SENATE COMMITTEE ON APPROPRIATIONS
Senator Sabrina Cervantes, Chair
2025 - 2026 Regular Session

AB 2650 (Pellerin) - CalSavers: retirement savings

Version: May 22, 2026
Policy Vote: L., P.E. & R. 4 - 1, REV. & TAX. 4 - 0
Urgency: No
Mandate: No
Hearing Date: August 3, 2026
Consultant: Robert Ingenito

Bill Summary: AB 2650 would (1) enact the Savings Access and Vested Empowerment (SAVE) for All Workers Act, and (2) make several programmatic changes to the CalSavers Program and FTB collection notices.

Fiscal Impact:

- The State Treasurer's Office (STO), which administers the CalSavers program, estimates minor and absorbable costs to implement this bill. However, the Budget Act of 2025 continues existing authority for the Department of Finance to provide up to $2 million in General Fund loans to support the Program's implementation and administrative costs. The bill would increase the Board's workload by expanding CalSavers to household employers and making other specified changes. The program is not yet fully self-sustaining. While expanding enrollment would ultimately increase program assets and fee revenue to help offset administrative costs, these expansions could increase General Fund cost pressures in the near term until the program becomes self-supporting.

- FTB indicates that the bill would not have an impact to state revenues. FTB's administrative costs would be reimbursed by CalSavers.

- The bill could result in increased penalty revenue to the State. The magnitude is unknown, but probably minor.

Background: SB 1234 (De León, Chapter 734, Statutes of 2012) established the California Secure Choice Retirement Savings Program (now CalSavers), a state-administered retirement savings program for private-sector employees who lack access to an employer-sponsored retirement plan. The program requires covered employers to facilitate employee enrollment, unless an employee opts out, and authorizes employer contributions where permitted under federal law. Employers that fail to comply are subject to penalties of $250 per eligible employee after 90 days of noncompliance, and an additional $500 per eligible employee for willful noncompliance after 180 days.

As part of the 2020 Budget Act, AB 102 (Committee on Budget) renamed the program to CalSavers and transferred enforcement responsibilities from the Employment Development Department to the CalSavers Retirement Savings Board and the Franchise Tax Board (FTB). Under current law, FTB issues penalty notices, collects employer penalties, and administers the appeals process based on information provided by the CalSavers Board. Penalty revenues are deposited into the CalSavers Retirement

Savings Trust, and the CalSavers Board reimburses FTB for its administrative costs. Employers may be subject to penalties for failing to register, timely submit eligible employee information, or remit employee contributions.

Proposed Law: This bill, among other things, would enact the SAVE for All Workers Act and make several programmatic changes to the CalSavers Program and FTB collection notices. Specifically, the bill, among other things, would do the following:

- Provide 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.

- Require 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.

- Require CalSavers to notify participants at least 30 days prior to the creation of the IRA accounts created on their behalf.

- Require CalSavers disseminate information concerning federal retirement savings incentive, known as the Saver's Match.

- Raise the maximum automatic escalation of employees' contributions to 10 percent of salary.

- Impose 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.

- Authorize 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.

- Require FTB, after notification from CalSavers, to issue to eligible employers, subsequent penalty notices of the imposition of penalties for noncompliance with CalSavers program requirements.

- Allow an eligible employer to appeal the penalty imposition within 90 days after FTB issues the notice, as specified.

Related 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), 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 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.

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