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SENATE BILL 6506

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State of Washington

55th Legislature

1998 Regular Session

By Senators Bauer and Winsley

Read first time 01/20/98. Referred to Committee on Financial Institutions, Insurance & Housing.

1 AN ACT Relating to tax deferred annuities for school employees; and  
2 amending RCW 28A.400.250.

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

4 **Sec. 1.** RCW 28A.400.250 and 1984 c 228 s 1 are each amended to  
5 read as follows:

6 The board of directors of any school district, the Washington state  
7 teachers' retirement system, the superintendent of public instruction,  
8 and educational service district superintendents are authorized to  
9 provide and pay for tax deferred annuities for their respective  
10 employees in lieu of a portion of salary or wages as authorized under  
11 the provisions of 26 U.S.C., section 403(b), as amended by Public Law  
12 87-370, 75 Stat. 796(~~(, as now or hereafter amended)~~). The  
13 superintendent of public instruction and educational service district  
14 superintendents, if eligible, may also be provided with such annuities.

15 At the request of at least five employees, the employees' employer  
16 shall arrange for the purchase of tax deferred annuity contracts which  
17 meet the requirements of 26 U.S.C., section 403(b), (~~(as now or~~  
18 ~~hereafter amended,~~) for the employees from any company the employees  
19 may choose that is authorized to do business in this state (~~(through a~~

1 ~~Washington licensed insurance agent~~) that the employees may select.  
2 Payroll deductions shall be made in accordance with the arrangements  
3 for the purpose of paying the entire premium due and to become due  
4 under the contracts. Employees' rights under the annuity contract are  
5 nonforfeitable except for the failure to pay premiums.

6 The board of directors of any school district, the Washington state  
7 teachers' retirement system, the superintendent of public instruction,  
8 and educational service district superintendents shall not restrict,  
9 except as provided in this section, employees' right to select the tax  
10 deferred annuity of their choice (~~or the agent, broker, or company~~  
11 ~~licensed by the state of Washington through which the tax deferred~~  
12 ~~annuity is placed or purchased,~~) and shall not place limitations on  
13 the time or place that the employees make the selection.

14 The board of directors of any school district, the Washington state  
15 teachers' retirement system, the superintendent of public instruction,  
16 and educational service district superintendents may each adopt rules  
17 regulating the sale of tax deferred annuities which: (1) Prohibit  
18 solicitation of employees for the purposes of selling tax deferred  
19 annuities on school premises during normal school hours; and (2) (~~only~~  
20 ~~permit the solicitation of tax deferred annuities by agents, brokers,~~  
21 ~~and companies licensed by the state of Washington; and (3)) require  
22 participating companies to execute reasonable agreements protecting the  
23 respective employers from any liability attendant to procuring tax  
24 deferred annuities.~~

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