
SENATE BILL 6501

State of Washington

61st Legislature

2010 Regular Session

By Senator Pridemore

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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