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**HOUSE BILL 1156**

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**State of Washington**

**69th Legislature**

**2025 Regular Session**

**By Representative Steele**

Prefiled 01/03/25.

1 AN ACT Relating to volunteer firefighter participation in the  
2 state deferred compensation program; and amending RCW 41.50.770.

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

4 **Sec. 1.** RCW 41.50.770 and 2022 c 72 s 1 are each amended to read  
5 as follows:

6 (1) "Employee" as used in this section and RCW 41.50.780 includes  
7 all full-time, part-time, and career seasonal employees of the state,  
8 a county, a municipality, or other political subdivision of the  
9 state, whether or not covered by civil service; elected and appointed  
10 officials of the executive branch of the government, including full-  
11 time members of boards, commissions, or committees; justices of the  
12 supreme court and judges of the court of appeals and of the superior  
13 and district courts; volunteer firefighter participants under RCW  
14 41.24.010(8)(a); and members of the state legislature or of the  
15 legislative authority of any county, city, or town.

16 (2) The state, through the department, and any county,  
17 municipality, or other political subdivision of the state acting  
18 through its principal supervising official or governing body is  
19 authorized to contract with an employee to defer a portion of that  
20 employee's income, which deferred portion shall in no event exceed  
21 the amount allowable under 26 U.S.C. Sec. 401(a) or 457, and deposit

1 or invest such deferred portion in a credit union, savings and loan  
2 association, bank, or mutual savings bank or purchase life insurance,  
3 shares of an investment company, individual securities, or fixed  
4 and/or variable annuity contracts from any insurance company or any  
5 investment company licensed to contract business in this state.

6 (3) Beginning no later than January 1, 2017, all persons newly  
7 employed by the state on a full-time basis who are eligible to  
8 participate in a deferred compensation plan under 26 U.S.C. Sec. 457  
9 shall be enrolled in the state deferred compensation plan unless the  
10 employee affirmatively elects to waive participation in the plan.  
11 Persons who participate in the plan without having selected a  
12 deferral amount or investment option shall contribute three percent  
13 of taxable compensation to their plan account which shall be invested  
14 in a default option selected by the state investment board in  
15 consultation with the director. This subsection does not apply to  
16 higher education undergraduate and graduate student employees and  
17 shall be administered consistent with the requirements of the federal  
18 internal revenue code.

19 (4) Beginning no later than January 1, 2017, any county,  
20 municipality, or other political subdivision offering the state  
21 deferred compensation plan authorized under this section, may choose  
22 to administer the plan with an opt-out feature for new employees as  
23 described in subsection (3) of this section.

24 (5) Beginning no later than December 1, 2023, the department must  
25 offer employees a Roth option in the deferred compensation plan under  
26 26 U.S.C. Sec. 457.

27 (6) Employees participating in the state deferred compensation  
28 plan under 26 U.S.C. Sec. 457 or money-purchase retirement savings  
29 plan under 26 U.S.C. Sec. 401(a) administered by the department shall  
30 self-direct the investment of the deferred portion of their income  
31 through the selection of investment options as set forth in  
32 subsection (7) of this section.

33 (7) The department can provide such plans as it deems are in the  
34 interests of state employees. In addition to the types of investments  
35 described in this section, the state investment board, with respect  
36 to the state deferred compensation plan under 26 U.S.C. Sec. 457 or  
37 money-purchase retirement savings plan under 26 U.S.C. Sec. 401(a),  
38 shall invest the deferred portion of an employee's income, without  
39 limitation as to amount, in accordance with RCW 43.84.150,  
40 43.33A.140, and 41.50.780, and pursuant to investment policy

1 established by the state investment board for the state deferred  
2 compensation plan under 26 U.S.C. Sec. 457 or money-purchase  
3 retirement savings plan under 26 U.S.C. Sec. 401(a). The state  
4 investment board, after consultation with the director regarding any  
5 recommendations made pursuant to RCW 41.50.088(2), shall provide a  
6 set of options for participants to choose from for investment of the  
7 deferred portion of their income. Any income deferred under these  
8 plans shall continue to be included as regular compensation, for the  
9 purpose of computing the state or local retirement and pension  
10 benefits earned by any employee.

11 (8) Any retirement strategy fund asset mix may include investment  
12 in a state investment board commingled fund. Retirement strategy fund  
13 means one of several diversified asset allocation portfolios managed  
14 by investment advisors under contract to the state investment board.  
15 The state investment board shall declare unit values for its  
16 commingled funds no less than monthly for the funds or portions  
17 thereof requiring valuation. The declared values shall be an  
18 approximation of portfolio or fund values, and both the values and  
19 the frequency of the valuation shall be based on internal procedures  
20 of the state investment board. Such declared unit values, the  
21 frequency of their valuation, and internal procedures shall be in the  
22 sole discretion of the state investment board. The state investment  
23 board may delegate any of the powers and duties under this  
24 subsection, including discretion, pursuant to RCW 43.33A.030.

25 (9) Coverage of an employee or volunteer firefighter under  
26 optional salary deferral programs under this section shall not render  
27 such employee ineligible for simultaneous membership and  
28 participation in any pension system for public employees.

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