



# Why Workers Opt Out of Illinois ‘Secure Choice’ Automated Retirement Savings Program

Survey shows that competing financial priorities influence the decision to participate

## Overview

Most retirement saving is done through workplace retirement plans. As a result, an employee’s lack of access to an employer-sponsored plan can be a critical impediment to workers saving for retirement. Low-wage workers and workers of color have lower rates of access to employer-sponsored plans.<sup>1</sup> In Illinois, for example, 57% of Hispanic workers and 47% of Black workers lack access to such a plan, compared with 36% of White workers.<sup>2</sup>

To address this problem, many states have adopted automated savings programs. The Illinois program, known as Illinois Secure Choice and launched in 2018, allows workers to automatically save a portion of each paycheck in an individual retirement account (IRA). As of December 2023, roughly 140,000 funded accounts are saving an average of \$135 per month as part of Illinois Secure Choice.<sup>3</sup>

The Illinois program, as with programs in other states, automatically enrolls private-sector workers who don't have access to a workplace retirement plan into an IRA; each worker can opt out of participating at any time. Illinois was the second state, after Oregon, to adopt such a program; they were followed by California, Connecticut, Maryland, Colorado, Virginia, and Maine, all of which are actively enrolling savers into their programs. In addition, Delaware, Hawaii, Minnesota, Nevada, New Jersey, New York, Vermont, and Washington have authorized automated savings programs and will be enrolling savers in the future.

To understand the participant experience in automated savings programs, over 2020 and 2021, the RAND Corporation conducted for The Pew Charitable Trusts a series of representative random sample surveys with adults eligible to participate in Illinois Secure Choice. Data on why certain workers have decided to opt out of the Illinois Secure Choice program may help shed some light on the circumstances of these workers—and suggest ways to improve automated savings programs, so they can better serve the workers who need them.

Key findings:

- More than half of the workers who opted out of Illinois Secure Choice said they did so for financial reasons.
  - 29% said their primary reason for opting out was that they needed money for more immediate financial needs, with another 12% saying they needed money to pay off debt; 8% said they needed to save for unexpected expenses; and 6% said they needed the money to save for large expenses.
- 14% of workers who opted out said their primary reason was that they were covered by another retirement plan.
  - Those who were either married or eligible for Illinois Secure Choice through a secondary job were much more likely to report that their primary reason for opting out was being covered by another plan.
  - Workers 55 and older said their primary reason for opting out was being covered by another retirement plan.
  - Workers with the highest levels of education cited being covered by another plan as their primary reason for opting out.
  - White workers were more likely than Black and Hispanic workers to cite another plan as their primary reason for opting out.
- Across racial and ethnic groups, respondents consistently reported that the top reason for opting out was needing money for immediate financial needs.
  - Still, Hispanic workers were more likely than Black and White workers to say their primary reason for opting out was the need to save for unexpected expenses.
- Black and Hispanic workers were more likely than White workers to cite the program being confusing as their primary reason for opting out.

## Primary reasons for opting out of Illinois Secure Choice

While workers are automatically enrolled in Illinois Secure Choice, they can choose to opt out or change their contribution amount at any time. Workers choose to opt out for many reasons, including competing financial priorities, pre-existing retirement plan coverage (such as through another job or through their spouse), or simply because they would prefer not to participate in the program. The program's reported opt-out rate as of December 2023 was just under 40% and participating workers were saving about \$135 a month on average—with more than \$1,100 saved on average per account.<sup>4</sup>

Previous analysis from The Pew Charitable Trusts has shown that these programs disproportionately serve groups that traditionally have had less access than other groups to workplace retirement benefits, including younger workers, Black and Hispanic workers, and those with lower levels of educational attainment and income. Still, Pew found that in the Illinois program, Hispanics were less likely to participate than Black or White employees, relative to their share of the eligible population.<sup>5</sup>

Previous research has also shown that workers who lack access to workplace retirement savings (and are therefore eligible for Illinois Secure Choice and similar automated savings programs in other states) tend to have lower incomes than those who are covered by workplace plans.<sup>6</sup> So it's not particularly surprising that workers who opted out of Illinois Secure Choice most often cited more pressing or immediate financial concerns than saving for retirement. Specifically, 41% of those who opted out said they needed money for more immediate financial concerns; nearly 3 in 10 said this was their primary reason for opting out. Another 12% stated the primary reason they opted out was that they needed to pay off debt. Other financial concerns cited as reasons for opting out included saving for unexpected expenses and saving for large expenses, at 8% and 6% respectively.

Other workers reported already having access to a retirement plan, with 14% saying they were covered by another plan. This coverage could be through a spouse who has a workplace plan: Nearly a quarter of married respondents said their primary reason for opting out was because they were already covered by another retirement plan, compared with just 6% of single respondents. Some workers also have multiple jobs and may be covered at one job and eligible for Illinois Secure Choice at another: Nearly twice as many workers who reported being eligible for the program through a secondary job, rather than their primary job, said they opted out because they were covered by another plan. Also, some workers may already be saving for retirement through their own IRA or another retirement account.

Just 7% of workers said they opted out of Illinois Secure Choice because they found the program confusing, with only 4% citing this as their primary reason for doing so. This suggests that the program is doing an effective job of providing eligible workers with important information and outreach; workers don't appear to be deterred from participating due to a lack of understanding of the program or because they're confused by what they're being offered.

Taken together with the higher numbers of those opting out of Illinois Secure Choice due to immediate needs or debt, this low percentage of people opting out because they find the program confusing underscores the importance of the program's outreach and education efforts—and the need for future automated savings programs to invest in such efforts while continuing to work on reaching those who do find the program confusing or need help with budgeting and debt management.

Table 1

## Financial Concerns Are Among Top Reasons for Opting Out

Few workers opted out because they found the program too confusing

I need more money for immediate needs	29%
I am already covered by another retirement plan	14%
I need to pay off debt	12%
It is not the right time for me to be thinking about saving for retirement	8%
I want to save that money for unexpected expenses	8%
I do not want to take part in a government-sponsored program	7%
I need to save for large expenses	6%
I thought the Secure Choice program was too confusing	4%
My employer or colleagues do not support the Illinois Secure Choice program	2%
I want more money to add to my quality of life	1%
Other	9%

Source: Pew survey of Illinois Secure Choice eligible participants, spring 2020

© 2024 The Pew Charitable Trusts

Of note is the 8% who said the primary reason they opted out was that they wanted to save for unexpected expenses (24% of respondents said this was at least one of the reasons, even if not the primary reason, why they opted out of the program). While automated savings programs are designed to be primarily a retirement savings vehicle, they are also often—as in the case of Illinois Secure Choice—set up as Roth IRAs, with contributions made post-tax. That means that participants can withdraw all or part of their contributions (although not their investment returns) penalty- and tax-free, and could then use the funds in case of emergency or to cover unexpected expenses.

## Racial and ethnic differences in opting out

Hispanic workers were more likely than Black and White workers to cite saving money for an unexpected expense as their primary reason for opting out of the Illinois program. Hispanic workers were also more likely to say they needed to save for large expenses. Black workers, however, were more likely than White or Hispanic workers to say that they needed to pay off debt. White workers were more likely than Black or Hispanic workers to say they were already covered by a retirement plan.

While the overall percentage of people who said they found the program too confusing was low, Black and Hispanic workers were more likely than White workers to say the primary reason they opted out was because they thought that Illinois Secure Choice was too confusing. This may speak to the need for more targeted communications and outreach—using languages spoken primarily in the home, for instance, or trusted messengers—that address the needs and concerns of various populations more specifically.

Despite some differences across racial and ethnic groups, the top reason for opting out among Black, Hispanic, and White workers alike was the need to have money for more immediate needs, with roughly 30% of each group citing it as their primary reason for opting out.

Table 2

## Hispanics More Likely to Opt Out Because They Would Prefer to Save for Unexpected Expenses

Black workers said paying off debt is their primary reason for opting out, with similar rates of all groups saying they needed the money for more immediate needs

	Black	Hispanic	White	Total
I need more money for immediate needs	29%	30%	29%	30%
I am already covered by another retirement plan	10%	8%	22%	14%
I need to pay off debt	17%	11%	11%	12%
It is not the right time for me to be thinking about saving for retirement	7%	10%	7%	8%
I want to save that money for unexpected expenses	6%	10%	6%	8%
I do not want to take part in a government-sponsored program	8%	7%	7%	7%
I need to save for large expenses	3%	10%	3%	6%
I thought the Secure Choice program was too confusing	5%	5%	1%	3%
My employer or colleagues do not support the Illinois Secure Choice program	3%	1%	1%	1%
I want more money to add to my quality of life	1%	1%	2%	1%
Other	11%	7%	10%	9%

Note: A chi-square test indicated a statistically significant relationship between race and ethnicity and primary reason for opting out ( $p < 0.001$ ).

Source: Pew survey of Illinois Secure Choice eligible participants, spring 2020

© 2024 The Pew Charitable Trusts

## Differences in reasons for opting out across age and education

Both age and education are correlated with income, which increases with age and educational attainment. Workers 55 and older and those with higher levels of educational attainment likely also face different life circumstances than younger workers and those with lower levels of education. As a result, workers of different ages and education levels are likely to opt out of an automated savings program for different reasons.

A greater proportion of younger workers—particularly those ages 18-24—said they opted out because now isn't the right time for them to think about saving. Still, similar rates of all age groups except those age 55 or older said the primary reason they opted out was because they needed money for more immediate needs. Workers 55 and older, on the other hand, were much more likely to say they opted out because they were covered by another retirement plan—their top reason for opting out. This age group was the only one for which needing money for immediate needs was not the main reason for opting out.

Table 3

### Highest Rates of All but the Oldest Workers Say They Opt Out to Have Money for More Immediate Needs

Younger workers much more likely to opt out because it is not the right time for them to save

	Ages 18-24	Ages 25-34	Ages 35-44	Ages 45-54	55+	Total
I need more money for immediate needs	28%	31%	34%	29%	20%	29%
I am already covered by another retirement plan	4%	9%	13%	13%	37%	14%
I need to pay off debt	12%	15%	11%	15%	8%	12%
It is not the right time for me to be thinking about saving for retirement	22%	8%	2%	4%	4%	8%
I want to save that money for unexpected expenses	9%	9%	8%	9%	2%	8%
I do not want to take part in a government-sponsored program	3%	8%	8%	7%	8%	7%
I need to save for large expenses	11%	6%	4%	8%	0%	6%
I thought the Secure Choice program was too confusing	2%	3%	7%	4%	2%	4%
My employer or colleagues do not support the Illinois Secure Choice program	0%	1%	2%	3%	2%	2%
I want more money to add to my quality of life	2%	2%	1%	1%	0%	2%
Other	4%	8%	9%	6%	17%	9%

Note: A chi-square test indicated a statistically significant relationship between age cohort and primary reason for opting out ( $p < 0.0001$ ).

Source: Pew survey of Illinois Secure Choice eligible participants, spring 2020

© 2024 The Pew Charitable Trusts



As education levels increased, workers were less likely to say needing money for immediate needs was their primary reason for opting out of Illinois Secure Choice—and more likely to cite being covered by another retirement plan as their primary reason for opting out. In fact, as with older workers, being covered by another retirement plan was the most common primary reason given for opting out by workers with at least a college degree. And as with younger workers, those with lower levels of educational attainment were more likely to say their primary reason for opting out was that it was not the right time for them to save.

Table 4

## Higher Educational Attainment Associated With Coverage by Another Plan as a Primary Reason for Opting Out

Primary reasons for opting out vary across educational levels

	High school or less	Some college	College graduate	Total
I need more money for immediate needs	33%	29%	21%	29%
I am already covered by another retirement plan	5%	12%	34%	14%
I need to pay off debt	10%	15%	13%	12%
It is not the right time for me to be thinking about saving for retirement	11%	7%	4%	8%
I want to save that money for unexpected expenses	10%	8%	4%	8%
I do not want to take part in a government-sponsored program	6%	8%	7%	7%
I need to save for large expenses	7%	5%	3%	6%
I thought the Secure Choice program was too confusing	5%	3%	3%	4%
My employer or colleagues do not support the Illinois Secure Choice program	2%	1%	1%	2%
I want more money to add to my quality of life	2%	1%	1%	2%
Other	7%	10%	9%	9%

Note: A chi-square test indicated a statistically significant relationship between educational attainment and primary reason for opting out ( $p < 0.0001$ ).

Source: Pew survey of Illinois Secure Choice eligible participants, spring 2020

© 2024 The Pew Charitable Trusts

## Conclusion

Workers opting out of Illinois Secure Choice face different priorities and challenges in saving for retirement. Many of these workers have competing and more pressing short-term financial challenges, including low wages and inflation, and needs that compete with their ability to save for retirement. Others already have access to retirement savings opportunities through other means, such as their spouse or another job. This suggests that not all of those opting out of an automated savings program are doing so because they don't feel they can save for retirement.

While it appears that Illinois Secure Choice has been effective at reducing the number of workers opting out due to lack of understanding or confusion, the percentage of Black and Hispanic workers citing confusion about the program as a reason for opting out still exceeded those of White workers. Providing meaningful and targeted communication about automated savings programs to historically underserved populations could help improve the rate of use of automated savings programs among people in these communities. Such education and outreach could be especially beneficial for Hispanic workers, who are more likely than Black or White employees to say they opted out so that they could save for an unexpected expense. In fact, with nearly a quarter of all respondents saying that their desire to save for an unexpected expense was at least a reason for having opted out—and 8% saying it was the primary reason they opted out—improving awareness and understanding of the program's feature allowing them to withdraw at least part of the money from their account could encourage more workers to stay in rather than opt out.



## Endnotes

- 1 The Pew Charitable Trusts, “Who’s in, Who’s Out: A Look at Access to Employer-Based Retirement Plans and Participation in the States” (2016), [https://www.pewtrusts.org/-/media/assets/2016/01/retirement\\_savings\\_report\\_jan16.pdf](https://www.pewtrusts.org/-/media/assets/2016/01/retirement_savings_report_jan16.pdf).
- 2 D. John, G. Koenig, and M. Malta, “Fact Sheet: Illinois: Payroll Deduction Retirement Programs Build Economic Security” (AARP Public Policy Institute, 2022), <https://www.aarp.org/content/dam/aarp/ppi/2022/state-fact-sheets/illinois.doi.10.26419-2Fppi.00164.015.pdf>.
- 3 Illinois Office of the Treasurer, “Monthly Dashboard—December 2023” (2023), [https://illinoistreasurergovprod.blob.core.usgovcloudapi.net/twocms/media/doc/secure%20choice%20monthly%20dashboard\\_december%202023.pdf](https://illinoistreasurergovprod.blob.core.usgovcloudapi.net/twocms/media/doc/secure%20choice%20monthly%20dashboard_december%202023.pdf).
- 4 Ibid.
- 5 The Pew Charitable Trusts, “Demographic Overview of Illinois Secure Choice Program Population” (2023), <https://www.pewtrusts.org/en/research-and-analysis/issue-briefs/2023/08/demographic-overview-of-illinois-secure-choice-program-population>; The Pew Charitable Trusts, “Who’s in, Who’s Out.”
- 6 The Pew Charitable Trusts, “Who’s in, Who’s Out.”

---

**For more information, please visit: [pewtrusts.org/retirementsavings](https://pewtrusts.org/retirementsavings)**

---

### The Pew Charitable Trusts

**Contact:** Omar A. Martinez, communications officer

**Email:** [omartinez@pewtrusts.org](mailto:omartinez@pewtrusts.org)

**Project website:** [pewtrusts.org/retirementsavings](https://pewtrusts.org/retirementsavings)

---

Founded in 1948, **The Pew Charitable Trusts** uses data to make a difference. Pew addresses the challenges of a changing world by illuminating issues, creating common ground, and advancing ambitious projects that lead to tangible progress.