

FINAL BILL REPORT

SSB 5675

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Synopsis as Enacted

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).

Senate Committee on Financial Institutions & Insurance
House Committee on Business & Financial Services

Background: The Washington Small Business Retirement Marketplace (Marketplace) was created in 2015, providing Washington self-employed individuals and employers with fewer than 100 employees the opportunity to participate in retirement plans. Participation in the plan is voluntary for employers, and the program may be supported by private, federal, or state funds. The Department of Commerce (Commerce) must contract with private sector entities to establish the Marketplace and establish protocols for participation. In order for the Marketplace to operate, there must be at least two financial services firms offering approved plans. All private firms and plans that meet the requirements of the Marketplace may participate.

The Marketplace is required to offer options similar to a simple individual retirement account that includes employer contributions, plans that do not include employer contributions, and both target date-type funds and balanced funds. Qualified plans selected by Commerce to offer products on the Marketplace 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. The Department of Financial Institutions (DFI) and the Office of the Insurance Commissioner (OIC) are required to review retirement account products for eligibility for inclusion in the Marketplace.

Summary: There must be at least two approved plans, rather than two financial services firms offering plans, in order for the Marketplace to operate. The Director of Commerce shall limit plans to those with total fees the Director considers reasonable based on all the facts and circumstances. Financial services firms may charge enrollees a de minimis fee for new and/or low balance accounts in amounts negotiated and agreed upon by Commerce and financial services firms. Prior to approving a plan on the Marketplace, Commerce must receive verification from the DFI or the OIC that the plan meets requirements. If a plan includes either life insurance or an annuity product, the OIC may request that the DFI

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conduct the plan review. The Director of Commerce may take actions necessary to implement provisions allowing the marketplace to operate.

Votes on Final Passage:

Senate	44	5
House	73	22

Effective: July 23, 2017