



## The ERISA Industry Committee

*Driven By and For Large Employers*

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Senate Committee on Financial Institutions,  
Economic Development & Trade  
439 J.A. Cherberg Bldg.,  
P.O. Box 40466,  
Olympia, WA 98504-0466

**RE: Washington Senate Bill 5740**

Ladies and Gentlemen:

The ERISA Industry Committee (“ERIC”) is writing regarding Washington Senate Bill 5740 (“SB 5740”) to reinforce the importance of ensuring that the state-run retirement plan created by the bill does not impose reporting or other requirements on employers sponsoring a retirement plan that is governed by the Employee Retirement Income Security Act of 1974 (“ERISA”) and the preemption protections that it affords.

### **I. ERIC’s Interest in Senate Bill 5740**

ERIC is the only national association that advocates exclusively for large employers on health, retirement, and compensation public policies at the federal, state, and local levels. ERIC members are leaders in every industry sector and provide comprehensive benefits to tens of millions of active and retired workers and their families across the country. ERIC has a strong interest in policies such as SB 5740 that affect the ability of employers to provide cost-effective retirement programs and the ability of employees to receive such benefits.

ERIC supports efforts to enhance and promote retirement savings opportunities, including the establishment of state retirement plans. However, we oppose state rules that conflict with the framework and guidelines set forth under ERISA. ERISA enables employers to establish voluntary self-insured retirement plans that meet the needs of their workforce and sets forth the rules that employers must follow.

The overwhelming majority of tax-qualified retirement plans sponsored by ERIC’s members are individually tailored plans with complex plan designs that contain unique provisions reflective of individual company benefit priorities as well as culture. In addition, many large company retirement plans are tailored to meet the overall compensation and employee benefits goals of the company and are tailored to their industry, competitive environment, and the needs of their workers. As a result, ERIC member company retirement plans generally do not utilize one-size-fits-all enrollment timeframes, eligibility criteria, auto-enrollment features, or company contribution formulas. These plans comply with the federal ERISA law and should not be subject to additional state rules regarding eligibility and enrollment of plan participants.

### **II. ERIC Recommendations**

We are pleased that SB 5740 exempts employers that already offer a retirement plan covered under ERISA. Mandatory state or local retirement plans should focus solely on employers that do not provide a

retirement plan and should explicitly not apply to employers that provide a plan subject to federal rules.

Nonetheless, the statute leaves significant discretion to the director of the program to implement rules for the operation of the plan. Plan sponsors of tax-qualified retirement plans are already under an immense compliance burden imposed by federal law. Thus, the discretion left to the program director raises concerns about the administrative burdens that may be introduced in the future, specifically reporting requirements that might fall upon sponsors of ERISA-covered plans. Additional reporting requirements for employers that already provide a retirement plan are not only preempted by ERISA but also will only deter employers from establishing or continuing to provide an independent retirement plan. Thus, we recommend that SB 5740 include a directive to the program director to not impose any administrative burdens on ERISA plan sponsors.

Ultimately, ERIC shares your goal of increasing retirement access to full-time employees who work for an employer that does not provide a retirement plan. Employers that do not provide a retirement plan are concerned about the legal risks, costs, and administrative burdens of operating a plan and we hope that SB 5740 will alleviate those concerns. However, for employers that already provide a federally-regulated retirement plan, it is important that they be able to continue designing and administering their plans effectively and efficiently based on the individual needs of their workforces, the industries in which they operate, and governing federal law.

ERIC appreciates your consideration of our concerns. If you have any questions concerning our comments, or if we can be of further assistance, please contact us at (202) 789-1400 or [arobinson@eric.org](mailto:arobinson@eric.org).

Sincerely,



Aliya Robinson  
Senior Vice President, Retirement and Compensation Policy