

(2) An employer exercising the option under this section may further choose to withdraw from and/or reestablish the provisions of section 2 of this act only once in a calendar year following forty-five days prior notice to the director of the department of retirement systems.

NEW SECTION. Sec. 4. This act shall take effect on September 1, 1984.

NEW SECTION. Sec. 5. There is appropriated for the biennium ending June 30, 1985, from the department of retirement systems expense fund to the department of retirement systems the sum of one hundred thirty-five thousand dollars, or so much thereof as may be necessary, to carry out the purposes of this act.

NEW SECTION. Sec. 6. If any part of this act is found to be in conflict with federal requirements, the conflicting part of the act is hereby declared to be inoperative solely to the extent of the conflict and such finding or determination shall not affect the operation of the remainder of the act in its application: PROVIDED, That the employee proportional contributions required under RCW 41.26.450, 41.32.775 and 41.40.650 may not be altered in any manner. The rules under this act shall meet federal requirements.

NEW SECTION. Sec. 7. If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected: PROVIDED, That the employee proportional contributions required under RCW 41.26.450, 41.32.775 and 41.40.650 may not be altered in any manner.

Passed the Senate March 2, 1984.

Passed the House February 24, 1984.

Approved by the Governor March 27, 1984.

Filed in Office of Secretary of State March 27, 1984.

## CHAPTER 228

[Engrossed Senate Bill No. 4500]

### TAX DEFERRED ANNUITIES—SCHOOLS AND EDUCATIONAL EMPLOYEES

AN ACT Relating to school and educational employees' payroll deductions; and amending section 28A.58.560, chapter 223, Laws of 1969 ex. sess. as last amended by section 113, chapter 275, Laws of 1975 1st ex. sess. and RCW 28A.58.560.

Be it enacted by the Legislature of the State of Washington:

Sec. 1. Section 28A.58.560, chapter 223, Laws of 1969 ex. sess. as last amended by section 113, chapter 275, Laws of 1975 1st ex. sess. and RCW 28A.58.560 are each amended to read as follows:

The board of directors of any school district, the Washington state teachers' retirement system, the superintendent of public instruction, and educational service district superintendents are authorized to provide and

pay for tax deferred annuities for their respective employees in lieu of a portion of salary or wages as authorized under the provisions of 26 U.S.C., section 403(b), as amended by Public Law 87-370, 75 Stat. 796, as now or hereafter amended. The superintendent of public instruction and educational service district superintendents, if eligible, may also be provided with such annuities.

At the request of at least five employees, the employees' employer shall arrange for the purchase of tax deferred annuity contracts which meet the requirements of 26 U.S.C., section 403(b), as now or hereafter amended, for the employees from any company the employees may choose that is authorized to do business in this state through a Washington-licensed insurance agent that the employees may select. Payroll deductions shall be made in accordance with the arrangements for the purpose of paying the entire premium due and to become due under the contracts. Employees' rights under the annuity contract are nonforfeitable except for the failure to pay premiums.

The board of directors of any school district, the Washington state teachers' retirement system, the superintendent of public instruction, and educational service district superintendents shall not restrict, except as provided in this section, employees' right to select the tax deferred annuity of their choice or the agent, broker, or company licensed by the state of Washington through which the tax deferred annuity is placed or purchased, and shall not place limitations on the time or place that the employees make the selection.

The board of directors of any school district, the Washington state teachers' retirement system, the superintendent of public instruction, and educational service district superintendents may each adopt rules regulating the sale of tax deferred annuities which: (1) Prohibit solicitation of employees for the purposes of selling tax deferred annuities on school premises during normal school hours; (2) only permit the solicitation of tax deferred annuities by agents, brokers, and companies licensed by the state of Washington; and (3) require participating companies to execute reasonable agreements protecting the respective employers from any liability attendant to procuring tax deferred annuities.

Passed the Senate March 2, 1984.

Passed the House February 25, 1984.

Approved by the Governor March 27, 1984.

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