
HOUSE BILL 1893

State of Washington

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By Representatives Pettigrew, Ericks, Kagi, Darneille, Appleton, Ormsby, Dunshee, Nelson, Conway, Hunt, Simpson, Dickerson, Alexander, Morrell, Moeller, Santos, Kenney, and Wood

Read first time 02/02/09. Referred to Committee on Ways & Means.

1 AN ACT Relating to creating the Washington voluntary retirement
2 accounts program; and adding new sections to chapter 41.50 RCW.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

4 NEW SECTION. **Sec. 1.** The legislature finds that small and medium
5 sized businesses find it difficult to offer retirement plans because of
6 the complexity and costs. Businesses offering retirement plans have a
7 better ability to recruit and retain employees. The Washington
8 voluntary retirement accounts program provides a simple and cost-
9 effective way for employers to offer an important employee benefit.
10 The legislature also finds that many workers do not have access to an
11 employment-based retirement plan. Workers who are unable to build up
12 pensions and savings risk living on low incomes in their old age and
13 are more likely to become dependent on state services. The Washington
14 voluntary retirement accounts program provides a simple and inexpensive
15 way for workers to save for retirement.

16 NEW SECTION. **Sec. 2.** The definitions in this section apply
17 throughout this subchapter unless the context clearly requires
18 otherwise.

1 (1) "Director" means the director of retirement systems.

2 (2) "Enrollee" means any worker in this state that is enrolled in
3 the program.

4 (3) "Participating employer" means any private employer, with a
5 place of business in this state, and with employees that have enrolled
6 in the program.

7 (4) "Program" means the Washington voluntary retirement accounts
8 program created under section 3 of this act.

9 NEW SECTION. **Sec. 3.** The Washington voluntary retirement accounts
10 program is created. The director is responsible for the implementation
11 and operation of the program, directly or by contract.

12 NEW SECTION. **Sec. 4.** Prior to the enrollment of individuals or
13 businesses in the program, the director shall design a plan for the
14 operation of the program. The program shall consist of a two-tier
15 system with one or more of the following: A deferred compensation
16 401(k)-type program; SIMPLE IRA-type program; or other internal revenue
17 service approved employer plan, open to all employers who choose to
18 participate for their employees, and workplace-based individual
19 retirement accounts open to all workers. The director shall then seek
20 approval if necessary from the federal internal revenue service to
21 offer the plans and accounts to Washington employers and workers on a
22 tax-qualified basis. The plans and accounts must include the option
23 for enrollees to roll pretax contributions into an individual
24 retirement account or another eligible retirement plan after ceasing
25 participation in the program. A range of investment options must be
26 provided to meet the needs of investors with various levels of risk
27 tolerance and various ages. One option must be life-cycle funds.
28 Other options should include the following, in whole or in part, index
29 funds, bond funds, United States treasury securities, or other
30 investments as appropriate. The Washington state investment board,
31 with respect to the program, shall invest the contributions of
32 participants, in accordance with federal law, and to the extent
33 permissible under federal law, in accordance with RCW 43.84.150,
34 43.33A.140, and 41.50.780, and pursuant to investment policy
35 established by the state investment board for the program. The state

1 investment board shall provide investment options for participants to
2 choose from, and shall establish an investment plan for participants
3 who choose not to self-direct investments.

4 NEW SECTION. **Sec. 5.** Enrollment in the program is not an
5 entitlement and must not result in expenditures that exceed the amount
6 available in the Washington voluntary retirement accounts partnership
7 program account. If it appears that continued enrollment will result
8 in expenditures exceeding the amount available for a particular fiscal
9 year, the director may freeze new enrollments in the program and
10 establish a waiting list of eligible workers, or reduce enrollments.

11 NEW SECTION. **Sec. 6.** Following the design and approval of the
12 program under section 4 of this act, the director shall adopt all rules
13 necessary for the implementation and operation of the program. As part
14 of the rule development process, the director shall consult with
15 employers, workers, private sector retirement plan administrators and
16 providers, and any other individuals or entities that the director
17 determines relevant to the development of an effective and efficient
18 method for operating the program.

19 NEW SECTION. **Sec. 7.** The Washington voluntary retirement accounts
20 partnership program account is hereby established in the custody of the
21 state treasurer. Any state or nonstate funds collected for the program
22 must be deposited in the account. Moneys in the account must be used
23 exclusively for the purposes of administering the program, including
24 for the design and qualification of the program, supporting the
25 administrative cost of enrolling individuals, and providing information
26 about the program. Only the director or a designee may authorize
27 expenditures from the account. The account is subject to the allotment
28 procedures under chapter 43.88 RCW, but an appropriation is not
29 required for expenditures.

30 NEW SECTION. **Sec. 8.** Private employers shall provide employees
31 with the opportunity to enroll in the program, including providing for
32 payroll deductions for those employees that enroll in the program.
33 Employers with employees enrolled in the program are authorized to

1 contract with the enrolled employees to defer or contribute a portion
2 of the enrolled employees' compensation, in accordance with the program
3 rules.

4 NEW SECTION. **Sec. 9.** The director shall report biennially to the
5 relevant committees of the legislature on the effectiveness and
6 efficiency of the program, including the levels of enrollment, the
7 financial status of the program, and the retirement savings levels of
8 participating enrollees.

9 NEW SECTION. **Sec. 10.** No state board, commission, or agency, or
10 any officer, employee, or member is liable for any loss or deficiency
11 resulting from investments by any enrollee.

12 NEW SECTION. **Sec. 11.** Sections 1 through 10 of this act are each
13 added to chapter 41.50 RCW under the new subchapter heading "Washington
14 voluntary retirement accounts program."

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