic expenses for three months should a sudden job loss, medical emergency, or other financial crisis leading to a loss of stable income occur. In Illinois, the liquid asset poverty rate is 38%.¹¹ Moreover, Illinois households are, on average, 7% unbanked (with neither checking nor savings account) and 15% underbanked.¹² In Chicago, these metrics are far worse: Chicago has an asset poverty rate of 33%, a liquid asset poverty rate of 49%, an unbanked household rate of 13%, and underbanked household rate of 21%.¹³

Current State of Retirement Savings in the US: Despite the foundation laid by Social Security, being a guaranteed and progressive benefit for workers at all earning levels, the benefits are modest and additional retirement income will be needed for low-income families to make ends meet in retirement. As of 2010, the median retirement account balance was a mere \$3,000 and 45% of working-age U.S. households reported having no retirement assets.¹⁴ **A troubling 92% of US working households do not meet a conservative retirement savings target (savings rate of 10-15%) to maintain their standard of living.**¹⁵ Moreover, many potential savers are not afforded the opportunity to do so through employer-sponsored plans. Gender, type of work, and income are the strongest indicators of inequitable retirement savings access for workers in Illinois and nationwide. Additionally, availability alone differs from enrollment; as discussed below, the uptake rate of retirement savings is actually much lower than access would make it appear.

The retirement savings disparities between white communities and communities of color are rooted in a history soiled with racial inequality in employment, housing, credit, and consumer markets. **Nationally, the white median net worth is \$142,000 and the non-white median net worth is \$18,100, and this gap has been steadily widening since 2010.**¹⁶ What is more, only 26% of households in the bottom income quartile own retirement account assets compared to 89% of households in the top income quartile.¹⁷ Women are also uniquely struggling to save for retirement; **only 33% of women nationwide believe they are on track or ahead of schedule to save for retirement.**¹⁸

Social Security, which faces precarious funding up until 2034, is the main source of income for people over 65 years of age, and is often insufficient for adequate retirement income. In fact, the national retirement deficit is an estimated \$4.13 trillion for people ages 25-64.¹⁹ The median income of people 65 and older without a retirement savings plan is \$19,000 and jumps to \$60,000 for those with a retirement savings plan.²⁰ Relying solely on Social Security may result in retirees finding themselves out of work with insufficient funds to maintain even a minimum quality of life. A recent national study of 235 low- and moderate-income families²¹ found only 7% of people reported they had met their general savings goals, and half had no short-term savings at all.²² **With few people saving or saving adequately for retirement, more and more people are relying only on Social Security and retiring into poverty.** Although Social Security benefits are progressive and represent a higher proportion of a worker's previous earnings for workers at lower earnings levels, benefits are still modest.²³ The average Social Security retirement benefit in June 2017 was about \$1,322 a month, or a bit under \$16,000 a year. Additionally, most retirees enroll in Medicare's Supplementary Medical Insurance and because health care costs continue to outpace general inflation, those premiums represent a significant deduction from Social Security checks.

Barriers to Saving for Retirement: For millions of people living in poverty nationwide, the costs of day to day living are often necessarily prioritized before saving. The aim of the current study is to specifically examine the barriers to saving for retirement for low-income workers in Illinois. For this group, some of the most consistent barriers to saving for retirement include: **1) lack of accessible savings options; 2) account leakages; and 3) gaps in financial knowledge.**



Lack of Accessible Retirement Savings Options:

Many employers do not offer vehicles for saving, which forces people to navigate the complex financial arena independently. In Illinois, 62% of full-time, full-year private-sector wage and salary workers ages 18-64 have access to a workplace retirement plan (26th out of 50 states).²⁴ Of this group, only 53% are participating in a workplace retirement plan (22nd out of 50 states).²⁵ Both access to and the uptake rate (the percent of employees

with access to plans who enroll in them) of workplace retirement plans look quite different at varied income levels. **Thirty six percent of workers who make less than \$25,000 have access to a retirement plan, but only 22% of them participate in the plan.**²⁶ **For workers in Illinois earning between \$25,000-49,999 annually, only 50% are participating in a workplace retirement plan,** although 60% of workers at this income level have access to a retirement plan.²⁷

Those without access to workplace retirement plans are tasked with forming their own relationship with the financial sector and essentially gaining enough expertise to make informed financial decisions for their future. This is no easy task. While making independent financial decisions related to retirement is easier for those with access to financial advisors, checking accounts, and other

“The reality is we are expecting people to become investment experts and to engage in figuring out a solution or wanting to learn more about investments, but I’m not sure why because that’s like asking me to become my own IT help desk.”

*- Sabrina,
Retirement Expert*

financial services, **over 27.7% of American households and 22% of Illinois households are un- (7.4%) or underbanked (14.6%).**²⁸ Again, these households are disproportionately low-income or are households of color. Nationwide, compared to 76.6% of white households, only 45.5% of black households and 48.9% of households are fully banked.²⁹

Women and immigrants are uniquely struggling to save for retirement. One-fifth of women report feeling prepared to make wise financial decisions; of those, 36% do not know how to evaluate their financial options.³⁰ Additionally, 56% of women report being knowledgeable about IRAs, compared to 67% of men.³¹ Women’s level of income and access to retirement plans across age groups is also significantly lacking compared to men’s and is unpacked in the section that follows.

Immigrants may face additional language and/or cultural barriers which may further complicate navigating the US financial system independently. Additionally, a growing body of evidence warns that the looming retirement savings shortfall disproportionately affects Latinos.³² By mid-century, one-third of the American workforce will be Latino. 2016 Census data indicate that Latinos have surpassed black people in population to become the second largest racial and ethnic group in Chicago after whites, making up one-third of the city’s total population.³³ Currently, Latinos represent 17% of the Illinois population and this percentage is projected to grow substantially by the mid-century.³⁴

Illinois can learn from the efforts underway in California, specifically concerning the barriers to retirement savings for Latinos. Using Census data and feedback from focus groups with Latino consumers, Unidos US (formerly NCLR) assessed the retirement readiness of Latinos in California and the potential for California to serve as a model for states seeking to extend retirement savings plans to private sector workers whose employers do not offer them. California was selected because it reflects the future demographic makeup of the United States and it is currently designing a statewide Secure Choice retirement savings program for individuals who do not have a retirement plan at work—the largest share of whom are Latino.³⁵ As Illinois prepares to implement Secure Choice, close attention should be paid to the Unidos US’ finding that unveiled the low participation rates even for Latino workers whose employers offered employer-sponsored retirement plans.

Latinos in California...

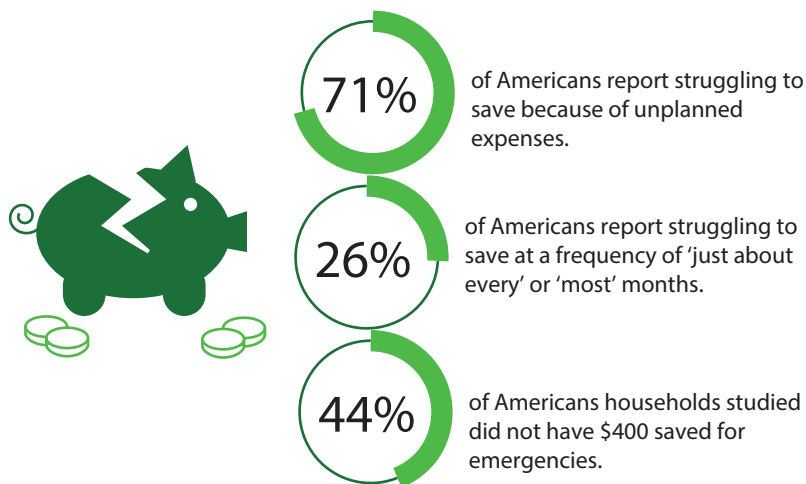
- are the least likely to work for an employer that offers a retirement plan;
- who have access to a plans at work, participation and savings are relatively low;
- retirement readiness could be enhanced by The California Secure Choice Retirement Savings Program



“You can tell people until you’re blue in the face that [an early withdrawal] is not a good financial decision and you’ll end up paying taxes twice, but the money’s there and they have an emergency. It’s probably better than going to a payday lender or getting your car towed or your kid not graduating from school. When people don’t have access to good credit or to cheap credit then [leakage] becomes an attractive option.”

- Theresa, Financial Education Expert

Account Leakages: A common barrier to saving for retirement is unexpected expenses, which can take the form of “leakage” from an individual savings or retirement savings account and is often associated with a significant financial penalty. Approximately 71% of Americans report struggling to save because of unplanned expenses; of those who save, 26% struggle to save at a frequency of ‘just about every’ or ‘most’ months.³⁶ Tragedy is never convenient, but some unexpected costs have the capacity to completely uproot lives. Because take-home income fluctuates with payroll schedules, hourly and contract workers, in particular, are more susceptible to having to divert planned savings or pull money out of retirement accounts. The Pew Charitable Trust Survey of American Family Finances 2015 data indicate the median cost of unexpected expenses per household is \$2,000, with only half of households recovering their expenses.³⁷ Low-income households’ median most expensive unexpected costs are the equivalent of 31 days of income — three times that of high-income households.³⁸ In fact, an estimated 44% of American households do not have \$400 saved for emergencies.³⁹ **Those who lack emergency savings are six times more likely to take out a loan against their retirement plans than those with savings.**⁴⁰ Nearly one-third (30%) of households without emergency savings have breached their retirement plans.⁴¹ And during times of crisis, low-income earners may rely on less financially advisable emergency options (payday loans, credit cards, etc.). Additionally, households that don’t qualify for employer-based retirement savings may also not qualify for employer-based health care, which may further exacerbate savings difficulties should health costs arise.



As more Americans experience income volatility, a number of studies have shown the impact of leakages on retirement savings. In 2013, \$70 billion were withdrawn nationwide from 401(k) accounts, 24% of all employee and employer contributions that year.⁴² Of the \$25 trillion Americans have saved, \$15 trillion is in defined contribution plans, which allow for saved money to be used for non-retirement purposes.^{43, 44} One in four people in the US who have a defined contribution plan intend to use some or all of their savings for “non-retirement needs such as paying a bill, buying a home, dealing with a medical emergency, or sending a child to college.”⁴⁵ In all, this amounts to the fact that **for every \$1 contributed to a retirement account in the US by savers under 55, \$0.40 is lost to leakage.**⁴⁶ A recent national study of 1,069 adults found that 1 in 5 individuals who took a lump sum from a defined benefit (pension) or defined contribution plan depleted their lump sum, on average, in 5 ½ years.⁴⁷ Importantly, lower income earners are hit the hardest by this trend as they are the most likely to withdraw funds early from retirement accounts. Low-income workers who withdraw funds are less likely to achieve a secure retirement.

“For some reason we have this belief that people can and should become financial experts able to understand how to manage their own retirement when in other industries we make it very easy for people to get the help they need.”

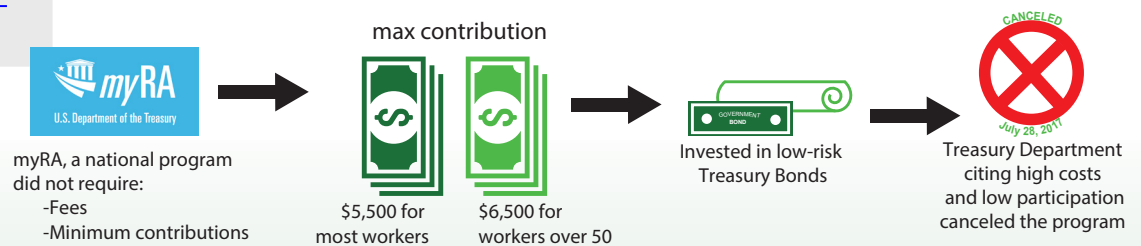
- Martin, Retirement Expert

Sample of Promising Retirement Programs

1. [R2A \(Refunds to Assets\)](#)
2. [R2S \(Refunds to Savings\)](#)
3. [American Dream Demonstration](#)
4. [Oregon Saves](#)
5. [California Secure Choice](#)
6. [Illinois Secure Choice](#)
7. [Conneticut Retirement Security Board](#)
8. [Maryland Small Business Retirement Savings Program and Trust](#)
9. [NEST \(UK\)](#)
10. [Individual Development Accounts](#)

Gaps in Financial Education: Financial education is not experienced equally. Both access to and knowledge gained from financial education varies drastically for communities of color, women, single adults, and recent immigrants to the United States. Financial education resources are more readily available in white communities than in communities of color and inequitable access to financial education is a significant barrier to saving.⁴⁸ Although low-income families have successfully found ways to save when provided with access to financial education opportunities, such gains are often tied to a financial product. While combining financial education with an end product (such as a savings account) is considered a best practice, it unfortunately also plays into the significant distrust of financial institutions uniquely experienced for communities of color, women, and recent immigrants, which will be described in the findings that follow.

Innovative Retirement Savings Programs: All of the data show further innovation and responsiveness is needed in how we approach and structure retirement savings options, especially for the low-wage labor market which isn't offering retirement vehicles by and large. In fact, states have become the laboratories for retirement savings innovation. Advocates and policymakers at the state level are taking action to ensure that workers have access to retirement savings tools and thirty-one states have enacted or proposed legislation that would ensure workers can save for retirement, whether or not their employer sponsors a retirement plan. The Brookings Institute and the Heritage Foundation⁴⁹ are credited with launching the conversation about automatic retirement savings programs throughout the country as a solution to address the growing retirement savings crisis. Automatically enrolling workers in a pooled IRA through an employer was envisioned as a way to help workers easily save for their future. Throughout the 2000's, several bills were introduced in Congress and in various states to create such programs.



myRA: The now-defunct myRA program, announced by President Obama in 2014 and implemented in 2015,⁵⁰ offers a template and lessons learned for automatic IRA programs. The retirement savings program was geared towards low- or moderate-income workers who did not have access to a workplace retirement plan. At the time of its cancellation, around 30,000 Americans had invested \$34 million in the program. myRA was canceled on July 28, 2017 by the Treasury Department citing high costs and low participation and is currently being phased out.⁵¹ The Treasury Department estimates Americans have spent \$70 million on the program.⁵² One of the contributing factors to the high cost of myRA was that enrollment was not automatic — a key feature of Secure Choice.⁵³ Nonetheless, myRA offered a national vehicle for low- and moderate-income workers to save where a void exists.

Illinois Secure Choice: Illinois was among the first states to pass retirement savings legislation. **With the implementation of Secure Choice, workers in Illinois at qualifying businesses without access to an employment-based retirement plan will be automatically enrolled into a retirement savings program.**

Main Features of Secure Choice:

- Requires businesses with 25 or more employees year-round that have been in business for two or more years, and do not currently have a qualified retirement savings option, to offer a retirement savings plan to its workers.
- Automatically enrolls eligible workers in a program to build savings in a Roth Individual Retirement Account (IRA) through a payroll deduction.
- Allows workers to opt out of the program.
- The default savings rate is set at 5% (as determined by the Secure Choice Board) and workers will be able to adjust the amount as they see fit.
- The plan is portable. Retirement savings can be transferred as workers change jobs.
- The program is managed by a seven-person board with the Illinois Treasurer's Office providing administrative and staff support, and the Treasurer serving as Chair of the Board.

Illinois' automatic IRA proposal, Secure Choice, was first introduced in the Illinois General Assembly in 2010 and was ultimately passed in November 2014.** Among the key findings supporting the bill was a 2012 report, *Coming Up Short: The Scope of Retirement Insecurity Among Illinois Workers*, which revealed that **over 50% of private sector workers in each legislative district did not have access to an employer-sponsored retirement plan.**⁵⁴ The law went into effect June 1, 2015, kicking off a multi-year implementation timeline to allow for adequate ramp-up and troubleshooting with the aim of an effective launch of Secure Choice. Implementation will be phased in, with a pilot program in the Spring of 2018 and three subsequent waves of enrollment beginning in the Fall of 2018. All eligible workers will be enrolled by the end of 2020.

The Illinois Treasurer's Office, in partnership with the University of Chicago Poverty Lab, examined data on Illinois-based employers with over 25 employees to approximate the landscape of Illinoisans potentially impacted by Secure Choice, which we subsequently analyzed as secondary data. Data revealed that **32.5% (an estimated 1.3 million) of Illinoisans who currently do not have access to workplace retirement plans will be potentially impacted by Secure Choice.**⁵⁵ When comparing access and uptake rates across racial groups, historically underserved communities in Illinois have less access than their white counterparts to employer-sponsored retirement plans. Among those who will potentially be impacted by Secure Choice's implementation, black workers are 13.2% of the workforce but make

** Senator Biss and State Representative Currie sponsored the 2014 bill.

up a higher amount of workers without access to an employer-sponsored retirement plan: 14.2%.⁵⁶ This trend continues for Latino workers, who make up 13.6% of the workforce but 14.7% of those without access to employer-sponsored retirement plans.⁵⁷ Conversely, white workers are more likely to have access to an employer-sponsored retirement plan and have lower numbers of no-access than their total share in the workforce. White workers make up 67% of the total workforce and only 65.1% of those without access to an employer-sponsored plan.⁵⁸ The implementation of Secure Choice may diminish the retirement plan access gap for diverse communities.

The State of Illinois is actively working to implement Secure Choice beginning in 2018. As Illinois moves toward implementation, there are a number of key questions that should be answered to help ensure that the program is addressing barriers to participation, especially among low-wage workers and workers of color. This research is aimed at better understanding these barriers.

STUDY DESIGN AND METHODOLOGY

This needs assessment of economically vulnerable workers in Illinois uses a mixed-methods approach to better understand the barriers to saving for retirement. We incorporated both primary and secondary data in this inquiry. Data sources include: 1) secondary data from the Illinois Treasurer's Office on Secure Choice eligible employees; 2) close-ended surveys; 3) semi-structured focus groups; 4) questionnaires; and 5) semi-structured expert interviews.

Population(s) of interest: women and female-headed households, immigrants, economically vulnerable people, un-banked and underbanked workers, workers of color, and low-income workers in Illinois.

Key Research Questions:

RQ1: What are the unique barriers to retirement savings for low-income workers in Illinois?

RQ2: What program structures could help overcome barriers to saving for retirement?

RQ3: What messaging that encourages retirement savings resonates with low-income workers, workers of color, immigrants, and women?

RQ4: What are the gaps in financial knowledge for women, immigrants, workers of color, and low-income workers?

Literature Review: A review of literature was conducted to examine the current state of, barriers to, and the nuances of saving for retirement at both the national and state level.

Data Sources: The four primary sources of data analyzed for this study included: 1) focus groups; 2) expert interviews; 3) surveys; and 4) pre-discussion questionnaires. Because findings were consistent across all data sources, both quantitative and qualitative findings are combined in the section that follows. Data were extensively analyzed in the examination of the unique barriers to retirement savings for low-income workers in Illinois, wherein attention was paid to gaps in financial knowledge and the characteristics of retirement savings messaging that resonates with low-income workers, workers of color, immigrants, and women.

Survey: Closed-ended surveys were created and administered to low-income Illinois workers to assess relative experience, attitudes, and needs towards retirement savings programs and financial knowledge. A total of 359 electronic and paper surveys were collected statewide from March-May of 2017.

See Technical Appendix for limitations, survey sampling, site descriptions, survey quota, and survey return.

Survey Methodology: We collected 359 surveys from the five sites, with a response rate of 80%. Thirty four surveys were discarded for the following reasons: 1) respondent clicked the survey link but did not answer survey questions; 2) partial survey completion that only answered demographic questions but not the retirement savings outcome questions; 3) duplicate surveys; and 4) survey respondents did not respond to the variables used in weighting (nativity, educational attainment, and race). We also had to collapse some response choices to increase the number of responses within each cell to match the response choices offered in the Census Bureau's American Community Survey (ACS). For example, respondents were given the option to respond 'I don't know' to whether or not they were born in the United States. This option, however, is not available to respondents in the ACS and was important to mirror the ACS for proper weighting protocol. This led us to discard surveys where respondents selected the response choice of 'I don't know.' The following response choice variables were collapsed: 1) educational attainment; 2) nativity; and 3) race. After these cleaning steps, we were left with 325 surveys and decided not to impute missing data because, based on preliminary analysis of the survey responses and from focus groups, data was not missing completely at

random. Low response to retirement savings questions could be attributed to unemployment, lack of access and knowledge of retirement saving accounts, and dissatisfaction with current inability to save for retirement. In fact, in focus groups, participants described how the process of filling out the survey made them more aware of their lack of knowledge about retirement savings. Some participants expressed how not having answers to the questions they were being asked made them realize how little they had been thinking about retirement. Analysis of the survey responses and focus group discussions further elaborate on these points. See Technical Appendix for survey demographics and weighting adjustments.

Semi-structured Expert Interviews: A series of informal meetings with members of the Illinois Asset Building Group (IABG) helped inform the research design. IABG is a statewide coalition and project of Heartland Alliance that addresses the racial wealth gap by building awareness, promoting best practices, and advocating for policy changes that support a permanent path toward economic stability for families in Illinois. Aside from input from members of the IABG, an additional six semi-structured interviews were held with content area experts to gain insight on the barriers to saving for retirement and key recommendations for implementing a successful Secure Choice program in Illinois. Expert interviewees' careers represented diverse perspectives throughout the financial, financial education, political, and retirement savings sectors. All interviewees signed informed consent forms. Interviews ranged in length from 40 to 80 minutes and were recorded, transcribed and coded in Atlas.ti. See Technical Appendix for interview script.

Semi-structured Focus Groups: Respondents who filled out the survey were given the option to sign up for more information about a focus group. Participants who expressed interest were then selected at random to participate in a subsequent focus group. Four focus groups were held in total, in geographically diverse towns throughout the state of Illinois. All focus group participants signed informed consent for their voluntary participation and received a \$100 gift card incentive for their attendance. Focus groups were recorded, transcribed, and coded in Atlas.ti for analysis. See Technical Appendix for focus group script.

- Peoria Focus Group: (n=10), conducted in English at a public library in Peoria, IL. Participants were engaged in services with Navicore Solutions.
- Pilsen Focus Group: (n=10), conducted bilingually (English and Spanish) at the Instituto del Progreso Latino (IDPL) in the Pilsen neighborhood of Chicago. Participants were engaged in services with the IDPL.
- Chicago Focus Group: (n=6), conducted in English at the Harold Washington Library in the downtown Chicago. Participants were engaged in services with LadderUp.
- East St. Louis Focus Group: (n=10), conducted in English at the Lessie Bates Davis House in East St. Louis, IL. Participants were engaged in services with the Lessie Bates Davis House.

All focus group participants completed a pre-discussion questionnaire at the focus group. The questionnaire asked participants about employment status, place of birth, monthly income, if they were saving for retirement, and the financial services they use. See Technical Appendix for participating site descriptions and pre-discussion questionnaire.

Data Analysis: Quantitative data were exported from the survey platform into Excel and analyzed in PSPP and R. To implement the post-stratification adjustment, we used the R package *survey* and its *rake()* function. This made it possible to use the proportional distributions derived from population demographics in IPUMS USA to calculate weights.⁵⁹ The algorithm used by the function is called Iterative Proportional Fitting (IPF). This algorithm tries to match the data to the proportional distributions by repeatedly adjusting data cell rows and columns. IMPACT did not trim the weights. Qualitative data went through many iterations of coding (open, axial, and selective) and were grouped and analyzed using the qualitative data analysis software Atlas.ti. All included quotations are presented without alteration other than some comments which were translated from Spanish to English. Qualitative data went through various phases of analysis (open, axial, and selective) until the following codes emerged:

Qualitative code frequency counts

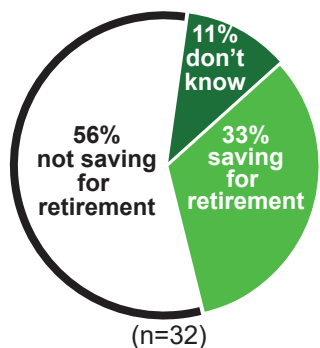
CODE FREQUENCY COUNTS	EXPERTS	FOCUS GROUP
Administration	102	1
Culture/Savings	12	34
Distrust/Barriers	35	163
Education and Outreach	60	93
Financial Education Need	5	82
Planning/Saving	0	79
Retirement Terms	137	41
Savings/Motivation	0	141
Secure Choice Rollout	64	0

Frequency counts of codes in both the focus groups and expert interviews shed light on the different ways in which experts and low-income workers speak about retirement. Many of these differences are warranted based on expertise, experience, and the differences in semi-structured questions directed at each group, but there are certain emerging themes (i.e. distrust/barriers, planning/saving) that may speak to a larger disconnect between retirement account managers/decision-makers and account users, which is discussed in the findings that follow.

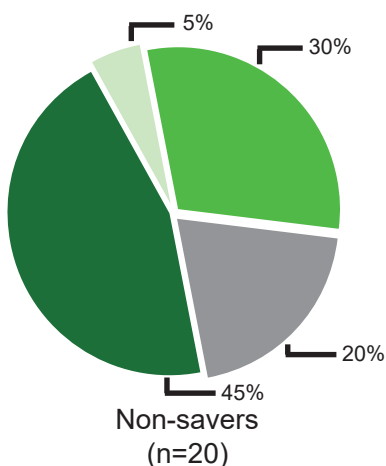
This study received IRB approval from the Heartland Alliance Institutional Review Board.

FINDINGS

Focus group participant retirement savings status



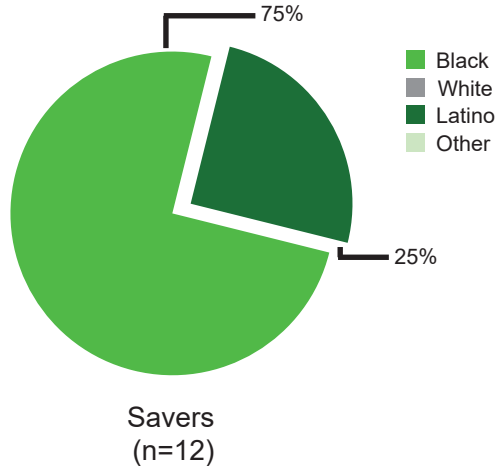
Focus group participant race/ethnicity



Focus Group Participant Characteristics:

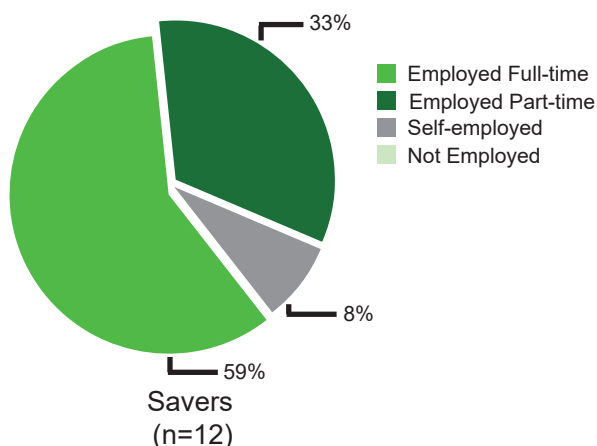
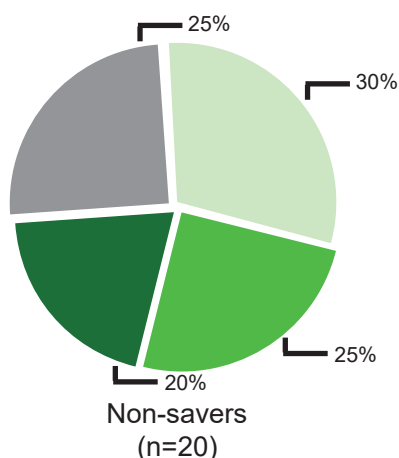
One of the aims of the current inquiry was to identify barriers to participation in the Illinois Secure Choice Retirement Savings Program faced by low-income workers. Focus groups provided an opportunity to understand if an incentive would increase savings rates, which features would prevent early withdrawals or “leakage,” and what types of messages and education about retirement savings and financial capability could lead to higher participation and savings rates.

In order to provide context to the focus groups, pre-discussion questionnaires were distributed to focus group participants and used as a data source for analysis. Notably, 56% of focus group participants reported that they were not currently saving for retirement. The self-reported savers in the focus groups were either working full-time (59%) or part-time (33%). The self-reported non-savers were either working full-time (25%), part-time (20%) or reported being self-employed (25%) or not employed (30%).

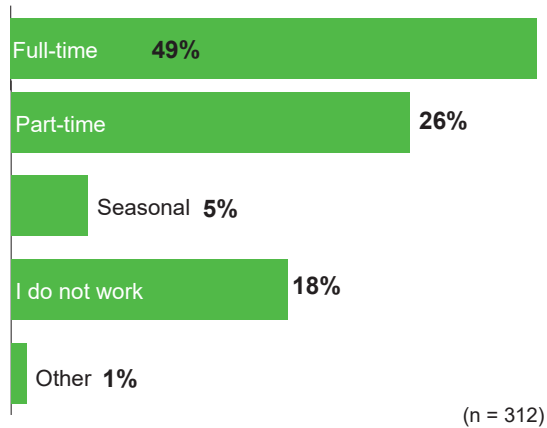


distribution of focus group participants, 75% of self-reported savers were black compared to 25% Latino savers. For self-reported non-savers, 45% were Latino, 30% were black, 20% were white and 5% self-identified their ethnicity as ‘other.’ Both non-savers and savers reported heavy usage of checking accounts, savings or money market accounts, and credit cards (see Technical Appendix for non-savers’ and savers’ use of accounts). Nearly 60% of savers also reported having student loans.

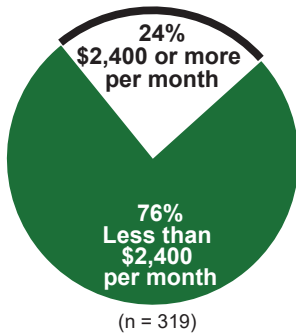
Focus group participant employment status



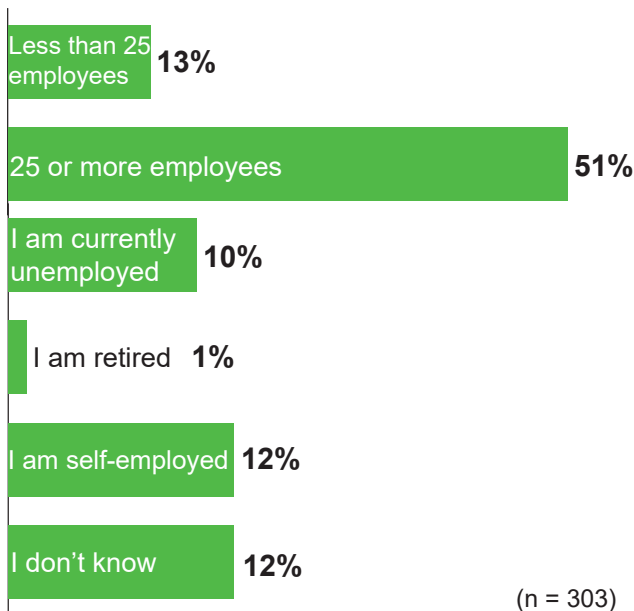
Survey respondent employment status



Survey respondent income

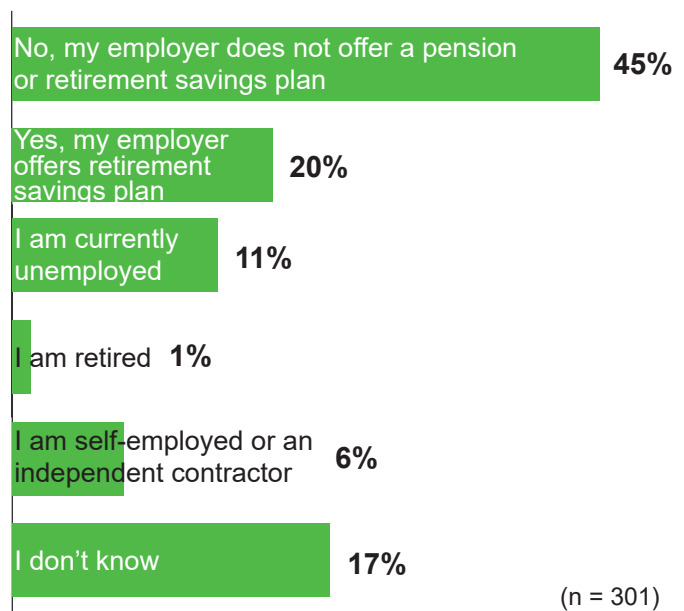


Number of employees at survey respondents' workplaces



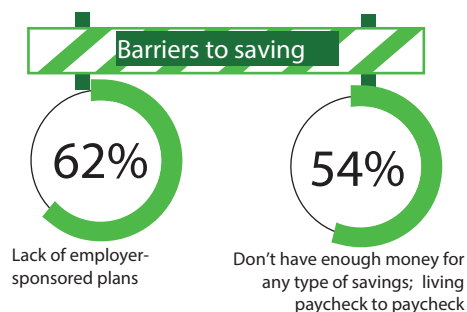
Survey Respondent Characteristics: Almost half (49%) of all survey respondents (n= 359) work full-time and 26% of respondents work part-time. Only 5% of survey respondents work seasonally and 18% do not work. Most respondents' employers had 25 or more employees (51%) and of this group, 84.4% of survey respondents reported that their highest monthly income in the past 12 months was between \$0-\$3,000. Overall, 76% of all survey respondents had a household income of less than \$2,400 a month. The most common financial services used in the past three years by respondents were checking accounts (77%) and credit cards (55%). The least common financial services used were professional financial advisor services (92%), mortgage or home equity line of credit (89%), and stocks, bonds, or similar investments (89%). Almost half (45%) of survey respondents do not have access to a retirement savings plan through their employer. **Only 34% of employed survey respondents who were employed by a company of 25 or more employees reported that their employers offered a pension or retirement savings plan.** Eighty percent of survey respondents who worked for an employer with less than 25 employees did not have an employer-sponsored pension or retirement plan.

Survey respondent access to retirement savings plan through employer



“And when you jump- you have to literally jump into broad air and say ‘I think I have wings. Hopefully I learn how to fly. And if I don’t fly, somebody catch me.’” - Peoria Focus Group Participant

Respondents whose employers do not offer a retirement plan



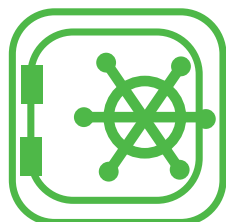
“The fewer plans, the better. The idea that we’re going to make everyone in America a financial expert so they can manage their own investments is an outrageous concept.” - Martin, Retirement Expert

Finding 1- Many low-income workers in Illinois are not able to save for retirement due to lack of employer-sponsored retirement options.

The implementation of Secure Choice should impact this. **As it stands, perhaps the most significant barrier to saving for retirement is either the lack of an employer-sponsored retirement option altogether or the lack of understanding associated with such a plan.** In fact, 37% of all survey respondents reported that not understanding how to choose a retirement savings plan is a large barrier to saving. For survey respondents whose employers did NOT offer pension or retirement saving plans, 62% considered the lack of employer-sponsored plan a large barrier to saving.

The lack of knowledge about retirement savings accounts was substantial among survey respondents whose employers did not offer a pension or a retirement savings plan: for this group, 62% of respondents were not familiar with IRAs, and 47% did not know if money invested in an IRA was likely to grow over time (12% of this group felt money in an IRA would NOT grow over time). Conversely, having access to retirement savings at work seemed to somewhat increase awareness of retirement savings options: 62% of those respondents reported being familiar with IRAs, and 49% said they thought money invested in IRAs is likely to grow over time.

The survey respondents who had retirement savings plans or pensions offered at their place of employment often lacked the knowledge to use them. **Thirty-nine percent of survey respondents who had access to employer-sponsored plans reported that not knowing enough about retirement savings plans was a large barrier to saving.** The most important feature of a retirement savings plan for respondents whose employers offered pension or retirement saving plans was the ability to withdraw funds in case of other long term investment needs (40%) such as college tuition, down payment on a house, for children and self, etc., which suggests that retirement savings leakage could be a risk. For respondents with access to an employer-sponsored retirement savings plan, the variety of options offered in their plans complicated the process. In fact, the feature of employer-sponsored retirement plans that this group found least valuable was the ability to choose from various investment options (22% ranked this feature the lowest). Such findings were also present in the focus groups, wherein participants described feelings of confusion when it came time to make sense of the plans their employers were offering.



40% of respondents whose employers offered a retirement plan valued the ability to withdraw funds in case of other long term investment needs

of respondents whose employers offered a retirement plan, main saving priorities were:

57% to save for an **emergency**

44% to save for **retirement**

“Nobody talked to me about that. I had to learn that when I came to my job by talking to coworkers.”
- Peoria Focus Group Participant

67% of all survey respondents &
65% of respondents whose employers did not offer a pension or retirement plan



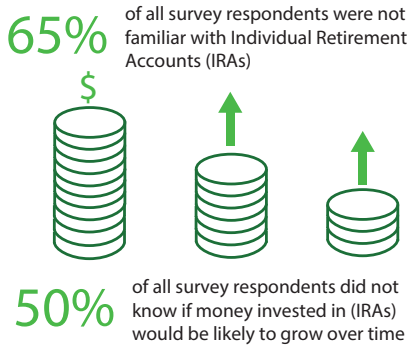
had never taken a financial education class.

Finding 2- Many low-income workers in Illinois struggle to save for retirement due to a lack of funds or appropriate financial planning support.

Again, the largest barrier to saving for all survey respondents was not having enough money for any type of savings due to living paycheck to paycheck (54%). In addition to the lack of income that would allow for extra saving, survey respondents and focus group participants spoke to additional barriers to saving and described their personal financial behavior. **Not having enough money for any type of savings due to living paycheck to paycheck was the largest barrier to saving for survey respondents whose employers offer a pension or retirement savings account (54%), employers who do not offer retirement savings (54%), and currently unemployed respondents (59%).** Forty-four percent respondents who work for an employer that offers a pension or retirement plan have thought about saving for retirement but haven't gotten around to saving yet. There are likely many barriers contributing to 'not getting around' to saving, such as prioritizing day to day cost of living, lack of savings plan, and lack of knowledge about how savings plan works. Forty-two percent of currently unemployed respondents also reported not having thought about their needs in retirement.

The lack of financial knowledge experienced by low-income workers is a symptom of both: 1) the lack of access to financial planning support and 2) the absence of messaging that appropriately targets women, people of color, immigrants and low-income workers. Importantly, the survey and focus group participants were sampled from organizations that offer financial education courses, so the following estimates of financial literacy needs are likely more conservative than the low-income worker population as a whole. Sixty-seven percent of all survey respondents and 65% of respondents whose employers did not offer a pension or retirement plan had never taken a financial education class. Similarly, 75% of respondents whose employers offered retirement plans had never taken financial education classes, while 89% of currently unemployed respondents had not taken a financial education class. A startling 17% of respondents reported that they did not receive information about retirement savings from their employers. It is possible that respondents had, in fact, received information at some point, but do not remember. Overall, the most common ways respondents learned about retirement savings accounts offered by their employers were through information or paperwork given at the time they were hired (13%), or through emails from their employers with information (10%). Throughout the focus groups, however, participants also spoke to how inadequate their employers had been in helping them understand their retirement options. In many cases, participants mentioned that while information sessions were occasionally offered at their place of employment, they were offered over their breaks or other times during the day that made it difficult and/or impossible to attend. Moreover, focus group participants largely felt that they had to seek out information independently.

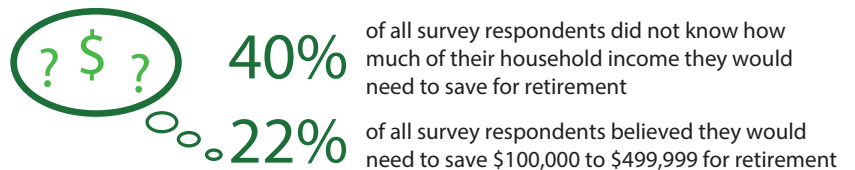
“When I was first starting [my job] they actually gave me the booklet and they said ‘go over it’ and I’m just sitting there like what am I supposed to go over?” - Chicago Focus Group Participant



“A coworker shared it with me. They were getting ready to retire and they were talking about money and I said, ‘well how did you do that because I’m gonna be retiring soon too and the numbers don’t add up for me and I know we should be close to the same?’ And then he started telling me about the voluntary contribution and I’m like, ‘Well why didn’t anybody else say anything about this? Why isn’t this part of the intake process?’” - Peoria Focus Group Participant

Overall, 65% of survey respondents were not familiar with Individual Retirement Accounts (IRAs) and 50% did not know if money invested in (IRAs) would be likely to grow over time. Many (40%) survey respondents did not know how much of their household income they would need to save for retirement, while 42% (of all respondents) believed they would need to save less than \$499,999 for retirement. Financial experts suggest that people need 8-11 times income in retirement assets in order to maintain their standard of living in retirement. Finally, 76% of currently unemployed respondents were not familiar with IRAs, and 56% did not know if money invested in an IRA was likely to grow over time. The lack of financial education was reflected in focus groups, wherein participants spoke to reaching out to members of their community with the aim of learning more about how to manage their finances, often without success. One focus group participant described this outreach process as “having broke conversations with broke people.” A desire to have access to financial planning support was largely present in focus groups. With lack of support in financial planning, many participants also shared how witnessing the financial hardship of those around them was, in fact, the key motivator to learning how to save.

Retirement experts, focus group participants and survey respondents agreed that creating accessible messaging about retirement savings is critical to success. Accessible messaging in this sense includes language, medium, tone, content and geographic venue. While retirement experts tended to speak more to the medium and content of financial education, focus group participants were much more concerned with the tone of such outreach efforts. In terms of the most promising medium for outreach such as monthly



“Maybe that’s why my family never explained retirement to me because they never had access to anything here in the U.S. because it was never accessible in their language, which is Spanish.” - Chicago Focus Group Participant

“I could see how my parents struggled with finances and I said that’s not going to be me. So I save all the time.” - Chicago Focus Group Participant

“In the Secure Choice retirement program model there is the one element of education we know that will need to be explained in detail in culturally relevant ways...a safe space for people to know that they have control over the amount that will be deducted and that it will be a regular thing out of every paycheck.” - Marisabel, Retirement Expert

account statements, most experts and participants agreed that electronically accessible information was important. Applications that could be accessible on a smart phone, easy-to-read infographics, and bilingual videos were possible suggestions offered by both experts and participants. Due to frequency of physical moves (especially among low-income workers) and length of the retirement programs, electronically accessible information is critical. Retirement experts, however, worried that participants rarely take the time to read such information and financial education experts warned about over-reliance on technology when working in impoverished communities or with older participants. In terms of financial planning support, focus group participants believed that workshops held in their communities (in churches, community centers, schools, etc.) by trusted organizations and facilitated by men and women would help them engage in financial planning. And although both retirement experts and participants agreed that meaningful information should be shared, it was less clear what information exactly could be deemed meaningful consistently across data sources.

Regardless of the content of financial education, focus group participants strongly agreed that the tone of such efforts had to be respectful and relatable in order to be accessible. Most experts shared the belief that culturally relevant and language appropriate messaging need to be taken into consideration. Moreover, participants believed that the people providing education needed to better understand the reality of their current financial situation before being able to provide counsel on making financial decisions.

“I have not personally seen anything targeted at that demographic (low-income workers). I can tell you growing up with a family that did not have a lot, that education will be most successful if it’s done by individuals who can relate to their situation. So having someone come in from a record keeper, social service setting or upper management to help encourage them today; in my opinion it’s not going to be effective because I’d be sitting in the audience thinking ‘You don’t have to worry about putting food on the table next week for your family. You make enough. That’s not a worry you have to have.’”-Sabrina, Retirement Expert

“We need to let participants know how much monthly income we think they need and help them establish reasonable retirement goals to help them maintain their standard of living in retirement. We need to let participants know if they are on track to meet their retirement goal, how much monthly income they have earned and here’s how much retirement health care benefit they have earned.” - Martin, Retirement Expert

“It’s really, really hard to convince people who don’t have any savings at all to put money aside in a risk-bearing account. As you soon as you say you could lose money people kind of feel like they’re going to lose money.” - Theresa, Financial Education Expert

“I guess, in a way, if there were a way that people or educators on the topic could make the topic seem like not so much of an elite social practice or even an obligation or activity that’s practiced by affluent communities-it’s something that can be shared with everybody.” - Chicago Focus Group Participant

“I guess the biggest thing is just making it relatable with someone who seems like me rather than someone talking down to me. I think it’s going to be a win.” - Peoria Focus Group Participant

“Reading information that you don’t understand needs to be brought down to a level of understand(ing) so that you can make the proper contributions, grow and teach your family. But if we’re trying to keep the lights on, how can we do that?” - Peoria Focus Group Participant

“One of the major impediments to the kind of preparation is that people can’t save enough to help themselves. You have to have some minimal household savings. There has been a lot of work done to see how we can automatically set up sidecar, minor savings accounts. Other systems almost always now permit employees to set up multiple accounts and a lot of them do. It doesn’t cost anything. It’s very easy to say ‘I want my paycheck to go here, but can you set aside \$50 or 10% and put it there or any other amount.’” - Pete, Retirement Expert

Finding 3- Low-income workers in Illinois have just as high of a need for emergency savings accounts as they do for retirement savings accounts. Time and time again throughout this study, low-income workers surfaced their need for emergency savings. Emergency savings accounts could serve to help people reach retirement goals and, importantly, make funds available for use in times of emergency. In fact, **the most important saving priority for all survey respondents was to have emergency funds available in case of job loss, medical expenses, etc. (60%).** This was true among those with access to retirement savings at work (57% said emergency savings was their top priority) and those who do not have access to retirement savings at work (60% of which listed emergencies as their top savings priority). Just 46% of all survey respondents used a savings account in the past three years, so should an emergency arise, there is a risk of leakage from retirement accounts along with a hefty

“I know people who have been through situations in life when they had to start over. They had to quit their jobs so that they could get their 401k or their pension because they needed to take care of the right now and then go on to another job later. So it is good that your job will put it away for you ‘cause we need that-I know I do. And saying I can’t touch it makes me think about what I need to touch it for. Is it really that important? And then, you know, we go see if we can get a loan here or whatever we do to try to see if we can try to get this extra money. But when you have those barriers up that say “no you can’t have that” depending on how great the need is you-lose your house or a death in the family-people take extreme measures for things they feel are extreme. And if those barriers aren’t up, you’re gonna get it because your need seems to be great at that time. So how do you hold on to it to start over when you’re afraid of what had happened to put you in that place?” - Peoria Focus Group Participant



Emergency or Sidecar Accounts are accounts attached to retirement accounts that pull a percentage of money automatically deducted for retirement to the side. Sidecar accounts are intended to limit pre-retirement leakages by offering a separate savings account as a cushion in case of financial hardship.⁶⁰ Such accounts are a promising defense against leakages, which stem from a collision between income volatility and limited savings. Although many retirement plans have penalties for early withdrawal, they are often the only assets families have in times of emergency. Sidecar accounts are viewed favorably by both employees and employers. Recent studies show that over 2/3 of workers express interest in an automatic savings account, and 89% of employers are interested in piloting a similar type program.⁶¹ The composition of these accounts is crucial in gauging their benefit to low- to moderate-income workers. Since 401(k) and Roth IRA accounts have tax protections to encourage long-term savings; if sidecar accounts were given similar treatment, their use would not prevent families from receiving public benefits while contributing to the accounts.⁶²

“There is no ‘let’s pay everything and be happy.’ I’m choosing my bills a la carte. I’m going to pay that. That is not going to be paid. That will be given to Jesus and that is just gonna wait ‘til next semester.” - Peoria Focus Group Participant

“You still have that disproportionate amount of people who are not having those money conversations. Or they’re not in a position to even have that money conversation because they don’t have any money to save. They don’t have money to pay their rent. They don’t have money to buy groceries. They don’t have money.” - Peoria Focus Group Participant

penalty. Fifty-six percent of all respondents did not have any retirement savings and 19% of respondents had only set aside a total amount of \$1 to \$5,000 for retirement savings. Fifty-five percent of respondents had zero non-retirement savings, while 32% of respondents’ total non-retirement savings was between \$1 to \$5,000. This depicts a situation where low-income workers have a long way to go to achieve financial security in retirement and during emergencies. See Technical Appendix for survey respondents’ saving priorities.

The feature that respondents (overall) valued the most in a retirement plan was the ability to withdraw funds in case of hardships (40%). Fifty-nine percent of respondents whose employers offered a retirement account and 54% of respondents whose employers did not offer a retirement account found the ability to withdraw funds for an emergency either a ‘very’ or ‘most’ important feature of a retirement account. Unemployed survey respondents also reported the ‘very’ and ‘most important’ feature of a retirement savings plan was the ability to withdraw funds in case of hardship (70%). **Time of year played a role in both the need for saving and threat of account leakage for respondents.** Consistent with the review of literature, it was easier for respondents to save around tax refund season (24%) and exceedingly difficult to save during winter holidays (77%) and the summer (53%). Retirement experts and focus group participants had somewhat varied responses on the need for being able to tap into retirement savings for life events. Experts spoke to the need for partitioning off funds for retirement that was completely off limits while also opening an emergency savings account on the side. Participants seemed to agree that this was a good idea, but were concerned that this approach was not always realistic, depending on the degree of their financial hardship.

Finding 4- Many low-income workers in Illinois experience distrust of financial institutions, employers, and the government.

Distrust of State and Federal Government: Overall, survey respondents had higher levels of mistrust of the state government (45%) and federal government (42%) than of banks (23%) and employers (33%) when it comes to managing their retirement savings. Interestingly, 39% of all respondents reporting feeling neutral about the trustworthiness of the state government, and 37% of all survey respondents reported feeling neutral about the trustworthiness of the federal government. High levels of neutral responses speak to an uncertainty around the trustworthiness of government.

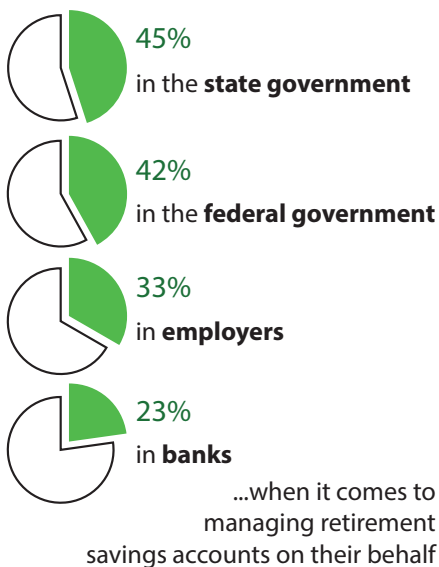
Throughout the focus groups, participants raised concerns about the current administration in addition to Illinois's long-standing budget crisis and were wary to trust either the state or the federal government with their money. Again, in the focus groups, much higher levels of Latino participants experienced mistrust than black or white participants. In addition to language barriers, participants expressed concern about the perception of increased scrutiny of immigrants and retirement experts spoke to the fact that immigrant populations may change jobs more often, creating additional tension for maintaining a consistent retirement plan. In a state of distrust of this kind, many participants spoke about saving money at home or with family members (although some mentioned they had been robbed and/or had a house fire and lost all of their savings). Interestingly, 56% of all survey respondents reported that "I don't trust putting my money in a retirement savings plan" wasn't a barrier to saving. Given the mistrust associated with saving, however, it appears the barrier may have more to do with where money is saved than the act of saving.

Distrust of Banks and Financial Advisors: Twenty-three percent of all survey respondents "strongly disagreed or somewhat disagreed" with the trustworthiness of banks (41% of respondents were neutral). The trustworthiness of financial advisors was split evenly. Thirty-three percent of all survey respondents "strongly disagreed or somewhat disagreed" that they were trustworthy while, conversely, 34% "somewhat agreed or strongly agreed" with the trustworthiness of financial advisors (33% of respondents were neutral).

Distrust of Employers: Overall, 33% of all survey respondents "strongly disagreed or somewhat disagreed" with the trustworthiness of their employers (44% of respondents were neutral). Mistrust in employers was also mentioned in the focus groups. One woman described how she thought she had been contributing to a retirement plan for the nearly 20 years that she worked for a popular international hotel chain in Chicago and when she was let go, lost everything. Another woman, in Peoria, spoke about her years working for a popular machinery company that she saw being raided by the federal authorities and now is in the process of closing its headquarters, which is a huge economic blow to the community. Such

"It's very difficult for people like me that don't speak English well and don't understand everything completely so when I'm going to talk about retirement I don't know many regulations or rules-then there are people that take advantage of this." - Chicago Focus Group Participant

Levels of distrust...

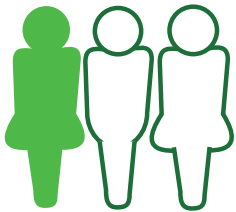


“Me, as a Latina, it is cultural. A lot of Latinos, they don’t trust the system, but once you guide them, or they’ve heard of someone who’s trustworthy, then they’ll go.” - Chicago Focus Group Participant

“I think it’s a cultural thing. We’re always afraid.” - Chicago Focus Group Participant

instances only strengthen the levels of distrust that employees may have towards their employers.

Focus group participants spoke to feeling reticent to trust anyone with their money. They were, however, much more willing to trust non-profits and community organizations that had no intention of selling them a product to manage their money than banks or the government. One focus group participant explained how visits to the bank felt like an “interrogation of questions” while her visits to a trusted community organization helped her “learn more.” Focus group participants explained that they wanted to work alongside people who “are invested in their learning.” In focus groups, the majority of participants who experienced the highest levels of distrust overall were Latino, many of whom were immigrants. Much of their distrust corresponded to a language barrier.



1 in 3 survey respondents would not change their Secure Choice contribution rate if they were eligible to participate in Secure Choice.

But... **47%** of respondents would raise their contribution rate to 4-6% percent or more.

“So for me, voluntary contribution makes it easy because it comes right out of my paycheck. My job takes care of it. I can’t get it ‘cause if I could it might be gone.” - Peoria Focus Group Participant

Motivations for Saving: Messaging prompts to save with a program like Secure Choice

- *‘With Secure Choice, you have full ownership of your account from day one – and you can take your savings from job to job.’*
- *‘Make the commitment to save now and enjoy the benefits in retirement.’*
- *‘People aged 65 to 74 who have retirement savings have, on average, three times more income than those who only receive Social Security.’*
- *‘Do you want the same standard of living in retirement that you enjoy today? Start saving now to make that a reality.’*
- *‘Saving with Secure Choice gives you the peace of mind that you’ll have enough in your nest egg to retire comfortably.’*

“I started when I started my job. So basically because my job offered it I went ahead (and) did it, but if my job hadn’t offered it I can’t say that I would have necessarily done it. I’ve been at my job like 28 years.” - Peoria Focus Group Participant

Finding 5- There are promising features of Secure Choice that speak directly to the needs of low-income workers in Illinois.

Data across sources highlight some of the key strengths of Secure Choice that may positively impact low-income workers in Illinois. A third of survey respondents would not change their Secure Choice automatic contribution rate of 3% if they were eligible to participate in Secure Choice. **Additionally, 47% of all survey respondents would raise their contribution rate to 4-6% or more.** Access here is key. **The most important feature of a retirement savings account for respondents who worked for employers who did not offer a retirement account was the ability to have access to the account and make transfers remotely using a smart phone (33%).** Thirty-five percent of respondents whose employers did offer a retirement savings plan found the ability to have access to the account and make smart phone transfers very important.

When survey respondents were prompted to respond to positive motivators for saving, most prompts had very few negative impacts (2-4%), but respondents did report being positively motivated (very positive and somewhat positive) to save with a program like Secure Choice due to having full ownership of their account from day one and the ability to take their savings from job to job (79%); and feeling that saving with Secure Choice would give them the peace of mind that they would have enough in their nest egg to retire comfortably (74%). The ability to maintain a quality standard of living, save for unexpected health costs, and not being a burden on the family were additional savings motivators and significant findings in focus groups.

Additional features of Secure Choice that focus group participants were particularly hopeful for included auto-enrollment in the program, and the opportunity to learn more about personal retirement needs from employers or the people managing their accounts. Focus group participants also liked the concept of retirement savings being ‘out of sight, out of mind’ and then available when needed later in life. Younger participants were not as invested in retirement savings as older focus group participants, but their thoughts on the matter seemed to evolve in real time, as the focus group conversations took place. Focus group participants also wondered whether or not Secure Choice would offer an employee match and mentioned that such an incentive would largely increase their buy-in to the program.^{***} In another important reminder that emergency savings accounts are vital, **almost half of respondents believe having a general-purpose savings account would increase their likelihood of using the Secure Choice retirement savings plan (46%).**

^{***} By law, employers will not be able to match savings in Secure Choice. However, this finding highlights the need for additional matched savings programs.

ILLINOIS SECURE CHOICE IMPLEMENTATION CONSIDERATIONS

How to Address the Barriers to Saving for Low-Income Workers in Illinois:

By implementing Secure Choice, the state is leading the national effort to create space for a retirement savings plan for low-income workers. Much of the design of the program itself, particularly auto-enrollment and portability, are promising features that may likely contribute to the overall success of Secure Choice. And while two notable findings are beyond the scope of Secure Choice—the intense need for low-income workers to have access to an emergency savings account and the option for employers to match employees’ contributions—there are some clear steps that should be taken into consideration when implementing the program. Such recommendations speak to clarifying the roles of different key stakeholders in the enrollment and management of retirement funds and, importantly, the clarity and intention of messaging and outreach associated with such an effort. Recommendations have been broken up thematically with aligning calls to action.

Secure Choice Implementation Considerations:

- **Make Program Features Clear.** Low-income workers experience income volatility. When discussing the benefits of this type of account, low-income workers need to understand, with absolute clarity, that deductions will be taken out at the same frequency and amount monthly. They also need to understand the percentage of money and corresponding dollar amount earned that will go into their retirement account and whether or not this percentage

The Teachers Insurance and Annuity Association of America (TIAA) College Retirement Equities Fund

pinpointed a number of features that could guide an effective implementation of state-run retirement programs like Secure Choice. Their implementation recommendations include:

Program Design:

- Require employers to participate in the program
- Implement automatic enrollment
- Introduce automatic annual increase program
- Limit pre-retirement withdrawals
- Establish income replacement goals and encourage annuitization

Investment Solutions

- Offer a limited-option investment menu

- Select program’s default option for those not making a specific election
- Keep it simple (simplified investment menu of carefully screened options)
- Include low-cost, lifetime income options
- Select a record-keeper with a strong investment record

Employee Engagement

- Offer participants a holistic approach to financial well-being (offering state-approved financial products)
- Eliminate paper as much as possible
- Address program management and program governance
- Control costs
- Make a long-term commitment
- Leverage state resources to aid service providers and greatly reduce employers’ administrative burdens

will escalate automatically so they are prepared for a change in take-home income. Any fees associated with leakage from retirement savings accounts should also be thoroughly explained.

- **Limit the Number of Investment Options and Provide Guidance on the Differences between Existing Options.** Retirement experts, survey respondents, and focus group participants all spoke to how confusing retirement plans can be. One of the variables contributing to this confusion is having too many options to choose from without enough financial planning supports to inform the choice.
- **Take Advantage of Tax Season.** Piggyback on tax season to increase saving during periods of high cash flow. Partner with programs that assist low-income worker with free tax preparation help (i.e. LadderUp, Volunteer Income Tax Assistance Program-VITA, Tax Counseling for the Elderly-TCE sites, The Center for Economic Progress, etc.) and use that opportunity to talk to people about Secure Choice and encourage people to use part of their refund to put towards emergency or retirement savings. Fit messaging to the individual's needs (i.e. "Considering your income, you will need to save ___ by the age of ___ in order to maintain your quality of life in retirement. Would you like to automatically put some of your tax refund check into your retirement savings plan now? Here is how to do that.").
- **Include Portability Discussions in Exit Interviews.** When an employee leaves a Secure Choice-eligible employer, it is imperative that they understand that their retirement savings can be transferred to another employer. Employees also need to know what will happen to their retirement accounts if they go to an ineligible employer or do not have a new job secured. Employers should build this messaging into the protocol of departures from a position and properly communicate with account managers.

Promising practices for Increasing saving at tax time:

1. Communicate with consumers about saving before they come to the tax site
2. Offer the saving option more than once at the tax site
3. Make sure tax preparers know how to help consumers save while filing
4. Dedicate staff or volunteers to promoting saving
5. Use "anchoring" and prompts to help consumers focus on a savings goal
6. Make sure all staff and volunteers commit to encouraging savings
7. Don't overwhelm consumers with too many different types of options
8. Provide incentives to encourage saving
9. Provide multiple options for saving
10. Make saving fun

Source: [The CFPB Office of Financial Empowerment, Increasing saving at tax time and promising practices for the field](#)

Financial Planning Considerations:

- **Address Lack of Financial Planning Supports.** Although employers, human resources, and account managers seem to have defined roles in Secure Choice the onus of retirement planning supports is unclear. While no one legally may have the responsibility to offer planning supports and training, there is a responsibility for ensuring access to information. Providing information, however, is not enough. Who will mediate the information in order to make it accessible to all workers? Whose responsibility will it be to provide appropriate planning supports around retirement savings to employees? What topics will each stakeholder be responsible for covering? What will the consistency and accessibility of these supports look like?

- **Refer Workers to Vetted Institutions that can Assist with Emergency Savings Accounts.** One of the most significant findings of this study speaks to the need for emergency savings accounts for low-income workers. Since this finding is beyond the scope of the duties of Secure Choice, we recommend that employees be given additional information with vetted, convenient institutions (banks, community organizations, etc.) that can help them set up sidecar accounts. Again, the messaging here should be very clear (i.e., “Your retirement account is for saving for retirement only; you will be charged a fee if you dip into it. In addition to your retirement account, we advise that you set up a savings account to cover unexpected costs so you don’t have to be charged a fee to pull from your retirement account. Here are some local institutions that can help you do that and here are some questions you should ask them when opening your account.”).
- **Remind Workers About Portability.** Low-income workers and immigrants need to clearly understand that their retirement savings plan will move with them if they choose to find a new job, so long as they are moving to a qualified employer. Make this messaging as clear as possible, particularly in outreach with younger savers. Again, be as clear as possible (i.e., “If you leave this place of employment, your retirement plan will automatically be transferred to your new employer if they are eligible for Secure Choice. Here’s where you can go to see if they are eligible for Secure Choice. When you start your new job, here is the number you can call and they will make sure everything transfers over. If your employer does not offer Secure Choice, you can open your own retirement account. Here is a list of contacts that can help you with that. If you haven’t found a new position yet, here is what will happen with your retirement savings in the meantime.”).
- **Provide Demonstrations on How to Navigate the Online Site for Secure Choice.** Both experts and focus group participants spoke to the need for having easy to access online resources about Secure Choice. Provide demonstrations on how to navigate the online site for Secure Choice so that employees can access the information they need independently.

Messaging Considerations:

- **All Messaging Needs To Be Written at an Accessible Reading Level.** There is a lot of confusing financial jargon that is included in retirement plan statements and outreach. Employees need to comprehend what they are reading in order to make informed choices. This means the reading level of any messaging to employees must be addressed. Find a way for legal language that needs to be in the statements to be written at a level that is accessible.
- **Clarify Stakeholder Roles.** Low-income workers need to clearly understand the difference between who enrolls them in the retirement account and who manages the account. Should questions arise, communication (in multiple languages) needs to be as streamlined as

possible so that participants know exactly which stakeholder to reach out to. The first paycheck where employees see a deduction, they need to know exactly who to call with questions about the deduction. Consider a free 24 hour support line to accommodate employees with non-standard schedules.

- **Define ‘Meaningful Information’ for Monthly Statement Content.** Retirement experts worry that workers do not read their monthly statements. Focus group participants shared that reading monthly statements is confusing. In order to make monthly statements meaningful, retirement experts suggest breaking down information in a new way. Instead of focusing on the overall lump sum of money that workers have saved, show this number in comparison with how much more needs to be saved for a secure retirement. Focus on income replacement as the outcome. When gaps exist, provide options for low-income workers and monthly prompts reminding workers to contribute to their emergency savings accounts and consider increasing their retirement percentage if they are able to do so. Remember to meet employees where they are, rather than force them to contribute at a higher rate than makes sense for them. Consider whether statements should be monthly, quarterly, or monthly for the first six months while plans are being solidified and then move to quarterly.
- **Be Persistent.** Regardless of the automatic enrollment feature, be persistent in messaging to reach employees struggling to save for retirement. Experts were concerned that people did not read their statements, but this concern does not mean outreach should be dismissed. A recent [study](#) from the National Bureau of Economic Research found that firms that sent out postcards to employees to enroll in the workplace-sponsored retirement plans increased participation rates over the following years: 10% who didn’t sign up in the first year signed up in the second and, by the end of the third year, 45% of non-participating employees had signed up.⁶³
- **Be Creative with the Medium of Messaging.** Retirement experts largely agree that electronic messaging is vital to the success of Secure Choice. Financial educators, however, warn that paper messaging still has a place for people living in poverty and/or older generations. Participants in focus groups were very interested in being able to access information about their retirement via applications on their smart phones, short informational videos on social media, and more. Refrain from financial jargon and what may come across as inaccessible or “elitist” language. Be as clear, motivational, and relatable as possible.

Top 5 non-English languages spoken in Illinois

1. Spanish
2. Polish
3. Chinese (incl. Mandarin and Cantonese)
4. Tagalog (incl. Filipino)
5. Arabic

Source: Social IMPACT Research Center's analysis of the U.S. Census Bureau's 2016 American Community Survey 1-year estimates program

- **Be Culturally Relevant.** Meet potential participants where they are, engage with women, immigrants, workers of color and low-income workers in a culturally relevant manner. Given the vast evidence surrounding the added barrier to saving for non-native English speakers, providing messaging in multiple languages is paramount. Additionally, due to the unique barriers to saving that women experience, have more women facilitating messaging and education around retirement savings. Importantly, the tone of such efforts needs to be relatable and open for discussion. Potential Secure Choice participants need to know their concerns are not only being addressed, but that their daily struggles have been taken into account.
- **Include Diverse Outreach Tactics for Messaging.** In addition to providing information to employees at qualified places of work, consider looking into how other states are conducting retirement savings outreach. Consider working with news outlets or trade organizations and developing posters and infographics, available both in paper and online. [The Consumer Financial Protection Bureau \(CFPB\)](#) also has ten practices to encourage saving during tax return season that may be helpful in guiding implementation.⁶⁴ Consider timeliness of such messaging (i.e. tax season, holidays, etc.) and location of messaging (public transportation, trusted institutions, public libraries, community organizations, public aid offices, etc.).

The implementation of Secure Choice will be phased in, with the first workers enrolled in 2018, and all eligible workers enrolled by the end of 2020. Given this timeline, this report is timely and can be used as a resource in guiding program implementation. Secure Choice has positioned Illinois to be a leader in retirement savings in the nation. In order to ensure that this exciting program is accessible to all Illinoisans, the unique needs of low-income workers, women, immigrants and workers of color must be addressed. By bringing an evidence base, we hope that this report will be used to ensure that Secure Choice is equitable and accessible for all Illinoisans.

ENDNOTES

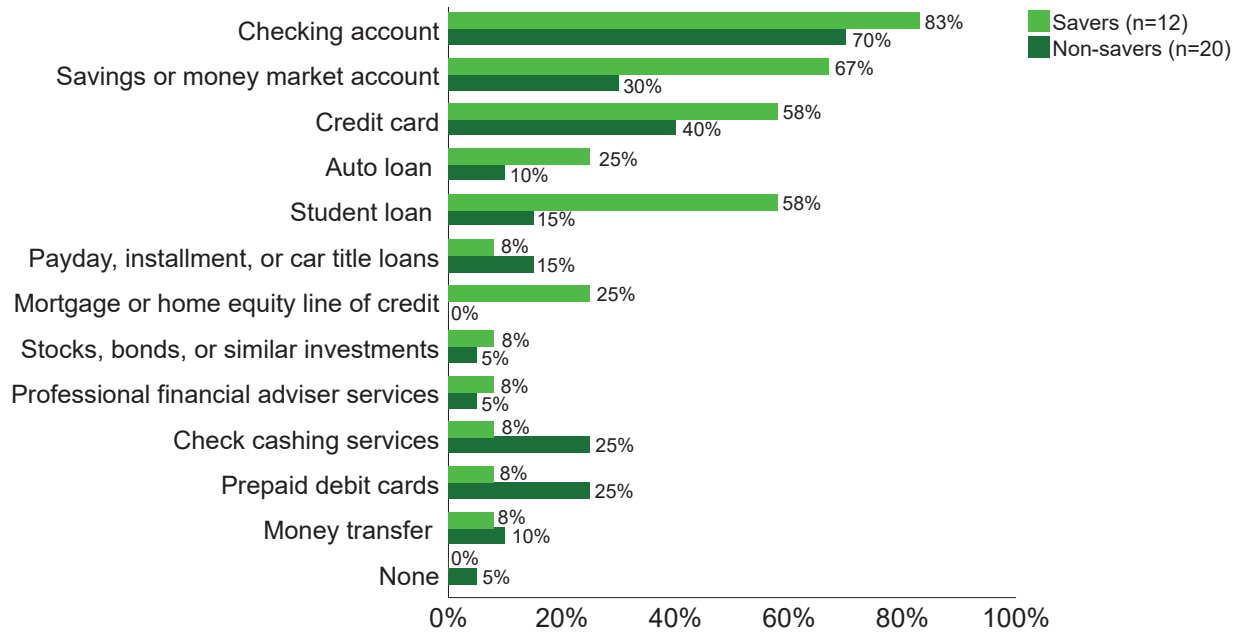
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TECHNICAL APPENDIX

I. Focus Groups

Focus Group Participants' Use of Financial Services in the Last Three Years



II. **Survey Sampling:** 800 surveys (in both English and Spanish) were distributed by community partners throughout Illinois that serve low-income workers, with the aim of collecting 450 surveys. Each site was asked to collect 75 surveys, except for one site that was asked to collect 150 surveys. Sites received a stipend as an incentive for distributing and collecting surveys, and participated in training on how to appropriately administer the survey. Most sites opted for paper surveys, but two sites included electronic surveys. Five sites throughout Illinois were chosen to distribute surveys for their unique positioning in reaching our intended population across the state:

- a. Navicore Solutions, based in Peoria, IL, is a nonprofit organization that provides housing and financial counseling services to consumers nationwide in the areas of personal finance, consumer credit, student loans, foreclosure prevention, and housing. Navicore Solutions provides workshops and educational programs to strengthen the well-being of individuals and families through education, guidance, advocacy, and support. Electronic and paper survey respondents were participants in the community outreach and education programs at Navicore Solutions.
- b. SEIU Healthcare Illinois and Indiana, is the fastest-growing union of healthcare, child care, home care, and nursing home workers in the Midwest. SEIU works with more than 91,000 workers who provide vital care to children, seniors, patients and people with disabilities, and are committed to quality care and quality jobs for home care, hospital, nursing home and child care workers. Electronic survey respondents were union members living in rural and suburban areas throughout Illinois.
- c. Ladder Up, based in downtown Chicago, helps families and students access the financial resources and tools they need to move up the economic ladder. By linking the working poor with more than 1,000 volunteers, many recruited from the Chicago area's top companies and universities, Ladder Up empowers families and enriches communities with practical financial solutions.

Ladder Up provides free financial programs to help families and individuals achieve financial stability. Survey respondents were all clients of Ladder Up and receiving free assistance with their taxes.

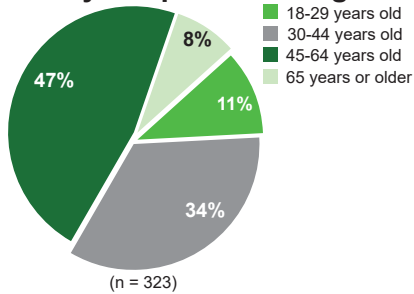
- d. Lessie Bates Davis House, based in East St. Louis, IL, is a faith-based organization that is partnered with United Methodist Women and United Way to empower individuals and families to move out of poverty and achieve self-sufficiency. Many of the community members served by Lessie Bates Davis House are low-income families with financial hardships. Survey respondents were participants of the Providing a Sure Start (PASS) Program, which focuses on family well-being and offers monthly classes related to financial literacy, goal setting, coping with stress, and more.
- e. Instituto del Progreso Latino (IDPL), based in the Pilsen neighborhood of Chicago, works with Latino immigrants and their families through education, training, and employment that fosters full participation in the changing US society while preserving cultural identity and dignity. IDPL combines workforce development, ESL teaching, and youth development. Survey respondents were predominately in both the ESL classes and in the workforce development programs.

Survey Sites

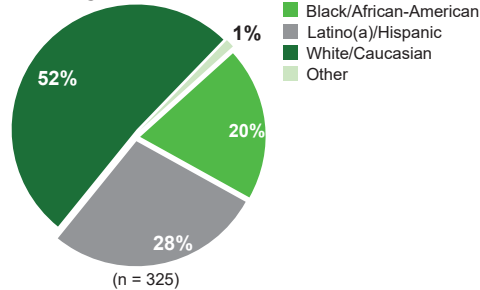
SITE	QUOTA	LOCATION	SURVEY TYPE	# OF SURVEYS COLLECTED
LadderUp	150	Chicago, IL	Paper	92
SEIU Healthcare Illinois & Indiana	75	Hoopeston, IL; Waukegan, IL; Collinsville, IL; Galesburg, IL; East St. Louis, IL; Rushville, IL; Little Indian, IL; Centralia, IL; Orland Park, IL; Rockford, IL; Bolingbrook, IL; Springfield, IL; Christopher, IL; North Chicago, IL; Hopkins Park, IL; Troy, IL; Belleville, IL; Charleston, IL; Farmington, IL; Shelbyville, IL; Olympia Fields, IL; Normal, IL; Alton, IL; Illinois City, IL; Carbondale, IL; Danville, IL; McHenry, IL; Rantoul, IL; Freeport, IL; Elkhart, IL; Beach Park, IL; Sherman, IL; Machesney Park, IL; Paris, IL; Downers Grove, IL; Peoria, IL; Rock Falls, IL; Freeport, IL; Champaign, IL; Joliet, IL	Electronic	62
Lessie Bates Davis House	75	East St. Louis, IL	Paper	76
Instituto del Progreso Latino	75	Chicago, IL	Paper	77
Navicore	75	Peoria, IL	Paper and Electronic	46 (27 paper and 19 electronic)
TOTAL	450			359 (272 paper, 81 electronic, 6 without site entered)

III. **Survey Demographics:** After weighting adjusting most respondents were white females between the ages of 45 to 64 years old born in the United States with either a high school diploma or trade or associate degree and/or some undergraduate college with household incomes less than \$2,400 per month. The following tables demonstrate the impact of the weighting adjustment IMPACT made to the survey responses.

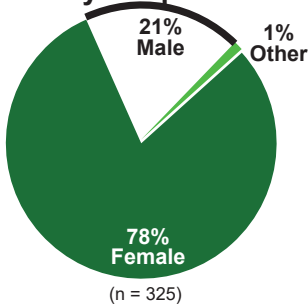
Survey Respondents: Age



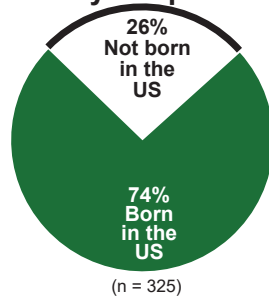
Survey Respondents: Race & Ethnicity



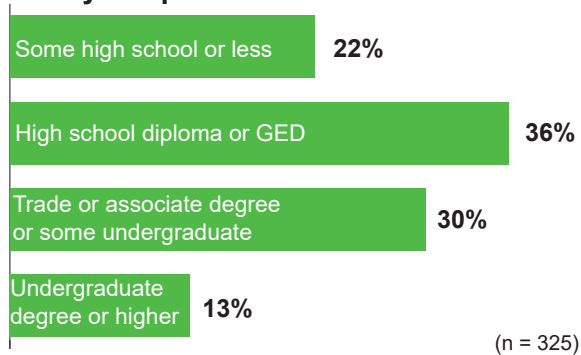
Survey Respondents: Gender



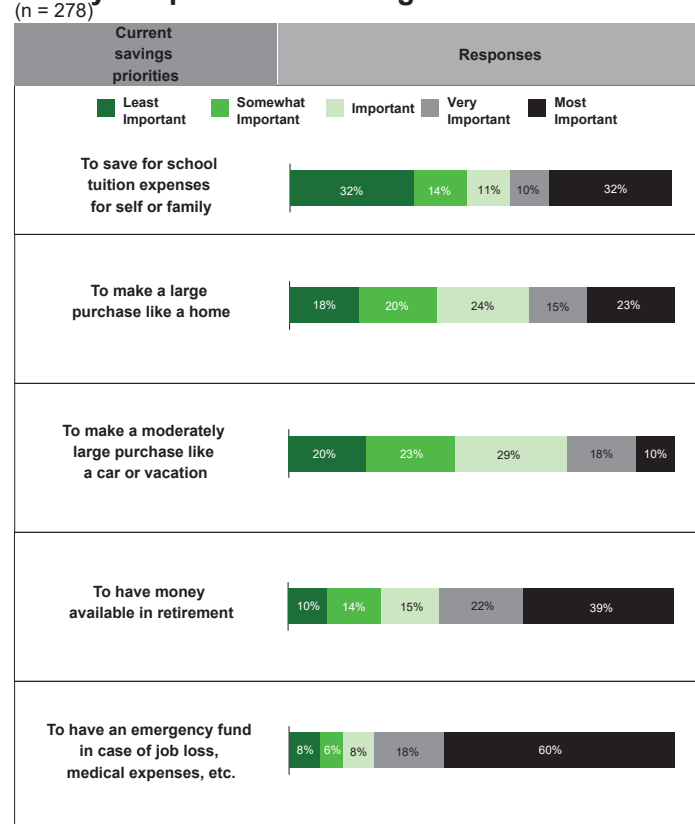
Survey Respondents: Nativity



Survey Respondents: Educational Attainment



Survey Respondents: Saving Priorities



IV. Weighting

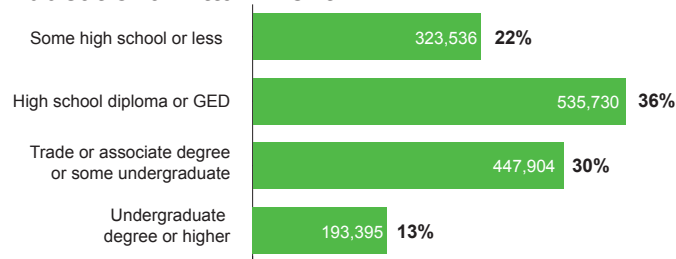
Since IMPACT relied on a convenience sample, there is a chance that the results are biased due to unit non-response bias, item non-response bias, and coverage bias.

In order to address these potential sources of biases, a post-stratification adjustment was applied based on demographic distributions from the Integrated Public Use Microdata Series (IPUMS) which draws samples from the American Community Survey (ACS). Using the 1-year ACS 2015, IMPACT was able to estimate the number and characteristics of low-income Illinoisans. Only respondents with a poverty status between 100 to 199 percent of the federal poverty line and 18 years and older were included in the estimates for the Illinois population. Variables used to correct for biases were: nativity, educational attainment, and race. These variables were found to have the greatest variation on retirement saving outcomes. Besides post-stratification weighting, IMPACT also constructed a design weight. A design weight was used to address the different population sizes covered by each site.

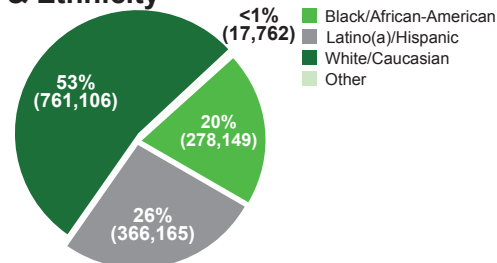
Despite these adjustments, there are still limitations in this data analysis due to the sampling methodology used. Since our sample was based on low-income workers who sought out services from the organizations that distributed the survey, this means that low-income workers who did not seek out services were missed from survey coverage. These workers may be even more vulnerable—with less financial education or more demands on their time, for example—than the workers covered by the survey. Therefore, the estimates of financial need generated by our sample may be conservative. In addition, using a convenience sample prohibits us from calculating confidence intervals or making statistical inferences about the estimates. Caution should be used when interpreting the results.

The following estimates are for low-income Illinoisans based on the data collected from IPUMS:

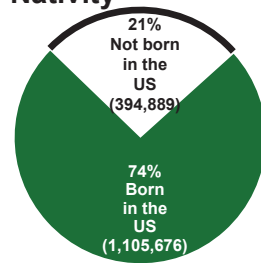
Low-income Illinoisans: Educational Attainment



Low-income Illinoisans: Race & Ethnicity



Low-income Illinoisans: Nativity



V. Interview script

Background

- What is your role within your retirement savings initiative?
- How do you interact directly with participants, if at all?

Implementation and Administration

- Can you describe the process of payroll deduction and its administration in government-managed retirement savings programs?
- Can you describe the role of the payroll administrator and its relationship with the employer and government entity? Do you know if any government-managed retirement savings programs that have come across payroll deduction issues? How did they handle them?
- Can you describe what responsibilities employers face in administering payroll deduction? Have you heard of any administrative concerns raised by employers?

Types of Accounts and Transferability

- What types of fund options have you seen in government-managed retirement savings programs? In your experience, how many options are needed to meet participant risk preferences?
- When multiple fund options are given, who is responsible for educating participants on the differences?
- Can you talk about how have you seen government-managed retirement savings programs deal with portability issues? Are you aware of any administrative barriers that have come up as a person changes employers? For instance, what happens to the account when an employee moves from an eligible firm to an ineligible firm?

Account Accessibility and Ease of Use

- How have you seen retirement savings initiatives address the issue of account accessibility? Do participants receive quarterly statements, have online access to their accounts, etc.? What role do the employer, employee, investment manager, and government agency have in ensuring account accessibility?
- Who is responsible for training employees to understand these statements and account services?

Marketing and Program Awareness

- How have you seen retirement savings initiatives go about educating the public on program availability? Do you have any ideas on what methods work best? i.e. workshops, flyers through schools, non-profit information sessions, language availability, available staff in government offices to answer questions, free information hotline etc.

Encouraging Saving

- In your experience, what have been the most effective default contribution rates? Do you have any exposure to automatically increasing contribution rates and their effects? If so, please expand.
- Can you talk about your experience with matching incentives in retirement savings?
- Have you come across any messaging that encourages low-income and traditionally underserved communities to save?

- Extent of Account Leakages and Policies to Minimize Them
- How much of an issue are account leakages? Do you know reasons why people generally withdraw funds early (emergencies, large purchases etc.)?
- Are you aware of any effective solutions to help minimize leakages? Do you have any knowledge regarding the effectiveness of companion emergency savings accounts in minimizing retirement savings leakage?

Employees that Work for Excluded Firms

- How have other government-managed retirement savings programs dealt with employees who would like to enroll in the program but work for employers that are not required to offer it? i.e. Are they allowed to open accounts on their own? Can automatic deduction still occur from their paychecks or does it need to be administered through their bank account at a later point?
- Are you aware of any policies to help educate and encourage employees like these to participate in the government-managed retirement savings program on their own?

Final Thoughts

- Do you have any recommendations to help improve the implementation of the Secure Choice retirement savings program in Illinois?

VI. Focus Group Script

- Are you saving for your retirement? If so, what are you using to save?
- What motivates you to save for retirement?
- How easy is it for you to save?
- How old were you when you started saving? What prompted you to start?
- For those of you who are not saving for your retirement, why not?
- Have you tried to save in the past? If so, why did you stop? What was difficult about it?
- If your employer offered a retirement savings program, would you be interested in saving? Why or why not?
- If your contributions were taken out of your paycheck automatically, would that affect your likelihood of saving?
- How much would you save?
- How much do you think you need to save for retirement by the time you retire?
- How do you learn about saving for retirement and other financial issues?
- What methods for learning about money are most effective for you? (News, online information, in-person classes, materials from employer, information from family or friends?)
- What do you think are trustworthy sources of information about retirement savings?
- When you think about your retirement, what is your biggest financial priority?
- Being able to maintain your standard of living in retirement

- Being able to travel or pursue other hobbies
- Preparing for health expenses
- Preparing for other emergencies
- Having something to pass on to your children
- Other: _____
- Do you feel like it is likely that you will meet your financial goals by the time you retire? Why or why not?

VII. **Pre-Discussion Questionnaire**

Date: _____

Age: _____

Gender: _____

Race/ethnicity: _____

Zip code: _____

Were you born in the United States?

- Yes
- No
- I don't know/prefer not to answer

What is your current employment status?

- Employed full-time
- Employed part-time
- Self-employed
- Not employed

What is your usual monthly household income before taxes?

Are you currently saving for retirement?

- Yes, through an employer-based retirement account
- Yes, on my own (in a traditional IRA, Roth IRA, or myRA)
- Yes, in a general savings account
- No
- I don't know

Please check all the financial services you have used in the past three years.

- | | |
|--|---|
| <input type="checkbox"/> Checking account | <input type="checkbox"/> Mortgage or home equity line of credit |
| <input type="checkbox"/> Savings or money market account | <input type="checkbox"/> Check cashing services |
| <input type="checkbox"/> Payday, installment, or car title loans | <input type="checkbox"/> Credit card |
| <input type="checkbox"/> Stocks, bonds, or similar investments | <input type="checkbox"/> Auto loan |
| <input type="checkbox"/> Professional financial advisor services | <input type="checkbox"/> Money transfer |
| <input type="checkbox"/> Prepaid debit cards | <input type="checkbox"/> Student loan |

VIII. **Survey**

Retirement Savings Survey

Having enough money to live comfortably in retirement is important for all people, but saving for retirement is out of reach for many people. Heartland Alliance is conducting research to better understand how to make it easier for all people, particularly low- and moderate-income workers, to save for retirement. The results of this research could affect the design of Illinois’s Secure Choice retirement savings program.

As part of the research, Heartland Alliance would like to invite you to share your experiences and opinions by completing a survey. The survey will take about 15 minutes of your time.

Completing this survey is **optional**. You **do not** need to complete the survey in order to receive services from the organization distributing the survey.

Demographic Information		
How old are you?	<input type="checkbox"/> 18-29 years old <input type="checkbox"/> 30-44 years old <input type="checkbox"/> 45-64 years old <input type="checkbox"/> 65 years or older	
Which category do you most identify with?	<input type="checkbox"/> Black/African-American <input type="checkbox"/> Latino(a)/Hispanic <input type="checkbox"/> White/Caucasian <input type="checkbox"/> Other: _____	
Which gender do you most identify with?	<input type="checkbox"/> Female <input type="checkbox"/> Male <input type="checkbox"/> Other	
What is your zip code?	_____	
Were you born in the United States?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> I don't know/prefer not to answer	
What is your highest level of education completed?	<input type="checkbox"/> Some high school or less <input type="checkbox"/> High school diploma or GED <input type="checkbox"/> Trade or associate degree (2-year college) <input type="checkbox"/> Some undergraduate college (4-year college) <input type="checkbox"/> Undergraduate degree (4-year college) <input type="checkbox"/> Some post graduate college (master's PhD or professional) <input type="checkbox"/> Graduate degree (master's PhD or professional)	
What is your usual monthly household income before taxes?	<input type="checkbox"/> Less than \$2,400 per month <input type="checkbox"/> \$2,400 or more per month	
What is the most and least you got paid in one month over the past 12 months?	Highest monthly income in past 12 months \$ _____	Lowest monthly income in past 12 months \$ _____

Current Saving Patterns

Please indicate whether you have used the following financial services in the last 3 years

	Yes	No	I don't know
Checking account	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Savings or money market account	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Payday, installment, or car title loans	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Stocks, bonds, or similar investments	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Professional financial advisor services	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Prepaid debit cards	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Mortgage or home equity line of credit	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Check cashing services	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Credit card	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Auto loan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Money transfer	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Student loan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Do you work full-time, part-time, or seasonally?	<input type="checkbox"/> Full time <input type="checkbox"/> Part time <input type="checkbox"/> Seasonal <input type="checkbox"/> I do not work		
How large is your current employer?	<input type="checkbox"/> Less than 25 employees <input type="checkbox"/> 25 or more employees <input type="checkbox"/> I am currently unemployed <input type="checkbox"/> I am retired <input type="checkbox"/> I am self-employed or an independent contractor <input type="checkbox"/> I don't know		
Does your employer offer any type of pension or retirement savings plan? <i>Employer-based retirement savings accounts may include: 401(k) plans, 403(b) plans, Simplified Employee Pension Plans (SEP), Employee Stock Ownership Plans (ESOP), Money Purchase Pension Plans, Cash Balance Plans, defined contribution plan, defined benefit plan etc.</i>	<input type="checkbox"/> No, my employer does not offer a pension or retirement savings plan <input type="checkbox"/> Yes, my employer offers a pension or retirement savings plan <input type="checkbox"/> I am currently unemployed <input type="checkbox"/> I am retired <input type="checkbox"/> I am self-employed or an independent contractor <input type="checkbox"/> I don't know		

<p>How did you find out about the retirement savings account offered by your employer?</p>	<ul style="list-style-type: none"> <input type="checkbox"/> There was information given to me when I was hired or when I filled out new hire paperwork <input type="checkbox"/> My employer emailed me information <input type="checkbox"/> My employer mailed me information <input type="checkbox"/> I found out from a flyer or poster at work <input type="checkbox"/> I learned about it through our company website <input type="checkbox"/> My supervisor spoke to me about it <input type="checkbox"/> I asked my employer about it <input type="checkbox"/> Other: _____ <input type="checkbox"/> I did not receive information about retirement savings from my employer <input type="checkbox"/> Not applicable – my employer does not offer a retirement savings account <input type="checkbox"/> I am retired <input type="checkbox"/> I am currently unemployed
<p>How did you find out about other benefits or policies from your employer?</p> <p><i>Examples of other benefits or policies may include: overtime policies, health insurance benefits, vacation days, sick leave policies, scheduling policies etc.</i></p>	<ul style="list-style-type: none"> <input type="checkbox"/> There was information given to me when I was hired or when I filled out employment paperwork <input type="checkbox"/> My employer emailed me information <input type="checkbox"/> My employer mailed me information <input type="checkbox"/> I found out from a flyer or poster at work <input type="checkbox"/> I learned about it through our company website <input type="checkbox"/> My supervisor spoke to me about it <input type="checkbox"/> I asked my employer about it <input type="checkbox"/> Other: _____ <input type="checkbox"/> I did not receive information about benefits from my employer <input type="checkbox"/> I am retired <input type="checkbox"/> I am currently unemployed
<p>Are you familiar with Individual Retirement Accounts (IRAs)?</p>	<ul style="list-style-type: none"> <input type="checkbox"/> Yes, I am familiar <input type="checkbox"/> No, I am not familiar
<p>Do you feel that money invested in an Individual Retirement Account (IRA) is likely to grow over time?</p>	<ul style="list-style-type: none"> <input type="checkbox"/> Yes, I feel that money invested in an IRA is likely to grow over time <input type="checkbox"/> No, I do not feel that money invested in an IRA is likely to grow over time <input type="checkbox"/> I don't know
<p>Do you hold any dedicated retirement savings accounts independent of your employer?</p>	<ul style="list-style-type: none"> <input type="checkbox"/> No, I do not hold any dedicated retirement savings accounts independent of my employer <input type="checkbox"/> Yes, I hold dedicated retirement savings accounts independent of my employer, including: <ul style="list-style-type: none"> <input type="checkbox"/> Traditional Individual Retirement Accounts (IRA) <input type="checkbox"/> Roth Individual Retirement Accounts (IRA) <input type="checkbox"/> myRA accounts
<p>Does your spouse or anyone else in your household have a retirement savings account?</p>	<ul style="list-style-type: none"> <input type="checkbox"/> Yes, my spouse or someone in my household has a retirement savings account/pension through work <input type="checkbox"/> Yes, my spouse or someone in my household has a retirement savings account independent of work <input type="checkbox"/> No, no one else in my household has retirement savings accounts <input type="checkbox"/> I don't know

<p>If you have taken financial education classes, which methods were useful to you?</p>	<input type="checkbox"/> Class in grades K – 12 <input type="checkbox"/> Class in college <input type="checkbox"/> Online class <input type="checkbox"/> Class from nonprofit or government <input type="checkbox"/> Class from employer <input type="checkbox"/> I have taken a financial education class but it was not useful <input type="checkbox"/> I have not taken a financial education class
<p>How much do you think you need to save for retirement by the time you retire?</p>	<input type="checkbox"/> \$0 <input type="checkbox"/> \$1 to \$49,999 <input type="checkbox"/> \$50,000 to \$99,999 <input type="checkbox"/> \$100,000 to \$499,999 <input type="checkbox"/> \$500,000 to \$999,999 <input type="checkbox"/> \$1 million or more <input type="checkbox"/> I don't know
<p>What is the total amount of your household's retirement savings?</p>	<input type="checkbox"/> \$1 to \$5,000 <input type="checkbox"/> \$5,000 to \$14,999 <input type="checkbox"/> \$15,000 to \$24,999 <input type="checkbox"/> \$25,000 to \$44,999 <input type="checkbox"/> \$50,000 or more <input type="checkbox"/> I have a defined benefit retirement plan (pension) <input type="checkbox"/> Not applicable – I currently do not have any retirement savings
<p>What is the total amount of your household's non-retirement savings (including college savings, emergency funds, bank savings accounts etc.)?</p>	<input type="checkbox"/> \$1 to \$5,000 <input type="checkbox"/> \$5,000 to \$14,999 <input type="checkbox"/> \$15,000 to \$24,999 <input type="checkbox"/> \$25,000 to \$44,999 <input type="checkbox"/> \$50,000 or more <input type="checkbox"/> Not applicable – I currently do not have any non-retirement savings

Please rate your ability to save money during the following times of year.

	Harder to Save	No Effect on Ability to Save	Easier to Save
Your birthday	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Winter holiday celebrations (Christmas, Hanukah etc.)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Tax refund season	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Spring	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Summer	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Fall	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Winter	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Indicate if the following factors stop your household from saving as much as you feel you should for retirement.

	Not a Barrier to Saving	Small Barrier to Saving	Large Barrier to Saving
I am more focused on enjoying today than saving for the future	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
I think the government will support most of my needs when I am too old to work	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
I haven't thought about my needs in retirement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
I have thought about retirement but haven't gotten around to saving yet	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
I have to save enough for emergencies before I can think about saving for other things	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
I don't know enough about retirement savings plans	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
I don't trust putting my money in a retirement savings plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
I have other long-term savings priorities (down payment on a house, college savings, etc.)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
I have other medium-term savings priorities (family vacations, appliances, etc.)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
I don't have enough money for any type of savings and am living paycheck to paycheck	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
My employer does not offer a retirement savings plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
I do not understand how to choose a retirement savings plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
I have to financially support family that does not live with me	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Please indicate to what extent you agree or disagree that the following institutions are trustworthy when it comes to managing retirement savings accounts on your behalf.

	Strongly Disagree	Somewhat Disagree	Neutral	Somewhat Agree	Strongly Agree
Your employer	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Financial advisors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Banks/credit unions	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Investment companies	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
State government	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Insurance companies	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Federal government	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Please circle a number to rank how much you value the following features of a retirement savings account. **Please use each number only once.**

	Least Important				Most Important
Ability to choose from various investment options	1	2	3	4	5
Ability to have access to account and make transfers remotely using smart phone	1	2	3	4	5
Ability to withdraw funds in cases of hardship (loss of employment, serious illness, death of a family member etc.)	1	2	3	4	5
Ability to withdraw funds in case of other long term investment needs (college tuition for children or self, down payment for house etc.)	1	2	3	4	5
Ability to withdraw funds for any reason	1	2	3	4	5

Please circle a number to rank your current savings priorities. **Please use each number only once.**

	Least Important				Most Important
To save for school tuition expenses for self or family	1	2	3	4	5
To make a large purchase like a home	1	2	3	4	5
To make a moderately large purchase like a car or vacation	1	2	3	4	5
To have money available in retirement	1	2	3	4	5
To have an emergency fund in case of job loss, medical expenses, etc.	1	2	3	4	5

Secure Choice Contribution & Access

Illinois recently adopted a new retirement savings plan called Secure Choice. Workers will be eligible to participate if their employer:

- has been in business for two or more years
- has 25 or more employees
- and does not currently offer a qualified savings plan to their employees

Workers are automatically enrolled in the program, but can chose not to participate. Workers that don't opt out can choose to save a portion of their paycheck into a Roth IRA through automatic deductions from their paycheck. Employees will be allowed to opt out or change their contribution rate. By default, three percent of every paycheck will be contributed to the account.

In the following section, please indicate how you feel about what you know of Secure Choice. Your feedback will be taken into account during the implementation process.

Do you feel you would change the retirement savings contribution rate from 3 percent if you were eligible to participate in Secure Choice?

For example:

*3 percent of a \$750 biweekly paycheck would be \$11.25 per week
 3 percent of a \$1,000 biweekly paycheck would be \$15 per week
 3 percent of a \$2,000 biweekly paycheck would be \$30 per week*

- Yes, I would raise my contribution to 6 percent or more
- Yes, I would raise my contribution to 5 percent
- Yes, I would raise my contribution to 4 percent
- No, I wouldn't change the Secure Choice contribution rate
- Yes, I would lower my contribution to 2 percent
- Yes, I would lower my contribution to 1 percent
- Yes, I would opt out of the plan and contribute 0 percent towards Secure Choice

Some people may not save for retirement because they have trouble meeting their emergency savings needs. They may not feel comfortable saving in a dedicated retirement account, even though there are tax incentives and other long term benefits, because they might need to use that money in an emergency. If the Illinois State Treasurer offered a general-purpose savings account alongside Secure Choice, with similar automatic paycheck deduction options, would that impact your likelihood of saving in the Secure Choice retirement account?

- Yes, having a general-purpose savings account would increase my likelihood of using the Secure Choice retirement savings plan
- No, I would still save using Secure Choice whether or not there was a companion savings account
- No, I would opt out of Secure Choice whether or not there was a companion savings account

Motivation to Save

Please tell us how the following prompts impact your motivation to save for retirement using Secure Choice.

	Very Negative Impact	Somewhat Negative Impact	No Impact	Somewhat Positive Impact	Very Positive Impact
With Secure Choice, you have full ownership of your account from day one – and you can take your savings from job to job	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Make the commitment to save now and enjoy the benefits in retirement.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
People aged 65 to 74 who have retirement savings have, on average, three times more income than those who only receive Social Security.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Do you want the same standard of living in retirement that you enjoy today? Start saving now to make that a reality.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Saving with Secure Choice gives you the peace of mind that you'll have enough in your nest egg to retire comfortably.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Heartland Alliance will be conducting focus groups after the survey to learn about your retirement savings experiences in more depth. The focus groups will take about two hours and you will be compensated for your time. If you would like to learn more about the focus groups, please provide your contact information below. **You do not need to provide contact information if you do not want to participate in the focus groups.**

Name: _____

Phone number: _____

Email: _____

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