

# FINAL BILL REPORT

## ESSB 6069

---

---

C 327 L 24  
Synopsis as Enacted

**Brief Description:** Improving private Washington workforce retirement security standards by establishing Washington saves, an automatic enrollment individual retirement savings account program, and updating the Washington retirement marketplace statute.

**Sponsors:** Senate Committee on Ways & Means (originally sponsored by Senators Mullet, Valdez, Hunt, Lias, Nguyen, Saldaña and Van De Wege; by request of State Treasurer).

**Senate Committee on Ways & Means**  
**House Committee on Consumer Protection & Business**  
**House Committee on Appropriations**

**Background:** Private sector employers are not required by state or federal law to provide employer sponsored retirement plans. Instead, some small business employers may not offer the retirement plans due to concerns about costs, administrative burdens, and potential liability. Congress enacted the 2019 SECURE Act and the 2022 SECURE 2.0 Act to make offering retirement plans more attractive to employers. Private sector employers offering retirement plans to their employees must comply with the Employee Retirement Income Security Act (ERISA). To qualify for tax benefits available for both employers and employees, employers must maintain adequate record keeping, fairness, and funding in their retirement plans as specified by ERISA.

Private sector employees participate in Social Security, and also have access to federally regulated retirement investment options such as the Individual Retirement Account (IRA). Banks, investment firms, and financial planners advise and assist individuals with planning and investing for retirement.

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

---

*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not part of the legislation nor does it constitute a statement of legislative intent.*

to establish the Marketplace and establish protocols for participation. In order for the Marketplace to operate, there must be at least two approved plans. All private firms and plans that meet the requirements of the Marketplace may participate. Qualified plans on the Marketplace may not charge enrollees more than 100 basis points in total annual fees. The Department of Financial Institutions and the Office of the Insurance Commissioner are required to review retirement account products for eligibility for inclusion in the Marketplace.

**Summary:** Employer eligibility to enroll in a plan through the Marketplace administered by Commerce is expanded to include employers with at least one eligible employee and no maximum. The Marketplace is modified to remove from the private retirement options offered to employers, a payroll deduction IRA or a workplace-based IRA open to all workers in which the employer does not contribute to the employees' accounts. In addition, references to the myRA are removed from statute.

The Washington Saves Program is created, requiring covered employers to allow employees an opportunity to contribute to an IRA through an automatic payroll deduction. Covered employers are businesses located in Washington State for at least two years, that had employees working a combined minimum of 10,400 hours during the previous calendar year, and that do not already offer employees a qualified retirement plan. Employers are required to enroll employees who have had continuous employment of one year or more in the program at default contribution rates. Employees may opt out of the program.

A 15 member governing board is created to design, develop, implement, maintain, and oversee the program. Membership of the board includes:

- one member from each of the two largest caucuses of both the Senate and the House of Representatives;
- the State Treasurer;
- the Director of Labor and Industries (L&I) or the director's designee; and
- the following members, appointed by the Governor:
  1. representing the securities industry;
  2. the insurance industry;
  3. certified financial planners recommended by the National Association of Insurance and Financial Advisors of Washington;
  4. the interests of small, independent businesses in Washington;
  5. the interests of minority-owned and women-owned businesses in Washington;
  6. the Washington asset building coalition;
  7. a retirement advocacy organization;
  8. covered employees; and
  9. covered employers.

The legislative members from the majority caucus of the House of Representatives will convene the initial meeting of the governing board. The board must choose cochairmen from among its legislative membership for the design stage of the program. After the design

stage, the governing board must provide recommendations in the legislative report about who should chair the governing board once the program is operational after July 1, 2027. After July 1, 2027, the legislative members serve in an ex officio, advisory role to the governing board. Governor-appointed members serve three-year terms and may serve two terms over their lifetime. The Department of Financial Institutions will provide staff and administrative support to the board. The governing board must begin meeting in 2025.

The board is responsible for contracting with outside firms to provide investment management and manage the performance of investment managers. Additionally, the board will set the initial default contribution rates between 3 and 7 percent, a default escalation rate of not more than 1 percent, and a maximum default rate of 10 percent. The board must also adopt an investment policy statement and ensure that the investment options offered are consistent with the objectives of the program. The governing board will collect administrative fees to defray the cost of administering the program. The board will report to the Legislature annually on participation, account performance, board decisions, and any recommendations to the regarding the program. The board may enter the program into a consortium alliance, joint venture, partnership, compact or contract with another state or group of states. The program must be launched by July 1, 2027, but implementation may be phased in.

The governing board must submit a preliminary legislative report by December 1, 2025, that includes feedback on the program's proposed timeline and progress on outreach initiatives and program implementation. A final legislative report on program design and implementation recommendations is due December 1, 2026, that must include a comprehensive summary of outreach activities conducted, recommendations on whether the Legislature should make statutory changes to the program, and recommendations on the governing board structure and staffing. Annual legislative reports on program information begin December 1, 2028.

L&I must educate employers of their responsibilities and in the case of noncompliance, investigate complaints, educate employers about how to comply, and, issue citations and collect penalties. Complainants can be a covered employee or someone acting on an employee's behalf. The maximum penalty for a first-time willful violation is \$100 and \$250 for a second willful violation. For subsequent willful violations, the employer is subject to a maximum penalty of \$500 for each violation. L&I must facilitate a process in which employers may appeal complaints.

**Votes on Final Passage:**

Senate	43	6	
House	66	30	(House amended)
House	57	39	(House reconsidered)
			(Senate refused to concur)
House	55	41	(House receded/amended)

Senate 35 12 (Senate concurred)

**Effective:** June 6, 2024

July 1, 2024 (Section 16)

July 1, 2030 (Section 17)