
HOUSE BILL 1850

State of Washington

65th Legislature

2017 Regular Session

By Representatives Stanford, Kirby, and Ormsby; by request of Insurance Commissioner

Read first time 02/01/17. Referred to Committee on Business & Financial Services.

1 AN ACT Relating to the review of investment options to be
2 included in the small business retirement marketplace; and amending
3 RCW 43.330.735.

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

5 **Sec. 1.** RCW 43.330.735 and 2015 c 296 s 3 are each amended to
6 read as follows:

7 (1) The Washington small business retirement marketplace is
8 created.

9 (2) Prior to connecting any eligible employer with an approved
10 plan in the marketplace, the director shall design a plan for the
11 operation of the marketplace.

12 (3) The director shall consult with the Washington state
13 department of retirement systems, the Washington state investment
14 board, and the department of financial institutions in designing and
15 managing the marketplace.

16 (4) The director shall approve for participation in the
17 marketplace all private sector financial services firms (~~that meet~~
18 ~~the requirements of~~) as defined in RCW 43.330.732(7).

19 (5) A range of investment options must be provided to meet the
20 needs of investors with various levels of risk tolerance and various
21 ages. The director must approve a diverse array of private retirement

1 plan options that are available to employers on a voluntary basis,
2 including life insurance plans that are designed for retirement
3 purposes, and at least two types of plans for eligible employer
4 participation: (a) A SIMPLE IRA-type plan that provides for employer
5 contributions to participating enrollee accounts; and (b) a payroll
6 deduction individual retirement account type plan or workplace-based
7 individual retirement accounts open to all workers in which the
8 employer does not contribute to the employees' account.

9 (6)(a) Prior to approving a plan to be offered on the
10 marketplace, the department must receive verification from the
11 department of financial institutions (~~and~~) or the office of the
12 insurance commissioner (~~(a)~~):

13 (i) That the private sector financial services firm offering the
14 plan meets the (~~requirements of~~) definition in RCW 43.330.732(7);
15 and (~~b~~)

16 (ii) That the plan meets the requirements of this section
17 excluding subsection (9) of this section which is subject to federal
18 laws and regulations.

19 (b) If the plan includes either life insurance or annuity
20 products, or both, the office of the insurance commissioner may
21 request that the department of financial institutions conduct the
22 plan review as provided in (a)(ii) of this subsection prior to
23 submitting its verification to the department.

24 (c) The director may remove approved plans that no longer meet
25 the requirements of this chapter.

26 (7) The financial services firms participating in the marketplace
27 must offer a minimum of two product options: (a) A target date or
28 other similar fund, with asset allocations and maturities designed to
29 coincide with the expected date of retirement and (b) a balanced
30 fund. The marketplace must offer myRA.

31 (8) In order for the marketplace to operate, there must be at
32 least two financial services firms offering approved plans on the
33 marketplace; however, nothing in this subsection shall be construed
34 to limit the number of private sector financial services firms with
35 approved plans from participating in the marketplace.

36 (9) Approved plans must meet federal law or regulation for
37 internal revenue service approved retirement plans.

38 (10) The approved plans must include the option for enrollees to
39 roll pretax contributions into a different individual retirement
40 account or another eligible retirement plan after ceasing

1 participation in a plan approved by the Washington small business
2 retirement marketplace.

3 (11) Financial services firms selected by the department to offer
4 approved plans on the marketplace may not charge the participating
5 employer an administrative fee and may not charge enrollees more than
6 one hundred basis points in total annual fees and must provide
7 information about their product's historical investment performance.

8 (12) Participation in the Washington small business retirement
9 marketplace is voluntary for both eligible employers and qualified
10 employees.

11 (13) Enrollment in any approved plan offered in the marketplace
12 is not an entitlement.

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