
SENATE COMMITTEE ON REVENUE AND TAXATION

Senator Jerry McNerney, Chair

2025 - 2026 Regular

Bill No: AB 2650

Author: Pellerin

Version: 5/22/26 Amended

Consultant: Summers

Hearing Date: 6/24/26

Tax Levy: No

Fiscal: Yes

CALSAVERS: RETIREMENT SAVINGS

Enacts the Savings Access and Vested Empowerment (SAVE) for All Workers Act and makes several programmatic changes to the CalSavers Program and FTB collection notices.

Background

In 2012, the Legislature enacted SB 1234 (De León, 2013), establishing the California Secure Choice Retirement Savings Program to operate as a state-administered retirement savings plan for private sector workers who do not participate in any other type of employer-sponsored retirement savings plan. SB 1234 requires the Program, among other things, to:

- Include one or more individual retirement account (IRA) arrangements for private sector employees.
- Allow participating employers to contribute to their employees' IRA on their employees' behalf or match their employees' contributions, provided that the contributions would be permitted under the Internal Revenue Code and would not cause the program to be treated as an employee benefit plan under the Employee Retirement Income Security Act.
- Impose a penalty of \$250 per employee on employers who, without good cause, fail to allow their employees to participate in the program within 90 days after being notified of failure to comply by the Employment Development Department (EDD).
- If the employer is found to be in willful noncompliance 180 days after the notice, an additional penalty of \$500 per eligible employee is imposed.
- Requires each eligible employee to be enrolled in the Program unless the employee opts out.
- Establish guiding principles and restrictions for the investment policy of trust assets, and limit the types of investments permitted for the investment of funds.

As a part of the 2020 Budget Act, the Legislature enacted AB 102 (Committee on Budget), which renamed the program in statute from California Secure Choice to CalSavers and transferred enforcement responsibilities for the CalSavers program from EDD to the CalSavers Retirement Board and Franchise Tax Board (FTB). Specifically, AB 102:

- Allows cannabis-regulating agencies to share data with CalSavers for its licensed cannabis businesses at no cost to the businesses, state agencies, or California taxpayers.
- Allows an eligible employee to opt out of the program by phone.
- Allows the CalSavers Retirement Board the discretion to determine whether employees who opted out of the program are to be re-enrolled.

- Allows employers to appeal any penalty imposed in writing to the FTB.
- Requires CalSavers Retirement Board to reimburse the FTB for any costs for administering the program.
- Authorizes the FTB to disclose information to the CalSavers Board to facilitate the collection of amounts due and the appeals of the determination of the board, as specified.

FTB CalSavers penalty collections. FTB collects tax owed through self-assessment, audit, settlement, and filing enforcement. Automated systems collect revenue from taxpayers who voluntarily comply, while manual collections make efforts to collect from taxpayers who do not comply. In collaboration with information provided by CalSavers, FTB distributes penalty notices, collects payments, and administers an appeals process for employers. Upon notification from CalSavers, FTB would issue a penalty notice, perform collection activities, and administer employer appeals. If an employer receives an FTB notice for the penalty imposed by CalSavers, it either has not registered or has not yet complied with other CalSavers program requirements, such as:

- Providing eligible employee information on time.
- Providing new eligible employee information on time.
- Remitting employee contributions.

If an employer disagrees with the notice, they must contact CalSavers to discuss the penalty balance due. FTB does not have detailed information about employer accounts or penalty status. Amounts collected would continue to be transmitted to the CalSavers Retirement Savings Trust, and the CalSavers Board would reimburse FTB for the administrative costs associated with these functions.

California State Treasurer, Fiona Ma wants to improve the implementation, benefits, and enrollment processes to address employer and employee confusion on how to comply with the CalSavers program.

Proposed Law

Assembly Bill 2650 enacts the Savings Access and Vested Empowerment (SAVE) for All Workers Act and makes several programmatic changes to the CalSavers Program and FTB collection notices. Specifically, the bill:

- Provides that “Eligible employer” also includes household employers 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.
- Requires CalSavers to establish an IRA on behalf of participants who are eligible to receive federal or state retirement benefits that require deposits into IRA accounts.
- Requires CalSavers to notify participants at least 30 days prior to the creation of the IRA accounts created on their behalf.
- Requires CalSavers disseminate information concerning federal retirement savings incentive, known as the Saver’s Match.
- Raises the maximum automatic escalation of employees’ contributions from 8 percent to 10 percent of salary.

- 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.
- Authorizes CalSavers to 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.
- 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.
- Allows an eligible employer to appeal the penalty imposition within 90 days after FTB issues the notice, as specified.
- Makes other technical and conforming changes.

State Revenue Impact

No estimate.

Comments

1. Purpose of the bill. 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 2650, 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 W2 form be automatically enrolled for a CalSavers account, and increasing the max contribution limits to promote program sustainability. These changes create positive impacts for the participants and makes the program sustainable and truly accessible for all workers.”

2. Equity. Existing FTB services would not provide a senior or other vulnerable household employer with direct assistance in enrolling an employee in CalSavers. FTB’s role is limited to issuing penalty notices, collecting penalties, routing program questions to CalSavers, and handling appeals of unresolved penalty disputes. As a result, a household employer or small business owner with limited support for understanding their obligation under AB 2650 may not receive practical assistance available to them to comply with the requirements of this bill. To avoid shifting the administrative burden onto individuals least equipped to comply, the Committee may wish to consider whether requiring CalSavers, in coordination with FTB, to provide direct, plain-language enrollment assistance and a meaningful cure period before penalties are imposed would further improve the program benefits.

3. Double-referred. The Senate Rules Committee ordered a double referral for AB 2650: first to the Committee on Labor and Public Employment, which passed on a 4-1 vote; and second to the Committee on Revenue and Taxation.

Assembly Actions

Assembly Labor and Employment:	6-1
Assembly Appropriations Committee:	11-3
Assembly Floor:	60-14

Support and Opposition (6/18/2026)

Support: California State Treasurer Fiona Ma (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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