

Date of Hearing: April 22, 2026

ASSEMBLY COMMITTEE ON LABOR AND EMPLOYMENT

Liz Ortega, Chair

AB 2650 (Pellerin) – As Amended March 24, 2026

SUBJECT: CalSavers: retirement savings

SUMMARY: Enacts the Savings Access and Vested Empowerment (SAVE) for All Workers Act to make changes to the CalSavers Retirement Savings Trust Act (CalSavers Act), including expanding the definition of “eligible employer” to include household employers, as specified. Specifically, **this bill:**

- 1) Enacts the SAVE for All Workers Act to make changes to the CalSavers Act.
- 2) Expands the definition of “eligible employer” under those provisions to include household employers, defined as those who have hired or contracted someone to work in or around their home for the benefit of their personal household and who provide the employee a W-2 federal tax form to evidence tax deductions at the federal and state level.
- 3) Eliminates the authority of the CalSavers Retirement Savings Board (CalSavers board) to invest in the federal myRA retirement savings program (myRA) and would make related conforming changes.
- 4) Requires the CalSavers Retirement Savings Program (CalSavers program), with CalSavers board approval, to establish an Individual Retirement Account (IRA) on behalf of participants who are eligible to receive federal or state retirement benefits, as specified, establish a payroll deposit emergency savings account on behalf of participants for the purpose of preserving retirement investments, and notify participants at least 30 days prior to the creation of the accounts.
- 5) Expands the CalSavers board’s power and authority to additionally authorize the board to assess the feasibility of multi-state or regional agreements to administer the CalSavers program and to disseminate information concerning tax credits available to small business owners for allowing their employees to participate in the successor to the federal Retirement Savings Contribution Credit (Saver’s Credit), known as the Saver’s Match.
- 6) Eliminates the requirement for the CalSavers board to establish a retirement investments clearinghouse on its website and a vendor registration process, and instead requires vendors that would like to contract with the CalSavers board to provide specified information to the CalSavers board and the CalSavers board to post that information on its website; makes related conforming changes.
- 7) Extends until December 31, 2027, and by December 31 of each calendar year thereafter, the deadline for eligible employers with one or more eligible employees that do not offer a retirement savings program, as specified, to have a payroll deposit retirement savings arrangement to allow employee participation in the program.

- 8) Authorizes the CalSavers board to implement annual automatic escalation of employee contributions, as specified, up to 10 percent of salary, rather than up to 8 percent of salary under current law.
- 9) Subjects each eligible employer that fails to allow its eligible employees to participate in the CalSavers program after the penalties under current law have been assessed to a penalty of \$500 per eligible employee; prohibits the penalties assessed from being imposed more than once every 180 days since the last violation.
- 10) Changes the requirement that the CalSavers board include live presentations to business associations as part of the CalSavers program's comprehensive employer education and outreach, to instead just require presentations (removing "live") to business associations.
- 11) Makes other minor, technical and conforming changes.

EXISTING LAW:

- 1) Creates the CalSavers board consisting of nine members with the State Treasurer serving as chair, and requires the board to design and implement the CalSavers program, subject to its authority and fiduciary duty. Government Code § 100002.
- 2) Establishes a retirement savings trust known as the CalSavers Retirement Savings Trust (CalSavers trust), administered by the CalSavers board, to promote greater retirement savings for California private employees in a convenient, voluntary, low-cost, and portable manner. Government Code § 100004.
- 3) Requires the CalSavers board to use any contributions paid by employees and employers into the trust exclusively for paying benefits to the participants of the CalSavers program, for the cost of administration of the program, and for investments made for the benefit of the program. Government Code § 100004(e).
- 4) Authorizes the CalSavers board to provide for investment in the myRA. Government Code § 100002(e)(1).
- 5) Requires the CalSavers program to include, as determined by the board, one or more payroll deduction IRA arrangements. Government Code § 100008.
- 6) Provides the CalSavers board with the power and authority to, among other things, make and enter into contracts necessary for the administration of the CalSavers trust and to disseminate information concerning tax credits available to small business owners for allowing their employees to participate in the program and the federal Saver's Credit. Government Code §§ 100010 and 100012.
- 7) Requires the CalSavers board, prior to opening the CalSavers program for enrollment, to establish a retirement investments clearinghouse on its website and a vendor registration process, if there is sufficient interest by vendors to participate and provide the necessary funding. Government Code § 100016.

- 8) Requires vendors that would like to participate in the CalSavers board's retirement investments clearinghouse and be listed on the CalSavers board's website as a registered vendor to provide specified information to the board. Government Code § 100016(b).
- 9) Authorizes an employer to choose to have a payroll deposit retirement savings arrangement to allow employee participation in the CalSavers program under the terms and conditions prescribed by the CalSavers board. Government Code § 100032(a).
- 10) Requires, by December 31, 2025, eligible employers with one or more employees that do not offer a retirement savings program to have a payroll deposit savings arrangement to allow employee participation in the program, and authorizes the CalSavers board, in its discretion, to extend the time limit. Government Code § 100032(e).
- 11) Authorizes the CalSavers board to implement annual automatic escalation of employee contributions, as specified, and prohibits contributions subject to automatic escalation from exceeding 8% of salary. Government Code § 100032(l).
- 12) Provides the CalSavers board the powers and duties necessary to administer the enforcement of employer compliance, as provided, and requires the CalSavers board to issue to each employer who fails to allow its eligible employees to participate in the program, as provided, a notice of penalty application. Government Code § 100033(a)-(b)(1).
- 13) Requires each eligible employer that, without good cause, fails to allow its employees to participate in the program, as specified, after the CalSavers board serves a final notice of penalty application, to be subject to a penalty of \$250 per eligible employee and an additional penalty of \$500 per eligible employee if noncompliance continues, as described. Government Code § 100033(b)(2).
- 14) Defines "eligible employee," for purposes of participating in the program, to mean a person employed by an eligible employer except employees in a federally regulated railroad retirement plan, Taft-Hartley plan, or otherwise exempt from state legislative regulatory authority. Government Code § 100000(c).
- 15) Defines "eligible employer" to mean a person or entity engaged in a business, industry, profession, trade, or other enterprise in the state, whether for profit or not for profit, with at least one eligible employee and that satisfies certain requirements to establish or participate in a payroll deposit retirement savings arrangement.
 - a) Excludes from the definition of "eligible employer," sole proprietorships, self-employed individuals, or other business entities that do not employ any individuals other than the owners of the business, the federal government, the state, any county, any municipal corporation, or any of the state's units or instrumentalities. Government Code § 100000(d).

FISCAL EFFECT: Unknown

COMMENTS: Established by legislation in 2016 and officially launched for all eligible employers in July 2019, the CalSavers program was created to address the retirement savings crisis by ensuring all Californians have access to a workplace retirement savings account. The state-run retirement program requires employers that do not sponsor a retirement plan to facilitate IRA payroll deductions for their employees. Employees of eligible employers are automatically enrolled and able to opt-out, change contributions, or keep the account if they switch jobs, with no employer fees or fiduciary liability. Individuals can also participate in the program on their own outside of employment.

This measure is sponsored by the State Treasurer and aims to make several reforms to the CalSavers program:

- 1) *Creates emergency savings accounts within the CalSavers program and authorizes the CalSavers board to establish them for participants.* By creating two separate funds, one for retirement and the other for emergency expenses, participants will be able to better understand which fund is for which expenses, and hopefully avoid retirement fund early withdrawals and hardship withdrawals.
- 2) *Authorizes the CalSavers board to open IRA investment accounts for participants that qualify for federal or state benefits that must be deposited into a specified IRA account.* This allows the CalSavers board to automate a key hurdle to participants claiming federal benefits such as the Savers Match, which provides a 50 percent matching contribution (up to \$1,000 annually). This federal benefit is distributed to the retirement accounts of individuals who earn less than \$20,500 per year and/or joint filers earning less than \$41,000, who contributed to an IRA account that year.
- 3) *Clarifies that household employers must offer the CalSavers program to their employees.* The current definition of “eligible employer” has caused some household employers to assert that they are not a “business, industry, profession, trade, or other enterprise in the state” and thus do not have to offer the program to their employees. The perceived ambiguity in the law has limited household employees’ access to the program and the State Treasurer’s Office has advised CalSavers that this issue must be addressed in statute.
- 4) *Adds ongoing penalties for repeat violators of the CalSavers law.* Current law authorizes the Franchise Tax Board to levy two penalties on employers that fail to give their employees access to the CalSavers program. However, there is no express penalty for employers that repeatedly fail to give their employees access. This measure specifies that the ongoing penalty cannot be assessed more than once every six months. According to the author, roughly 20 percent of non-compliant employers who receive a penalty are repeat violators. The author adds that the CalSavers board has attempted to address this issue in administrative law and has implemented an ongoing penalty for repeat offenders on an annual basis, which has improved compliance among repeat offenders.
- 5) *Changes the contribution automatic escalation cap from 8 percent of employee pay to 10 percent of employee pay.* The author argues that this increase is in line with the majority of programs similar to the CalSavers program and the savings rates typically recommended by financial institutions. Furthermore, the author argues that raising the cap to 10 percent brings the CalSavers program closer to revenue solvency and ultimately no longer relying on taxpayer funding, as it currently receives start-up loans from the General Fund to sustain program operations.

- 6) *Modernizes the CalSavers Act by removing outdated language that is no longer applicable, and conforming the law with industry best practices.* This measure achieves this by 1) eliminating references to the defunct federal myRA program; 2) conforming the legislative language to how the program is actually being implemented by eliminating references to a clearinghouse model and replacing outdated participation deadlines with a continual annual participation deadline for newly eligible employers; and 3) changing the prescriptive live presentation requirement to a performance based standard of presenting to business administrations.

According to the author, “Retirement is something everyone should plan for, and plan for early. As of 2020, over one-fourth of non-retired adults and two-thirds of Millennials do not have any form of retirement savings. Recognizing that access to a retirement program can be especially daunting for individuals in low-to-mid wage sectors, in 2019, the state launched the CalSavers Retirement Savings Program. However, since then, the State Treasurer, who manages the program, has received complaints from both employers and employees about shortcomings with the program.

AB 2620, the Savings Access & Vested Empowerment (SAVE) for All Workers Act, makes a number of key changes to improve implementation, benefits, and enrollment. This includes fixing vague legal terminology around which professions are eligible for enrollment, letting all workers who receive a W-2 form be automatically enrolled for a CalSavers account, increasing the max contribution limits to promote program sustainability, and allowing participants to create an emergency savings account. These changes create positive impacts for the participants and makes the program sustainable and truly accessible for all workers.”

The author adds that the measure promotes equity, per HR 39 (Gipson, 2021) in that “The vast majority of participants in CalSavers are low- to middle-income wage earners working in industries that have long been overlooked by the retirement services industry due to low revenue potential. By strengthening and enhancing the CalSavers program as the bill proposes to do, the proposed legislation provides benefit to this cohort of participants.

These enhancements, notably improving the uptake of federal benefits targeted toward underserved populations and providing access to savings vehicles to which the 401K industry has access, help level the playing field for Californians who lack access to these resources. The bill would require Board staff to work in the best interests of CalSavers participants who qualify for federal Savers Match benefits which are targeted towards low-income earners by streamlining the administrative process to claim these benefits.”

Arguments in Support

The State Treasurer, sponsor of this measure, writes that “This bill updates outdated parts of the CalSavers law, clarifies employer participation requirements, and makes it easier for participants to access federal tax benefits, address financial insecurity and participant retirement savings fund leakage through automatic (opt-out) IRA accounts alongside sidecar emergency savings accounts. Overall, this bill expands economic opportunity and financial security for working Californians, especially underbanked and low- to moderate-income workers—by improving access to retirement savings and helping close the wealth and retirement preparedness gap.”

Arguments in Opposition

None on file.

Prior and Related Legislation

SB 1126 (Cortese), Chapter 192, Statutes of 2022, required eligible employers with one or more eligible employees that do not offer a retirement savings program to have a payroll deposit retirement savings arrangement by December 31, 2025, to allow employee participation in the CalSavers program.

AB 102 (Committee on Budget), Chapter 21, Statutes of 2020, transferred authority from EDD to the CalSavers board to enforce, via the Franchise Tax Board, employer compliance with the CalSavers program; allowed cannabis-regulating agencies to share data with CalSavers for its licensed cannabis businesses; changed other technical aspects and investment limitations of the program; and renamed the California Secure Choice Retirement Savings Trust Act as the CalSavers Retirement Savings Trust Act, and the body that administers the act as the CalSavers board.

SB 1042 (Pan) of 2020 would have required state regulatory licensing authorities of marijuana related businesses to furnish the CalSavers board specified employer contact information with respect to licenses issued. Died in the Senate Labor, Public Employment and Retirement Committee.

SB 83 (Committee on Budget and Fiscal Review), Chapter 24, Statutes of 2019, among other things, required the California Secure Choice Retirement Savings Investment Board to design and disseminate to employers an employee information packet, as specified.

AB 1817 (Committee on Budget), Chapter 37, Statutes of 2018, among other things, changed the name of the California Secure Choice Retirement Savings Program to the CalSavers Retirement Savings Program and made conforming changes.

SB 1207 (De León) of 2018 would have changed the name of the California Secure Choice Retirement Savings Program to the CalSavers Retirement Savings Program. Died in the Assembly Labor and Employment Committee.

SB 1234 (De León), Chapter 804, Statutes of 2016, provided legislative approval for the California Secure Choice Retirement Savings Program (SCRSP) and sets forth recommendations and requirements for the design and implementation of that program.

SB 1234 (De León), Chapter 734, Statutes of 2012, created the initial statutory framework for the SCRSP and required the board to perform a market analysis and feasibility study to determine if SCRSP could be implemented and to publish its findings and bring a recommendation to the Legislature for approval.

AB 2940 (De León) of 2008 would have created the California Employee Savings Program under the administration of the California Public Employees Retirement System (CalPERS) to provide retirement savings opportunities to California's private sector employees, and would have authorized CalPERS to offer deferred compensation programs to state employees. Died in the Senate Appropriations Committee.

REGISTERED SUPPORT / OPPOSITION:

Support

California State Treasurer (Sponsor)
American Association of Retired Persons
Asian Community Center Senior Services
Asian Resources, INC.

The Filipino Community of Sacramento and Vicinity

Opposition

None on file.

Analysis Prepared by: Erin Hickey / L. & E. /