



Washington Saves: A Business Owner's Guide

What Washington's new workplace retirement program means for your business, what it will ask of you, and every option you have.

INSIDE THIS GUIDE

- What Washington Saves is, in plain English
- Key dates, including what is (and isn't) due in 2026
- Costs, penalties and employee features
- Federal tax credits for starting a plan
- A 4-question test: does it apply to you?
- What employers do, and what they don't
- Side-by-side comparison of all your options
- A checklist and answers to common questions

The short version

Washington is creating a state-run retirement savings program for workers whose employer doesn't offer a retirement plan. If your business qualifies and has no plan, you'll need to either sign up for Washington Saves or offer a plan of your own.

\$0

Program fees charged to employers

5+

Roughly the number of full-time employees (10,400 hours a year) that triggers coverage

2027

The year the program is scheduled to open

5% → 10%

Proposed default employee savings rate, rising 1% a year

2028–29

Proposed registration deadlines, depending on business size

2030

The earliest year penalties can apply

A common misunderstanding: "We have to do something by the end of 2026."

Under the law and the rules proposed so far, **there is no employer filing, registration or payment due in 2026**. The December 1, 2026 date you may have heard about is when the program's Governing Board reports to the Legislature. Two things about 2026 *do* matter: your **2026 payroll hours** are used to decide whether you're covered when the program opens, and late 2026 is a natural time to decide which option fits your business before 2027 begins.

How to read the labels in this guide

LAW Written into state law (chapter 19.05 RCW). These are settled unless the Legislature changes them.

PROPOSED From rules or legislation the program has proposed but not finalized as of October 2026. Details, especially dates, may change. Always confirm at **wasaves.com**.

About this guide

This guide is for education only. It explains the program and lays out the choices available to Washington employers. It does not recommend any option, product or course of action, and it is not tax or legal advice. Every business is different; talk with your own tax, legal and financial professionals before deciding.

What is Washington Saves?

Washington Saves is a state-facilitated retirement savings program, often called an "auto-IRA." It gives employees of businesses without a retirement plan a simple way to save through payroll deduction.

How it works

1. A covered employer registers with the program online.
2. The employer uploads a list of eligible employees.
3. The program contacts each employee. They're enrolled automatically unless they opt out.
4. The employer deducts each participant's contribution from their paycheck and sends it to the program.
5. The money goes into an Individual Retirement Account (IRA) that belongs to the employee and follows them from job to job.

The legal background

- Created by the Legislature in 2024 (ESSB 6069) and written into **chapter 19.05 RCW**. **LAW**
- Overseen by a 15-member Governing Board. Currently housed at the Washington State Department of Financial Institutions; a 2027 proposal would move it to the State Treasurer's office. **PROPOSED**
- Employer requirements are enforced by the Department of Labor & Industries (L&I). **LAW**
- Detailed program rules (chapter 520-01 WAC) were proposed in August 2026. **PROPOSED**

Why the state is doing this

Washington joins more than 15 states with similar programs, including California (CalSavers), Oregon (OregonSaves) and Illinois. The idea is that people are far more likely to save when saving happens automatically at work. Washington's program says it is meant to encourage, not replace, employer-sponsored retirement plans.

What other states' experience shows

\$3B+

Saved across all state auto-IRA programs combined (2026)

~283,000

Employers registered with California's CalSavers (Aug 2026)

~25–30%

Share of workers who opted out in early Oregon and California data

Sources: ASPPA (Sept 2026); Boston College Center for Retirement Research (2023); PLANSPONSOR (2020). Other states' results may not predict Washington's.

Does Washington Saves apply to my business?

Your business is a "covered employer" only if the answer to **all four** questions is yes. **LAW**

1

Have you been in business in Washington for at least two years?

Measured as of the end of the previous calendar year.

If no: not covered yet.

2

Do you have a physical presence in Washington?

Having employees working in the state counts.

If no: not covered.

3

Did your employees work at least 10,400 combined hours in Washington last year?

About 5 full-time employees. The proposed rule uses the hours you report to the Employment Security Department (ESD) under your FEIN. **PROPOSED**

If no: not covered.

4

Do you currently offer no qualified retirement plan to any of your employees?

See the list of qualifying plans below.

If you offer a plan: you're exempt.

Yes to all four? You'll need to register for Washington Saves by your deadline, or offer a qualified retirement plan instead.

Plans that make you exempt

- 401(k), including pooled and multiple-employer 401(k)s
- SIMPLE IRA
- SEP IRA
- 403(b) or 403(a)
- 401(a) profit-sharing or defined benefit (pension) plans
- A plan offered through a trade association, chamber of commerce or PEO **PROPOSED**

Good to know

- **Your 2026 hours count.** The "previous year" for the 2027 launch is 2026. Your four 2026 ESD quarterly reports will show where you stand.
- **Using a PEO?** Under the proposed rule, your business (the client), not the PEO, is the covered employer.
- **Already have a plan?** The proposed rule lets you certify an exemption if the program contacts you.
- Government and tribal employers are excluded.

Timeline: what happens when

Dates marked "Proposed" come from draft rules and legislation and could change. Check wasaves.com before acting on any date.

- **Calendar year 2026**
Your business's 2026 payroll hours determine whether you're covered when the program opens. LAW
- **December 1, 2026**
The Governing Board delivers its final report to the Legislature. **Not an employer deadline.**
- **Late 2026**
The state expects to choose the company that will run the program (recordkeeping, investments, customer service).
- **January – June 2027**
Pilot program with volunteer employers.
- **July 1, 2027**
Program scheduled to open under current law. Employers can begin registering voluntarily. LAW
A 2027 proposal would move opening to **October 1, 2027.** PROPOSED
- **December 1, 2028**
Registration deadline for covered employers with **more than 20,800** employee hours in the prior year (roughly 10+ full-time employees). PROPOSED
- **December 1, 2029**
Registration deadline for **all other** covered employers. PROPOSED
- **Each December 1 after that**
Businesses that newly become covered register by December 1 of that year. PROPOSED
- **January 1, 2030**
Earliest date penalties can apply. Before then, L&I offers technical assistance only. LAW

Why you may see different dates elsewhere

Many payroll and benefits articles say the program is "mandatory starting July 2027." That's when the program opens, but under the August 2026 proposed rules, registration deadlines run to late 2028 and 2029. A July 2026 state presentation showed earlier dates than the proposed rules. Until the rules are final, treat every date as subject to change.

What employers do, and don't do

The law describes the employer's role as "solely ministerial." In practice, it works much like any other payroll deduction.

Your responsibilities **PROPOSED TIMING**

Task	What it involves	Timing
Register	Online form: legal and DBA name, FEIN, mailing and physical address, primary contact.	By your deadline
Upload employees	Name, Social Security or ITIN number, date of birth, address and contact info for each eligible employee (18+).	Within 30 days of registering
Add new people	New hires, and current employees who turn 18.	Within 30 days
Start deductions	Begin withholding the employee's contribution. Not before the employee's 30-day opt-out window ends.	Within 30 days of notice
Send contributions	Remit each pay period's deductions to the program.	Within 7 business days
Keep payroll current	Apply changes and opt-outs the program sends you.	Ongoing

What employers do not have to do

- Pay program fees
- Contribute or match
- Choose or monitor investments
- Act as a fiduciary **LAW**
- Give employees advice
- Hand out program disclosures (the program sends them) **PROPOSED**
- File a Form 5500 or run nondiscrimination testing

What employers may not do

- Contribute to employee accounts or match **LAW**
- Discourage employees from participating
- Advise on investments, savings rates or opting out
- Deduct for employees who opted out
- Accept payment beyond reasonable payroll costs
- Hold back contributions owed to the program

Restrictions from proposed WAC 520-01-055.

PROPOSED

Your payroll provider may be able to handle much of this automatically; integrations with Washington Saves are expected once the program administrator is chosen.

What employees get, what it costs, and what happens if you don't comply

Employee features PROPOSED

Account type	Roth IRA (after-tax contributions; qualified withdrawals are tax-free). Owned by the employee and portable between jobs.
Default savings rate	5% of pay, unless the employee chooses a different rate.
Automatic increases	+1% each January 1 (after 6 months enrolled), up to 10%. Employees get 60 days' notice and can turn this off.
Opting out	30-day window after enrollment information is sent; employees can stop or change at any time after that.
Investments	First 30 days in a capital-preservation option, then a default investment. Target-date funds are under consideration; the final lineup is not yet chosen.
2026 IRA limits	\$7,500 a year, plus \$1,100 for age 50+ (shared across all of a person's IRAs). Roth IRA eligibility phases out at higher incomes. (IRS)

Costs

To employers: no program fees. LAW The real costs are staff time and any charge from your payroll provider.

To employees: not yet set. Participants pay investment and administrative costs from their accounts. For reference, comparable state programs charge roughly **0.5% to 1.0%** of assets a year. That's about \$5 to \$10 a year for every \$1,000 saved.

Enforcement and penalties LAW

- **Before Jan 1, 2030:** technical assistance only. No penalties.
- **From 2030:** L&I sends an educational letter first, with 90 days to fix the issue.
- **Willful violations after that:** up to \$100 for the first, \$250 for the second and \$500 for each one after.
- Improperly withheld employee money can be pursued as a wage-payment violation.

For comparison: California's CalSavers can charge \$250 to \$500 per eligible employee, and OregonSaves \$100 per employee (up to \$5,000 a year). Washington's penalties are written per violation rather than per employee. How L&I will count violations has not yet been spelled out.

Five ways to meet the requirement

Any one of these satisfies the law. Each has trade-offs; none is right for every business.

1 Register for Washington Saves

How it works: State program; you handle payroll deductions only. Employees save in their own Roth IRA.

Consider: No employer fees or fiduciary role. No employer contributions allowed. Savings limited to IRA limits (\$7,500 in 2026). Not eligible for federal startup tax credits.

2 SEP IRA

How it works: Employer-funded only. Each year the employer decides whether to contribute, and the same percentage of pay goes to every eligible employee.

Consider: Simple paperwork and flexible year to year. Employees can't contribute from their own pay. Employer contributions up to 25% of pay, within IRS limits.

3 SIMPLE IRA

How it works: Employees save from pay; the employer must contribute either a match up to 3% or 2% of pay for all eligible employees.

Consider: Low admin, no annual testing. Employee limit \$17,000 in 2026 (more with catch-up). Required employer contribution. For businesses with 100 or fewer employees.

4 401(k): starter, safe harbor or traditional

How it works: Employees save from pay; employer contributions range from none (starter 401(k)) to required (safe harbor) to optional (traditional).

Consider: Highest limits (\$24,500 in 2026, plus catch-up). Most design flexibility. Employer is a plan fiduciary, with annual filings and, for some designs, testing. Eligible for federal startup tax credits.

5 Join a pooled, association or PEO plan

How it works: Join a 401(k) run by a pooled plan provider, trade association, chamber or PEO that shares administration across many employers.

Consider: Much of the admin and some fiduciary duties are handled by the plan's sponsor. Less control over plan design. Costs vary by provider.

Washington also runs a voluntary **Retirement Marketplace** (Department of Commerce) where employers can compare state-reviewed, lower-cost private plans. A plan obtained there counts as a qualified plan.

Comparing your options

	Washington Saves	SEP IRA	SIMPLE IRA	401(k)
Exempts you from the requirement	n/a	Yes	Yes	Yes
Program or plan fees to employer	None	Usually low	Usually low	Low to moderate; varies by provider
Employer contributions	Not allowed	Employer-only; optional each year, same % for all	Required: 3% match or 2% for all	Depends on design: none, required or optional
Employee can save from pay	Yes	No	Yes	Yes
2026 employee limit	\$7,500 IRA limit (+\$1,100 age 50+)	n/a	\$17,000 (+\$4,000 age 50+)	\$24,500 (+\$8,000 age 50+; \$11,250 ages 60–63)
Roth or pre-tax	Roth by default	Pre-tax (Roth may be offered)	Pre-tax (Roth may be offered)	Pre-tax and/or Roth
Employer fiduciary role	None	Limited	Limited	Yes (shared if pooled)
Annual filings / testing	None	None	None	Form 5500; testing unless safe harbor or starter
Federal startup tax credits	Not eligible	Eligible	Eligible	Eligible

Limits from IRS announcement for 2026. Plan features shown are typical; specific providers and plan documents vary.

Questions business owners often weigh

- How much admin time can we realistically give this?
- Do we want to contribute for employees, or not?
- Is our budget fixed, or can it flex year to year?
- Would a retirement benefit help us hire or keep people?
- Do the owners want to save more than \$7,500 a year?
- How much turnover and part-time work do we have?
- Are we comfortable with fiduciary responsibility?
- Does our payroll provider already offer a plan?

Tax credits for starting your own plan

The federal SECURE 2.0 Act expanded tax credits for small businesses that start a new SEP, SIMPLE IRA or 401(k). These credits do not apply to Washington Saves.

Up to \$5,000

Startup cost credit, per year for 3 years. Covers 100% of eligible setup and admin costs for businesses with up to 50 employees (50% for 51–100). Minimum \$500; the cap is \$250 per eligible non-highly-compensated employee, up to \$5,000.

Up to \$1,000

Employer contribution credit, per employee earning \$100,000 or less. 100% in years 1–2, then 75%, 50% and 25% in years 3–5. Full credit for 50 or fewer employees; reduced for 51–100.

\$500

Auto-enrollment credit, per year for 3 years, for adding automatic enrollment to a 401(k) or SIMPLE IRA.

Who generally qualifies

- Businesses with **100 or fewer employees** who earned at least \$5,000 the prior year.
- At least one participant who is not highly compensated.
- No retirement plan covering substantially the same employees in the prior three years.
- Claimed on IRS **Form 8881**. Credits reduce tax owed and are not refundable.

Hypothetical illustration

A business with 8 eligible employees starts a 401(k) with \$2,000 a year in administrative costs and contributes \$1,200 per employee.

Credit	Year 1 (illustrative)
Startup cost credit (greater of \$500 or $8 \times \$250 = \$2,000$; costs were \$2,000)	\$2,000
Auto-enrollment credit (if auto-enrollment is added)	\$500
Employer contribution credit ($8 \times \$1,000$ maximum)	\$8,000
Total potential credits	\$10,500

Hypothetical example for illustration only; not a projection for any business. Actual credits depend on eligibility, costs, contributions, employee wages and your tax liability. Consult a tax professional.

Your checklist and common questions

Steps you can take now

- ☐ Confirm how long your business has operated in Washington.
- ☐ Total your employees' 2026 hours from your ESD quarterly reports. Is it over 10,400? Over 20,800?
- ☐ Check whether you, a PEO, or an association already offer a qualifying plan.
- ☐ Ask your payroll provider how it will support Washington Saves and which retirement plans it integrates with.
- ☐ Decide what matters most: cost, simplicity, contributions, owner savings or recruiting.
- ☐ Compare the options in this guide, including federal tax credits.
- ☐ Sign up for official updates at **wasaves.com**.
- ☐ Talk with your tax, legal and financial professionals.

Can I just wait and see?

Yes. Under the proposed rules, registration isn't due until late 2028 or 2029, and no penalties apply before 2030.

Can I match my employees' savings in Washington Saves?

No. State law prohibits employer contributions to the program.

Am I liable for how the investments perform?

No. Employers are not fiduciaries of Washington Saves.

Do part-time employees count?

Their hours count toward the 10,400-hour test, and employees 18 or older are eligible to enroll.

Can I join as a business owner or sole proprietor?

The Board may allow self-employed people to join voluntarily. Details are pending.

If I start a plan later, can I leave Washington Saves?

Yes. The proposed rules include a process for employers that adopt a qualified plan.

What if an employee earns too much for a Roth IRA?

How the program will handle this is not yet final.

About Four C Financial

Four C Financial is a retirement income planning firm serving retirees, pre-retirees and business owners. We help business owners understand their choices, from employee retirement plans to their own retirement and exit planning.



Dustin Metcalf, CRPC®

Founder and CEO

Dustin brings 16 years of experience as a licensed financial advisor and holds the Chartered Retirement Planning Counselor (CRPC®) designation. After years of seeing clients struggle less with building wealth than with turning it into reliable, tax-efficient income, he founded Four C Financial around retirement income planning. His work centers on business owners, retirees and pre-retirees. Outside the office, he enjoys cooking, sports and time with his wife, Jamie, and their four sons.

HAVE QUESTIONS ABOUT WASHINGTON SAVES?

Let's talk through your options.

Whether you plan to use Washington Saves or want to understand the alternatives, we'll help you sort out whether the requirement applies to you, what each option would involve for your business, and what to do next.

Call 360-865-7357

Email info@fourcfinancial.com

Visit washingtonsaves.info

Web fourcfinancial.com

Schedule a conversation: meetings.hubspot.com/dustin-metcalf

Where this information comes from

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6. Washington Saves RFP and Partnership RFI announcement, Aug 24, 2026. wasaves.com/news
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8. Washington State Department of Labor & Industries, Washington Saves Retirement Program. ini.wa.gov
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Important disclosures

This guide is provided for general educational purposes only. It describes the Washington Saves program and the retirement plan options available to employers. It is not a recommendation to adopt or avoid any program, plan, product or strategy, and it does not consider the circumstances of any particular business or individual.

Four C Financial is not affiliated with, endorsed by, or acting on behalf of the State of Washington, the Washington Saves program, its Governing Board, the Department of Financial Institutions or the Department of Labor & Industries.

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