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**SENATE COMMITTEE ON LABOR, PUBLIC EMPLOYMENT AND RETIREMENT**  
**Senator Lola Smallwood-Cuevas, Chair**  
**2025 - 2026 Regular**

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<b>Bill No:</b>	AB 2650	<b>Hearing Date:</b>	June 17, 2026
<b>Author:</b>	Pellerin		
<b>Version:</b>	May 22, 2026		
<b>Urgency:</b>	No	<b>Fiscal:</b>	Yes
<b>Consultant:</b>	Glenn Miles		

**SUBJECT:** CalSavers: retirement savings

**KEY ISSUE**

This bill makes several changes to the CalSavers program to facilitate California workers' eligibility for Savers Match, a federal benefit for eligible IRA account holders; clarify that household employers are covered by CalSavers and must comply with the requirements to cover or enroll their employee or employees; increase penalties for employer non-compliance; increase the automatic employee contribution escalation limit from 8% to 10% of the employee's salary; and eliminate obsolete statutory provisions.

**ANALYSIS**

**Existing law:**

- 1) Creates the CalSavers Retirement Savings Board (consisting of nine members with the State Treasurer serving as chair) and requires the board to design and implement the CalSavers Retirement Savings Program, subject to its authority and fiduciary duty. (Government Code § 100002)
- 2) Establishes a retirement savings trust known as the CalSavers Retirement Savings 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 employers that do not offer a retirement savings program, as specified, to have a payroll deposit retirement savings arrangement to allow employee participation in the CalSavers program but gives the board discretion to extend the time by which employers must participate in CalSavers. (Government Code § 100032)
- 4) Requires the board to use any contributions paid by employees and employers into the trust exclusively for paying benefits to the participants of the CalSavers Retirement Savings Program, for the cost of administration of the program, and for investments made for the benefit of the program. (Government Code § 100004 (e))
- 5) Defines "Eligible employer" as a person or entity engaged in a business, industry, profession, trade, or other enterprise in the state, whether for profit or not for profit, excluding 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, that has at least one eligible employee and that satisfies the requirements to establish or

participate in a payroll deposit retirement savings arrangement, including an employer of a provider of in-home supportive services, as specified; but excludes an employer that provides a retirement savings program, as specified. (Government Code § 100000 (d) and § 100032 (h))

- 6) 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 any employee engaged in interstate commerce so as not to be subject to the legislative powers of the state, except insofar as application of this title is authorized under the United States Constitution or laws of the United States. (Government Code § 100000 (c))
- 7) Defines “myRA” to mean the federal myRA retirement savings program, including any successor program, offered by the United States Department of the Treasury or an IRA offered under that program. ((Government Code § 100000 (f))
- 8) Requires the Cal Savers Retirement Savings Program to include, as determined by the board, one or more payroll deduction IRA arrangements. (Government Code § 100008

**This bill:**

- 1) Names the act establishing the CalSavers program, the Savings Access and Vested Empowerment (SAVE) for All Workers Act.
- 2) Provides that “Eligible employer” also includes household employers.
- 3) Clarifies that “Household employers” includes those who have hired someone to work in or around their home for the benefit of their personal household and provide the employee a W-2 federal tax form.
- 4) Deletes obsolete references to the federal myRA retirement savings program.
- 5) Requires the CalSavers to establish an IRA on behalf of participants who are eligible to receive federal or state retirement benefits, such as tax credits or deposits from any unit of federal or state government, that require monetary deposits into specified IRA accounts.
- 6) Requires CalSavers to notify participants at least 30 days prior to the creation of the IRA accounts created on their behalf and requires the notification include at a minimum the following:
  - a) The benefits and risks associated with the existence and operation of the IRA.
  - b) How to opt out of the IRA.
  - c) The mechanics for how to operate the IRA alongside other CalSavers accounts.
  - d) The process for withdrawal of retirement savings and any penalties or tax implications for early withdrawal.
  - e) How to obtain additional information on the account.
- 7) Requires CalSavers to assess the feasibility of multistate or regional agreements to administer the program through shared administrative resources and enter into those agreements if determined beneficial.

- 8) Requires CalSavers disseminate information concerning federal retirement savings incentive, known as the Saver's Match.
- 9) Deletes the requirement that CalSavers establish a Retirement Investments Clearinghouse on its website and a vendor registration process for private sector providers to provide information on their retirement products to eligible employers and makes conforming changes deleting references to the clearinghouse and the related clearinghouse registry.
- 10) Adds explanation of their "language access services" capacity to the list of information that vendors must provide to contract with CalSavers.
- 11) Requires CalSavers to maintain on its website specified investment performance information regarding contracted vendors' products and provides that CalSavers is not liable for the adequacy of that information.
- 12) Requires eligible employers with one or more eligible employees who become subject to the requirements of the CalSavers Retirement Savings Trust Act on or after January 1, 2027, and who do not offer a retirement savings program to have a payroll deposit retirement savings arrangement to allow employee participation in the CalSavers program.
- 13) Raises the maximum automatic escalation of employees contributions from 8 percent to 10 percent of salary.
- 14) Imposes subsequent penalties of \$500 per eligible employee on each eligible employer that, without good cause, fails to allow its eligible employees to participate in the program. This amount is above the employer's first violation penalties (\$250 per eligible employee and \$500 per eligible employee if noncompliance continues per Section 19287 of the Revenue and Taxation Code). CalSavers may impose the subsequent penalty repeatedly but not to exceed once every 180 days since the last notice of the imposition of a penalty for the specific noncompliance.
- 15) Deletes the requirement CalSavers education and outreach programs to business associations be live, thereby, authorizing video and internet based presentations.
- 16) Requires the Franchise Tax Board (FTB), after notification from CalSavers, to issue to eligible employers, subsequent penalty notices of the imposition of penalties for noncompliance with CalSavers program requirements.
- 17) Allows an eligible employer to appeal the penalty imposition within 90 days after FTB issues the notice, as specified.

## COMMENTS

### 1. Background:

#### *Program History*

The CalSavers program originated from efforts after the 2008 financial crisis to encourage retirement savings and make retirement accounts more accessible to California workers who

do not have a pension fund or an employer-sponsored 401k plan. The crisis severely affected pension and investment funds. As policymakers grappled with how to restructure those systems to recover from the crisis, they also considered policies to address the savings shortfall among vulnerable, low-wage workers. Studies at the time focused on the increasing rate of retirement insecurity caused by the societal decline of traditional defined pension plans and the shifting of investment risk to individual workers. Once thought to be part of a “three-legged stool” consisting of a pension, personal savings, and Social Security, the latter became the last leg left for millions of Americans already pressed by economic instability.<sup>1</sup>

The program’s creators designed CalSavers to eventually require nearly all California employers to either offer a retirement savings account to their employees or to provide an automatic enrollment mechanism for those employees to make automatic contributions into a CalSavers IRA. The automatic contributions begin at 3% and increase yearly, under this bill’s changes, up to 10% of the employees’ salary.

### *Concerns*

Existing law requires CalSavers to cover In-house Supportive Services (IHSS) providers if, among other conditions, CalSavers can identify the appropriate employer of record for the purpose of satisfying all the program’s employer requirements and CalSavers can implement the payroll deduction at reasonable costs.<sup>2</sup>

This bill appears to attempt to implement or expand coverage for IHSS workers by redefining the definition of employer to unmistakably cover household employers, including household employers who have only one employee. The bill also further increases penalties for employer non-compliance. This bill could result in elderly recipients of IHSS services facing ongoing penalties for failing to adopt a payroll deduction arrangement to provide their IHSS service provider access to CalSavers. Complicating matters is the confusion whether an IHSS provider is a contractor or an employee. However, this bill specifies that “Household employers” are those who have hired someone to work in or around their home for the benefit of their personal household and *provide the employee a W-2 federal tax form*.

While extending coverage to vulnerable low-wage IHSS workers most at-risk of retirement insecurity is critical, the committee may wish to contemplate the unintended burden that could befall equally vulnerable small employers and household seniors requiring IHSS services.

The committee recommends that the author consider addressing this concern going forward. One alternative could be to limit penalties based on age, health, or other relevant factors and ensure that accumulated penalties don’t result in punitive tax liens. Another approach could be to require CalSavers or FTB to provide such employers direct assistance in or responsibility for enrolling the senior’s employee.

### **3. Need for this bill?**

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<sup>1</sup> A review of some of the relevant studies from the time can be found here: <https://laborcenter.berkeley.edu/meeting-californias-retirement-security-challenge/>

<sup>2</sup> See Government Code § 100000 (d)(1)(B) and (d)(2) and § 100046.

According to the State Treasurer this bill aims to address five issues that limit its flexibility and reduce its ability to provide benefits to account holders by doing the following: facilitating California workers' eligibility for Savers Match, a federal benefit for eligible IRA account holders; clarifying that household employers are covered by CalSavers and must comply with the requirements to cover or enroll their employee or employees; increasing penalties for employer non-compliance; increasing the automatic employee contribution escalation limit from 8% to 10% of the employee's salary; and eliminating obsolete statutory provisions.

#### 4. Proponent Arguments:

According to the American Association of Retired Persons:

“AB 2650 improves upon CalSavers by allowing participants to take advantage of a new federal benefit called the Saver's Match. This benefit would apply to many CalSavers participants who would receive a direct federal matching contribution deposited into their account, thereby giving their retirement savings a much-needed financial boost.”

AB 2650 also strengthens participant's ability to build financial security and stability at their place of work by creating emergency savings accounts for participants, allowing workers to manage unexpected expenses without tapping into their retirement savings.

According to the Filipino Community of Sacramento and Vicinity:

“By strengthening CalSavers and expanding retirement infrastructure, AB 2650 will help more Californians prepare for retirement, expand the benefits available to them at work, and improve long-term financial stability.”

#### 5. Opponent Arguments:

None received.

#### 6. Dual Referral: The Senate Rules Committee referred this bill to the Senate Labor, Public Employment Committee and to the Senate Revenue and Taxation Committee.

#### 7. Prior Legislation:

SB 1126 (Cortese), Chapter 192, Statutes of 2022, expanded CalSavers coverage to employers that have one or more employees and mandates that all eligible employers participate in CalSavers by December 31, 2025, unless the CalSavers' board extends that date.

AB 102 (Committee on Budget, Chapter 21), Statutes of 2020, transferred authority from EDD to the CalSavers board to enforce, via FTB, employer compliance with the CalSavers program; allowed cannabis-regulating agencies to share data with CalSavers for its licensed cannabis businesses; and made other technical updates to the CalSavers program.

AB 1817 (Committee on Budget), Chapter 37, Statutes of 2018, (Sec. 29-39), as part of a budget trailer bill for state government renamed the program from the California Secure Choice Retirement Savings Program to the CalSavers Retirement Savings Program.

SB 1042 (Pan, 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. The bill died in the Senate Labor, Public Employment and Retirement Committee.

SB 1207 (De León, 2018) would have changed the name of the California Secure Choice Retirement Savings Program to the CalSavers Retirement Savings Program. The bill 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 California Secure Choice Retirement Savings Program (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, 2008) would have created the California Employee Savings Program (CalESP), 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. The bill died in the Senate Appropriations Committee.

#### **SUPPORT**

California State Treasurer (Sponsor)  
American Association of Retired Persons  
Asian Community Center Senior Services  
Asian Resources, INC.  
California Association for Micro Enterprise Opportunity Network  
The Filipino Community of Sacramento and Vicinity

#### **OPPOSITION**

None received

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