

California Assembly Passes AB 125

Making It Easier for Workers and Small Businesses to Save for Retirement
June 3, 2009

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Sacramento, CA - Today, the California State Assembly passed AB 125 (De Leon), a bill co-sponsored by the New America Foundation and AARP California, to expand retirement security for California workers not covered by workplace retirement plans. If enacted, the bill would create a seamless, lifelong retirement savings system, allowing workers to save through payroll deductions into a universal, voluntary retirement account that they can take from job to job.

"AB 125 will create an opportunity for California working families to save more and add to their retirement security while simultaneously demonstrating to the rest of the nation how to use existing tools, at no cost to taxpayers, to create options for working families to begin building savings and assets," said **Olivia Calderon**, California Legislative Director of the Asset Building Program at the New America Foundation. "The accounts would also give hundreds of thousands of California small businesses an easy, low-cost, voluntary way to offer a retirement savings plan to their employees."

Today, millions of Californians do not have the option to save for retirement through payroll deduction. Approximately six million Californians, roughly 43 percent of the state's workforce, go to work at a job that does not offer them a pension or a retirement savings plan to supplement Social Security. As a result, around 40% of today's baby boomers rely on Social Security benefits for more than 90% of their income. However, Social Security payments alone, which average to \$1,081 per month in California, will not be enough to sustain Californians in their retirement.

"This legislation is an important element in helping Californians plan and build toward a safe and secure retirement," said **Ernie Powell**, Senior Manager of Advocacy at AARP California. "It adds to the success of Social Security by offering working families the opportunity to save for their future in an affordable and accessible way."

New America's Asset Building Program has long called for the creation of universal, portable, retirement savings accounts. In 2008, with the support of Governor Schwarzenegger and California's small business community, the New America Foundation sponsored (AB 2940) identical legislation intended to spur increased retirement savings.

Many states, including Connecticut, Maryland, Michigan, New Hampshire, Pennsylvania, and Vermont, have proposed or are considering similar legislation. If enacted, California would be the first state to establish voluntary, universal, portable retirement accounts. Nationally, the idea has gained bipartisan support and is endorsed by the Heritage Foundation and Brookings Institution.

About the California Asset Building Program

The purpose of New America's Asset Building Program, established in 2002, is to significantly broaden savings and assets ownership in America, thereby providing all Americans both with the means to get ahead and with a direct stake in the overall success of our economy. This major, new direction in public policy promises to be as successful in the 21st century as the Homestead Act and GI Bill were in previous centuries.

About the New America Foundation

The New America Foundation is a nonprofit, nonpartisan public policy institute that invests in new thinkers and new ideas to address the next generation of challenges facing the United States.

Learn More About: [Olivia Calderon](#)

Related Programs: [New America in California](#), [California Asset Building](#)

Topics: [Ownership & Assets](#)