Washington Saves Governing Board Meeting Minutes

Tuesday, May 19, 2026
Virtual – Zoom Webinar
2:00pm

The regular meeting of the Washington Saves Governing Board was called to order at 2:00pm on Tuesday, May 19, 2026 by Chair Representative Abell.

Board Members Present:

- Representative Abell, Co-Chair
- Senator Harris
- Treasurer Pellicciotti
- Andy Nicholas as delegate for Director Sacks
- Petros Koumantaros
- John Mangan
- Michaela Corning
- Ryan Davis
- Marguerite Ro
- Karim Lessard
- Mark Mullet

Board Members Absent:

- Representative Reeves, Co-Chair
- Senator Valdez
- Patrick Connor

Staff Present:

- Jonathan Herrera, Program Manager, Washington Saves
- Erin Beck, Washington Saves Staff
- Cal Barker, Washington Saves Staff
- Heidi Iyall, Washington Saves Staff

- Kate Adams, AAG
- Drew Bouton, Policy Director, DFI
- Faith Anderson, Acting Director of Securities, DFI
- Jill Vallely, DFI Staff

Others Present:

- Matt Zuvich, Legislative Director, Office of the Washington State Treasurer

- Angela McNeil, L&I Staff
- Soohyang Lee, Vice President, AKF Consulting

Presenters:

- Mika Malone, Managing Principal, Meketa Investment Group
- Paola Nealon, Managing Principal, Meketa Investment Group
- Kay Ceserani, Managing Principal, Meketa Investment Group

Open Session

Agenda Item 1: Approval of the Minutes and Agenda of the April 21, 2026 Meeting of the Washington Saves Governing Board (Action Item)

Board Comment:
None

Public Comment:
None

Board Action:
Mr. Lessard motioned to approve the minutes and agenda.
This was seconded by Senator Harris.
The motion passed unanimously, 11 ayes and 0 nays

Agenda Item 2: Program Manager's Report (Information Item)
Mr. Herrera provided updates on the RFI and RFP process, the Governance Policy, federal retirement policy developments, and employer data. He clarified that the proposed RFI is intended to explore partnership opportunities with other states, while the proposed RFP would allow the Board to evaluate stand-alone and other solutions offered through a competitive procurement process. He noted that pursuing both processes in parallel would allow the Board to consider all viable options without delaying implementation.
Mr. Herrera also highlighted updates to the Governance Policy, including revisions requested by the Board at the previous meeting and a minor correction to the delegation of authority section. He reiterated that the policy is intended to be a living document and may be revisited as needed.

Mr. Herrera provided a brief federal update, noting increased national attention on retirement savings and universal access initiatives, including the proposed "Trump IRA" concept and implementation of the Saver's Match under SECURE 2.0. He explained that state programs and service providers are monitoring operational questions related to future matching contributions and providing coordinated public comment. He also noted that federal universal-access proposals appear to be developing along different models, including one similar to a national Thrift Savings Plan approach and another that would create a federal employer mandate structure while preserving a role for existing and future state programs. Mr. Herrera emphasized the important role state-facilitated retirement programs continue to play in shaping the future of retirement access.

Finally, Mr. Herrera shared an update on the program's first review of employer data received from ESD. Preliminary analysis suggests that approximately 33,000 employers may fall within the covered employer population after applying statutory eligibility criteria and available retirement plan data. He noted that the data is also helping staff better understand the industries most likely to be affected and will inform future outreach, implementation, staffing, and communications planning.

Board Discussion:
None

Public Comment:
None

Agenda Item 3: RFI and RFP Update (Action Item)
Mr. Herrera introduced this agenda item by explaining that the original timeline for RFI and RFP release had been adjusted to allow more time for the development of both documents. He noted that moving the request for approval to the June meeting still fits within the overall implementation timeline for a July 2027 program launch.

Mr. Herrera explained that in collaboration with DES contracting and policy teams, guidance has been provided that the Governing Board should request delegated authority from DES for this Program Administration & Investment Management procurement. He requested support and approval for staff to continue working through this process with DES.

Board Comment:
A board member inquired about the process in the case that DES denies this delegation of authority request. Mr. Herrera answered that Washington Saves staff will be collaborating with and supported by the DFI administrative division and DES contracting throughout this process. If the interim delegated authority were denied, DES would run the procurement.

Another member asked if the request for delegated authority is only related to procurement and if staff has capacity to handle the request. Mr. Herrera answered that this delegated authority is related to contracting and the statute makes it clear that staff support and administrative support will come from DFI and then during the next legislative session, based on the Board’s recommendation, a decision will be made about the program’s administrative agency.

Public Comment:
None

Board Action:
Mr. Lessard motioned to adopt staff's recommendation for requesting delegated authority. Seconded by Mr. Mullet.
Another member clarified the motion as approval to pursue delegated authority for contracting.
The motion carried unanimously with 11 yays and 0 nays.

Agenda Item 4: Washington Saves Draft Rules (Information Item)
Jill Vallely, DFI Financial Legal Examiner for Registration & Regulatory Affairs, presented an overview of the initial draft rules and summary that was provided to the Board for review ahead of the meeting. She highlighted that there will be a new title of the WAC for the Washington Saves Governing Board to ensure that the regulations would be portable with the program. She noted that in the drafting stage, rules from other SFRP programs were reviewed and found to have a lot of commonality. Ms. Vallely walked through a general outline of the proposed rules: definitions, rules that pertain to covered employers, rules that pertain to individual participants, and program administration and enforcement. She noted that the proposed rules define how to determine whether an employer is a covered employer. She explained that the proposed rules also address interpretive questions such as who is in business in Washington, what constitutes maintaining a physical presence, and what constitutes an employee working for an employer in Washington. Ms. Vallely also reviewed other proposed provisions addressing topics such as employer registration, exemptions, participant communications, program operations, and compliance in collaboration with L&I. Finally, she noted that the draft includes provisions related to privacy and confidentiality, as well as outreach, marketing, and education that are consistent with the Board's statutory authority.

Mr. Herrera thanked Ms. Vallely and Faith Anderson, Acting Director of Securities at DFI, for their work developing the draft regulations. He explained that staff was seeking Board direction during this meeting on several policy decisions before bringing back a more complete draft for approval at a future meeting. He noted that many of the concepts had previously been shared with the Board and socialized with employers and saver-focused organizations, and that feedback generally indicated the proposed approach was practical and workable.

Mr. Herrera then reviewed several employer-focused policy decisions, including employer setup timelines, phased implementation, roster maintenance requirements, annual compliance deadlines, and business identifiers. Staff's preliminary recommendations included allowing employers 30 days to complete registration and roster setup, 30 days to add newly hired or newly eligible employees, and pursuing a phased rollout approach with a shorter implementation timeline than the three-year rollouts used by some early-adopter states.

Mr. Herrera also reviewed saver-focused policy decisions, including the employee decision period, default account type, contribution rates, auto-escalation and related notice requirements, and default investment structure. Staff's preliminary recommendations included a 30-day employee decision period, a Roth IRA as the default account type with the ability to elect a Traditional IRA, a 5 percent default contribution rate, annual 1 percent auto-escalation up to 10 percent, 60 days' notice before auto-escalation increases take effect, and a default investment structure that initially places contributions in a capital preservation option before transitioning to age-appropriate target-date funds. He noted that specific investment options would be determined later as part of the Board's partnership or stand-alone program decision and subsequent investment selection process.

Board Comment:
A member inquired about how people will be receiving the auto-escalation notices as people most at-risk may be experiencing homelessness or changing addresses. Mr. Herrera answered that savers will be able to set their preferences for how they receive notices – either email or mail. We can work with the program administrator to determine what the default communication method will be. The member also noted that a Roth IRA as a default is good and, as a goal, the program should make sure that customization should be as easy, accessible, and available as possible. Another member mentioned that a compressed rollout would make sense. Another member remarked that the first draft is thoughtful and going in a good direction. This member requested that the privacy and confidentiality section be strengthened and that the beneficiary information be included. A member asked if the rules are designed to include gig workers, temporary workers, and seasonal employees and asked if the program participants need to be Washington residents, particularly in terms of college students. Mr. Herrera answered that the rules include information for those who would like to join the program as individuals and that the program is designed to be portable and flexible for those who are mobile in the workforce or temporarily in the state. He noted that anyone who has earned income within the state can participate.

Public Comment:
A member of the public inquired if the contribution rate will be between 3-5%. Mr. Herrera answered that the Board will be setting the default contribution rate, but all savers will have the ability to customize their contribution rate within IRS rules.

Agenda Item 5: Statement of Investment Beliefs (Information Item)
Paola Nealon from Meketa Investment Group gave an overview about how investment beliefs form the foundation for the program. She explained that the Statement of Investment Beliefs will help inform the design of the Investment Policy Statement and establish a shared understanding across the Board; defining what matters most so those themes can be carried through consistently into policy and decision making. She reminded members that Meketa had provided a survey to help shape the discussion and requested that all members complete the survey in order to provide a full picture. Ms. Nealon

outlined some areas of strong alignment among the first set of survey responses: Participant-first and long-term focus, simplicity and clarity, a central role for defaults, cost efficiency, and disciplined design. Areas identified for further Board discussion include: simplicity vs. choice, use of active strategies/complexity, and offering values-aligned investment options. On values-based investment options, she did note that there is alignment among members that it should be optional (not the default setting) and should be externally defined based on transparent methodology.

<u>Board Comment:</u>
None

<u>Public Comment:</u>
A member of the public asked if there will be investment options for ESG or Sharia law investing. Mr. Herrera answered that depends on Board direction. There is currently only one SFRP that offers an ESG fund option, so partnership options with ESG are limited. The Board will be discussing values-based investment options through process of discussing investment beliefs.

Agenda Item 6: Board Member Questions and Comments
None

Agenda Item 9: Public Comment
None

Adjournment:
The meeting was adjourned at 3:35pm by Chair Representative Abell. The next general meeting will be virtual at 2:00pm on Tuesday, June 23 via Zoom Webinar.

Minutes submitted by: Erin Beck, Washington Saves Staff