
Appropriations Committee

HB 1270

Brief Description: Concerning automatic deferred compensation enrollment for county, municipal, and other political subdivision employees.

Sponsors: Representatives Bronoske, Ryu, Mena, Reed, Jacobsen, Paul, Duerr, Kloba, Macri and Simmons; by request of Department of Retirement Systems.

Brief Summary of Bill

- Authorizes local governments operating deferred compensation programs to automatically enroll new employees in accordance with plan rules, unless employees affirmatively choose not to participate.

Hearing Date: 1/23/25

Staff: David Pringle (786-7310).

Background:

The Washington State Deferred Compensation Program (DCP) is a supplemental savings program under Section 457 of the federal Internal Revenue Code offered to state employees and to the employees of local governments that elect to participate in the program. Both tax-deferred and post-tax supplemental savings programs are offered. It is administered by the Department of Retirement Systems (DRS) which contracts with a vendor for recordkeeping and other administrative services.

Since 2017 new state employees participate in the DCP with a 3 percent employee contribution unless they choose not to participate (opt-out). Local governments may choose to offer the DRS-administered DCP to their employees, and are also authorized to offer deferred compensation programs to their employees through vendors rather than through the DCP. Statute does not

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authorize local governments to provide deferred compensation programs on an opt-out basis.

Summary of Bill:

Local governments operating deferred compensation programs may automatically enroll new employees in accordance with plan rules, unless employees affirmatively choose not to participate.

Appropriation: None.

Fiscal Note: Requested on January 21, 2025.

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