



AB 2197 – Safeguarding Teachers' Financial Futures

SUMMARY

Assembly Bill (AB) 2197 would prohibit the solicitation of financial services at local educational agencies (LEAs) unless representatives meet clear conditions, including proof of licensure, disclosure of compensation, and comply with security protocols.

BACKGROUND

California's K-12 teachers receive a defined benefit pension through the California State Teachers' Retirement System (CalSTRS). After five years of service, teachers are eligible for a guaranteed lifetime retirement benefit calculated using a formula based on service credit, age factor, and final compensation. However, pension income alone is often not sufficient for a comfortable retirement, and because teachers do not pay into Social Security, they do not receive those benefits either. This gap leads many teachers to seek additional investment and savings options to supplement their retirement income.

To help address this, some LEAs contract with financial service providers to offer products to teachers on campus. CalSTRS and the California Public Employees' Retirement System (CalPERS) also partner with investment companies for this purpose. Among the most common options offered are 403(b) and 457(b) savings accounts.

PROBLEM

While LEAs and state retirement systems maintain lists of approved financial service vendors, bad actors have the ability to exploit this access to solicit products to teachers on campus. These individuals, who are neither employed by legitimate financial companies nor affiliated with CalSTRS or CalPERS, mislead teachers into believing they are an authorized representative offering vetted financial advice and products.

Teachers who fall for these deceptions may end up with financial products that are poorly suited for their retirement needs. These impersonators use tactics like offering food, gifts, or other inducements to attract teachers' attention. While CalSTRS has warned educators about what to look for when receiving a solicitation, no existing law explicitly protects teachers from these deceptive practices on campus.

SOLUTION

AB 2197 establishes clear conditions for financial service solicitation at LEAs. The bill would prohibit solicitation of financial services at LEAs unless a representative complies with all campus security measures, presents proof of licensure and their employment status at the financial agency they represent. Solicitation would be prohibited in areas where children are present or where teachers take breaks. Approved representatives would also be required to disclose how they are compensated and whether a comparable financial service or product is available through the State. Providing money, gifts, or any other inducements to entice teachers into purchasing a financial service or product would be prohibited.

Our teachers are focused on nurturing the next generation of Californians and should not have to worry about unsanctioned solicitors targeting their hard-earned income. AB 2197 protects our educators from being targeted by these financial impersonators.

SUPPORT

California Federation of Teachers (Sponsor)
California School Employees Association
California Teachers Association
Meridian Wealth Management
403(b)Wise

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