
Business & Financial Services Committee

SSB 5675

Brief Description: Addressing the minimum operating requirements and the review of plans necessary to be included in the small business retirement marketplace.

Sponsors: Senate Committee on Financial Institutions & Insurance (originally sponsored by Senators Mullet and Angel).

Brief Summary of Substitute Bill

- Allows financial services firms to charge enrollees a de minimis fee for new and low balance accounts in amounts negotiated and agreed upon by the Department of Commerce.
- Changes the plan verification process to allow the Office of the Insurance Commissioner to request the Department of Financial Institutions to review whether a life insurance or annuity plan's license is in good standing.

Hearing Date: 3/6/17

Staff: Robbi Kesler (786-7153).

Background:

The Washington Small Business Retirement Marketplace (Marketplace) allows self-employed individuals and employers with fewer than 100 employees to participate in retirement plans. Private financial service firms may be approved by the Department of Commerce (Department) to offer approved plans on the Marketplace. The Marketplace must provide a range of investment options to meet the needs of investors with various levels of risk tolerance. The private retirement plan options available may include, but are not limited to, individual retirement accounts and life insurance plans designed for retirement.

Prior to approving a plan, the Department must verify with the the Department of Financial Institutions (DFI) and the Office of the Insurance Commissioner (OIC) that the private sector financial services firm offering the plan is licensed or holds a certificate of authority and meets

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all applicable federal laws and regulations. The Department must also verify the plan meets all federal laws and regulations, as required by the Internal Revenue Service.

In order for the Marketplace to operate, there must be at least two financial services firms offering approved plans on the Marketplace. Approved Marketplace plans may not charge participating employers an administrative fee for approved Marketplace plans and may not charge enrollees more than 100 basis points in total annual fees.

Summary of Bill:

Financial services firms may charge enrollees a de minimis fee for new and low balance accounts in amounts negotiated and agreed upon by the Department and financial services firms. The fees must be reasonable and based on all the facts and circumstances.

Prior to submitting the required verification related to life insurance or annuity products to the Department, the OIC may request the DFI conduct a plan review to ensure the plan provider is licensed or holds a certificate of authority, and meets all applicable laws and regulations.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.