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HOUSE BILL 2877

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State of Washington

61st Legislature

2010 Regular Session

By Representative Moeller

Read first time 01/15/10. Referred to Committee on Ways & Means.

1 AN ACT Relating to authorizing payment of regulated company stock  
2 in lieu of a portion of salary for educational employees; and amending  
3 RCW 28A.400.250.

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

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

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

18 (2) At the request of at least five employees, the employees'  
19 employer shall arrange for the:

1        (a) Purchase of tax deferred annuity contracts which meet the  
2 requirements of 26 U.S.C. ~~((7))~~ section 403(b), as now or hereafter  
3 amended, for the employees from any company the employees may choose  
4 that is authorized to do business in this state through a Washington-  
5 licensed insurance agent that the employees may select; or

6        (b) Payment to a custodial account for investment in the stock of  
7 a regulated investment company as defined in 26 U.S.C. section  
8 403(b)(7)(c).

9        (3) Payroll deductions shall be made in accordance with the  
10 arrangements for the purpose of paying the entire premium due and to  
11 become due under the contracts. Employees' rights under the annuity  
12 contract are nonforfeitable except for the failure to pay premiums.

13        (4) The board of directors of any school district, the Washington  
14 state teachers' retirement system, the superintendent of public  
15 instruction, and educational service district superintendents shall not  
16 restrict, except as provided in this section, employees' right to  
17 select the tax deferred annuity of their choice, the regulated company  
18 stock held in a custodial account, or the agent, broker, or company  
19 licensed by the state of Washington through which the tax deferred  
20 annuity or regulated company stock is placed or purchased, and shall  
21 not place limitations on the time or place that the employees make the  
22 selection.

23        (5) The board of directors of any school district, the Washington  
24 state teachers' retirement system, the superintendent of public  
25 instruction, and educational service district superintendents may each  
26 adopt rules regulating the sale of tax deferred annuities or regulated  
27 company stock held in a custodial account which: ~~((1))~~ (a) Prohibit  
28 solicitation of employees for the purposes of selling tax deferred  
29 annuities or regulated company stock held in a custodial account on  
30 school premises during normal school hours; ~~((2))~~ (b) only permit the  
31 solicitation of tax deferred annuities or regulated company stock held  
32 in a custodial account by agents, brokers, and companies licensed by  
33 the state of Washington; and ~~((3))~~ (c) require participating  
34 companies to execute reasonable agreements protecting the respective  
35 employers from any liability attendant to procuring tax deferred  
36 annuities or regulated company stock held in a custodial account.

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