



## **Washington Voluntary Accounts: Universal Access to Retirement Security**

### **The Pension Problem**

- Half of all workers have no employer-sponsored retirement plan
- Complexity and cost prevent many workers and small companies from starting plans
- We're living longer, yet retirement wealth has fallen for the majority of workers during the past two decades – even before the drop in the stock market
- Social Security provides a necessary stable base of income, but workers also need pensions and savings for true security and comfort in old age

### **Washington Voluntary Accounts**

House Bill 1893 and Senate Bill 5791 establish Washington Voluntary Accounts, making it possible for all workers and small business owners to save for retirement. Features include:

- Defined contribution plan with pre-selected menu of investment options
- Administration by Washington Department of Retirement Systems, with the option of private sector contracts, and investment by the State Investment Board
- Payroll deductions and optional employer contributions
- Portability between jobs

The 2-tier system features: In Tier 1) IRAs open to any worker who chooses – simple for workers and their employers; and in Tier 2) A 401(k) or SIMPLE IRA open to any employer who chooses and their employees, with additional employer requirements and higher contribution limits.

### **Advantages of Washington Voluntary Accounts:**

- Provides small businesses with an easy, low cost way to offer retirement benefits and retain employees
- Provides workers with a simple and easy way to save for retirement and build assets
- Promotes low fees and high quality investment options by pooling funds from many small businesses and individual workers
- Broadens the pool of investors, benefiting private investment firms

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**“Building an economy that works. For everyone.”**