

## Business and Economy

# Top 10 Laws and Regulations for 2025

**W**ITH 2025 NOW upon us, so is a slew of new laws and regulations that will affect California businesses.

Last year was a busy legislative session in addition to a rash of important rule-making. The end result is another round of new legislation that California employers need to stay on top of.

### 1. 'Captive audience' meetings barred

Starting Jan. 1, California employers are prohibited from requiring employees to attend "captive audience" meetings where the employer shares its opinions on political or religious matters.

This includes topics such as unionization, legislation, elections or religious affiliations. Employers are also barred from retaliating, discriminating or taking any adverse action against employees who opt out.

The law applies broadly to most employers, but does include some exceptions, including religious organizations, political organizations and educational institutions providing relevant coursework. Employers who violate SB 399 could face

significant consequences, including a civil penalty of \$500 per employee, per violation.

### 2. 'Egregious' offenders

Cal/OSHA is working on new rules, expected to take effect in 2025, that would step up enforcement and penalties against California employers that commit "egregious" and "enterprise-wide" workplace safety violations.

A business cited for an egregious violation could be fined up to \$158,000 "per instance," meaning it can be applied for each employee exposed to the violation.

Violations that could be considered egregious include:

- The employer intentionally making no reasonable effort to eliminate a risk.
- The employer has a history of one or more serious, repeat or willful violations.
- The employer intentionally disregarded its health and safety responsibilities.

### 3. Expanded paid sick leave

Two bills expanded the use of paid sick leave, starting Jan. 1.

The more far-reaching measure, AB 2499, expands current state law that allows employees who are victims of crime or abuse to take time off for court appearances, treatment and various other reasons.

The new measure also expands the use of paid sick leave to cover certain "safe time" absences for issues like:

- Domestic violence,
- Sexual assault,
- Stalking, or
- Violence, brandishing a weapon or making threats of physical injury or death.

AB 2499 also permits workers to take time off to help family members who are victims of a crime.

The second measure, SB 1105, allows agricultural workers to use accrued paid sick leave to avoid wildfire smoke, excessive heat or flooding conditions.

The measure states that this is a clarification that existing law allows workers to take sick days for preventive care.

See 'PAGA' on page 2



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# New Measures Aim to Curb Rampant PAGA Abuse

## 4. Freelance Worker Protection Act

Starting this year, California's Freelance Worker Protection Act imposes new requirements on businesses hiring freelance workers for professional services worth \$250 or more.

The law requires employers to provide freelancers with a written contract outlining key details, including the services provided, payment amounts and deadlines for compensation. If no payment date is specified in the contract, freelancers must be paid no later than 30 days after completing their work.

Importantly, the law also prohibits retaliation against freelancers who assert their rights, such as raising complaints about violations or seeking enforcement of the law.

Noncompliance can lead to significant penalties. If a written contract is not provided, employers may face a \$1,000 penalty.

Late payments can result in damages up to twice the amount owed.

## 5. Indoor heat illness

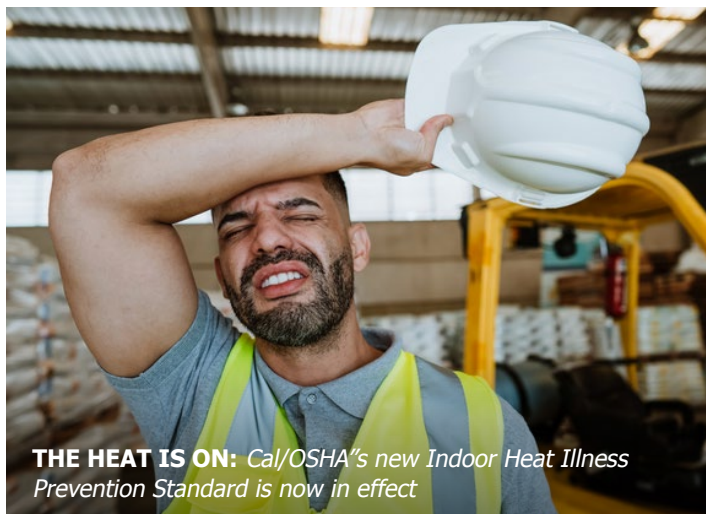
These new requirements actually took effect at the end of last summer, so 2025 is the first full year they've been in effect.

Cal/OSHA's indoor heat illness prevention rules require employers to protect workers in indoor workplaces when temperatures reach 82 degrees or higher. These regulations apply to most indoor settings, but mainly affect restaurants, warehouses and manufacturing facilities.

At 82 degrees, employers must ensure workers have cool, potable water nearby and access to a cool-down area where temperatures remain below 82 degrees. Workers should be encouraged to take rest breaks to prevent heat-related illness, and be monitored for symptoms during these breaks.

At 87 degrees, employers must take additional steps, when feasible, such as cooling work areas, providing personal heat-protective equipment and implementing work-rest schedules.

Affected employers should evaluate options like installing air conditioning. While this is feasible for smaller spaces, larger facilities like warehouses may require alternative strategies.



**THE HEAT IS ON:** Cal/OSHA's new Indoor Heat Illness Prevention Standard is now in effect

## 6. PAGA reform

In July 2024, Gov. Newsom signed into law two measures aimed at curbing rampant abuse of the Private Attorneys General Act, which has become a costly thorn in the side of businesses in California.

PAGA allows workers who allege they have suffered labor violations, like unpaid overtime or being denied mandatory meal and rest breaks, to file suit against their employers rather than file a claim with the state Department of Labor Standards Enforcement.

The new laws aim to reward employers with reduced penalties if they address in good faith issues raised by an employee.

For example, the reforms cap the assessment at 15% of the available penalty for employers that take immediate and proactive steps to bring themselves into compliance with state law. Firms that take "reasonable" steps to address issues within 60 days of receiving a PAGA notice will face a maximum penalty of 30%.

The new PAGA also requires a worker to personally experience violations alleged in a claim if they want to bring action. It also increases workers' share of awards to 35%, from 25%. The rest of the funds go to the Labor & Workforce Development Agency.

## 7. Family leave change

A new law, AB 2123, bars employers from requiring that workers who plan to take time off under the state's Paid Family Leave Program first take up to two weeks of accrued vacation time before benefits kick in.

## 8. Driver's license queries

Starting Jan. 1, employers are barred from listing in help-wanted ads and job applications that having a driver license is a prerequisite for a job, unless the employer:

- Reasonably expects that driving will be part of the job, and
- Reasonably believes that allowing the employee to use alternative forms of transportation (including ride-sharing, taxi or bicycle) would take more time or require the business to incur higher costs.

## 9. Poster updates

Employers have to update two mandatory work posters this year.

The standard poster that informs employees about their rights under workers' compensation laws, is one of them. The new poster must include language stating that employees may consult with an attorney for advice about workers' comp law and that they may have to pay attorneys' fees if they hire a lawyer as part of their claim.

Also, businesses are required to post an updated paid leave law notice to reflect the changes ushered in by AB 2499, the paid leave law for crime and abuse victims discussed above.

## 10. Minimum wage

California's minimum wage increased to \$16.50 an hour on Jan. 1. This rate is for all areas of the state, except for those jurisdictions that have implemented their own minimum wage to reflect the higher cost of living in their area. ❖

# New Retirement Contribution Limits for 2025

THE INTERNAL Revenue Service has released new limits for certain retirement accounts for 2025.

Keep in mind that this update is for informational purposes only, so please consult with an accounting or tax professional before making any changes to your 2025 tax strategy. You can also contact your financial professional, who may be able to provide you with information about the pending changes.

## Individual retirement accounts

Traditional IRA contribution limits will remain at \$7,000 for 2025. Catch-up contributions for those over age 50 also remain at \$1,000, bringing the total limit to \$8,000.

Remember, once you reach age 73, you must begin taking required minimum distributions from a traditional IRA in most circumstances. Withdrawals are taxed as ordinary income and, if taken before age 59½, may be subject to a 10% federal income tax penalty.

## Roth IRAs

The income phase-out range for Roth IRA contributions increases to \$150,000-\$165,000 for single filers and heads of household, a \$4,000 increase.

For married couples filing jointly, phase-out is \$236,000-\$246,000, a \$6,000 increase. Married individuals filing separately see their phase-out range remain at \$0-10,000.

To qualify for the tax-free and penalty-free withdrawal of earnings, Roth 401(k) distributions must meet a five-year holding requirement and occur after age 59½. Tax-free and penalty-free withdrawals can also be taken under certain other circumstances, such as the owner's death.

## Workplace retirement accounts

Those with 401(k), 403(b), 457 plans and similar accounts will see a \$500 increase for 2025, the limit rising to \$23,500. Those aged 50 and older will continue to have the ability to contribute an extra \$7,500, bringing their total limit to \$31,000.

Once you reach age 73 you must begin taking required minimum distributions from your 401(k) or other defined-contribution plans in most circumstances. Withdrawals are taxed as ordinary income and, if taken before age 59½, may be subject to a 10% federal income tax penalty.

## SIMPLE accounts

A \$500 increase in limits for 2025 gives individuals contributing to this incentive match plan a \$16,500 stoplight.

Much like a traditional IRA, once you reach age 73, you must begin taking required minimum distributions from a SIMPLE account in most circumstances.

Withdrawals are taxed as ordinary income and, if taken before age 59½, may be subject to a 10% federal income tax penalty.

As a reminder, this article is for informational purposes only. Consult with an accounting or tax professional before making any changes to your 2025 tax strategy.

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## Salt Typhoon

# A New Cyber Threat Businesses Can't Ignore

**A**N ALLEGEDLY Chinese state-sponsored hacker campaign dubbed “Salt Typhoon” has infiltrated major cell phone providers, including AT&T and Verizon, potentially exposing your company’s communications to threat actors.

The attack has been described as the most significant telecommunications hack in U.S. history. While the breach is alarming for individuals, the implications for businesses are profound and demand immediate attention.

### What is Salt Typhoon?

Salt Typhoon is a sophisticated cyber-espionage operation allegedly orchestrated by the Chinese government.

The campaign has targeted vulnerabilities in telecom providers’ infrastructure to access text messages, monitor communications and extract sensitive metadata.

The breach affected at least eight major U.S. telecom companies and poses a severe threat to national security and corporate privacy.

### Potential dangers to businesses

**Exposure of sensitive information** – Hackers can intercept text messages, which may contain business-critical details, such as contracts, client discussions, or even login credentials.

**Corporate espionage** – Competitors or foreign entities gaining access to a company’s internal strategies could result in lost market advantages or intellectual property theft, information that hackers can sell on the dark web to other criminal groups.

**Regulatory and legal repercussions** – Many industries are subject to strict data protection laws. A breach exposing customer or employee information could lead to fines and legal actions under regulations such as GDPR or CCPA.

### Government warning

In response to Salt Typhoon, the U.S. government recommended using end-to-end encrypted communication platforms.

Unlike standard text messaging or phone calls, end-to-end encryption ensures that only the sender and recipient can read the messages.

### Protecting your firm

Some steps businesses can take include:

- Shifting internal and external communications to end-to-end encrypted platforms such as Signal or WhatsApp, or enterprise solutions with encryption features.
- Avoiding using text-based, one-time passwords for authentication; instead, deploy hardware security keys or app-based authenticators.
- Updating systems regularly: Ensure all devices and software are updated to patch known vulnerabilities.
- Conducting regular training to educate employees about phishing, secure communications and device management.
- Limiting data access: Implement least-privilege access controls to restrict sensitive data to only those who need it.
- Regularly auditing your infrastructure for vulnerabilities.

### Consider Cyber Insurance

Cyber insurance can help pay for the costs associated with a breach like Salt Typhoon. Talk to us about securing a robust cyber-insurance policy that covers:

- Forensic investigations
- System remediation and restoration
- Legal and regulatory compliance
- Business interruption losses. ❖