
Principal Financial to join Washington State 'Retirement Marketplace'

By Editorial Staff Thu, Apr 26, 2018

Providers already on the Marketplace include Finhabits, which offers individual IRAs, and Saturna Trust, which offers a solo 401(k) for the self-employed.

Principal Financial has become the first major retirement plan provider to offer services on Washington State's online Retirement Marketplace, where individuals or employers in that state can find personal or workplace retirement savings plan vendors.

"Principal has been verified by the Washington Department of Financial Institutions to list plans on the Retirement Marketplace," Carolyn McKinnon, the Marketplace Director, told RIJ. "Now they are going through an on-boarding process. We've learned that that takes time. A dozen other firms have entered but not completed the verification process, she said, adding that, to be verified, firms must agree to charge no more than 100 basis points per person, all-in, for administrative, investment and support services.

In an email to RIJ, a spokesperson for Principal said this week:

"Principal supports Washington's public-private partnership approach to increase access to retirement savings plans for businesses and individuals. We are currently finalizing our participation plans and look forward to formally announcing when appropriate."

Based in Des Moines, Principal Financial had about \$655 billion under management in 2017. The company is a leading provider of 401(k) and 403(b) plans. It also administers defined benefit retirement plans, Employee Stock Ownership Plans, deferred compensation plans and pension risk transfer services.

Providers already on the Marketplace include Finhabits, which offers a Roth IRA and a Traditional IRA, and Saturna Trust Company, which offers a solo 401(k) for people who are self-employed.

Washington is one of about a dozen states that have started or taken steps to create either a statewide mandatory auto-enrolled IRA for workers at companies without plans (California and Oregon), a marketplace where individuals can find retirement savings plan providers, or a state-sponsored multi-employer plan (open MEP).

According to the website, the Washington Department of Commerce established its Small

Business Retirement Marketplace in 2017 with legislation, RCW Chapter 43.330.730-750. The state Department of Financial Institutions and/or the Office of the Insurance Commissioner verify that all plans offered on the Marketplace meet the requirements set forth in RCW 43.330.732(7) and 735(6)(a). Enrollment in plans on the Retirement Marketplace is voluntary. Private financial services firms manage enrollment in the plans.

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