

RETIREMENT REPORT

County of San Mateo, CA | Deferred Compensation Plan



Summer 2025

Staying Cool Under Pressure

Five Strategies for Dealing With Market Volatility

Keeping your cool during market volatility takes patience and strategy. Stay calm, keep contributing and stick with your long-term goals.

When the market's temperature keeps changing, it's easy to feel the heat — or as if you've been left out in the cold. Your workplace retirement plan can withstand these swings if you know how to keep your cool. Here are some smart strategies to help your retirement savings thrive despite unpredictable financial climates.

1. Don't Let the Heat Get to You

Market drops can make you sweat, but pulling your money out during a downturn locks in losses. Historically, markets bounce back over time. Instead of reacting emotionally, stick to your long-term strategy and ride out the fluctuations.

2. Keep Your Portfolio Well-Balanced

A stable retirement plan is like a well-regulated thermostat—balanced and consistent. Diversifying your investments across asset classes like stocks, bonds and cash equivalents helps reduce risk and smooth out the impact of volatile markets. Regularly review and rebalance your portfolio to stay on track.

3. Stay Invested During Cold Spells

When the market cools off, don't freeze your contributions. Continuing to invest during downturns means you're buying shares at lower prices, setting yourself up for potentially greater growth when the market warms up again.

4. Don't Get Burned by Market Timing

Trying to guess what market will do is nearly impossible. Therefore, it's important to stay disciplined by making consistent contributions and avoiding rash decisions based on short-term



movements. Missing even a few of the market's hottest days can seriously dampen your long-term returns.

5. Adjust Your Risk as You Approach Retirement

As you get closer to retirement, consider dialing down an appropriate amount of risk to help preserve your savings. Gradually shifting to more conservative investments can help protect your nest egg from sudden market chills.

Informational Sources: Capital Group: "Strategies for Dealing With Market Volatility" (accessed March 17, 2025); Franklin Templeton: "How to Navigate Market Volatility" (accessed March 17, 2025).

Building a Bridge

Semiretirement Can Help Bridge the Gap Between Full-Time Work and Complete Retirement

Semiretirement is a transitional phase between full-time work and complete retirement, allowing individuals to reduce their work hours or shift to less demanding roles while still earning an income. It's an increasingly popular option for those who aren't quite ready (or financially able) to stop working entirely but want more flexibility and time for personal pursuits.

Semiretirement can take various forms, depending on an individual's goals and financial needs. Some people scale back hours at their current job while others transition to part-time roles, freelance work, consulting or even starting a small business. Key advantages of semiretirement include:

- Financial security. Provides a continued income, which helps preserve savings and delay drawing down retirement accounts.
- Mental and physical well-being. Promotes well-being by maintaining a routine and sense of purpose through part-time work.
- Flexibility. Allows for more personal time without fully giving up the benefits of working.
- Gradual transition. Eases the psychological shift from a career-focused life to full retirement.

A Six-Step Plan for Achieving Semiretirement

Successful semiretirement requires careful financial and lifestyle planning, including:

1. Financial assessment. Evaluate your current savings, retirement accounts and income needs. Calculate how much you need to supplement your retirement savings with part-time work.

2. Flexible income streams: Identify potential income sources, such as consulting, part-time employment or nonretirement investment accounts, to ensure you're financially secure.
3. Healthcare coverage. Consider how you'll maintain health insurance, especially if leaving a full-time job with benefits. Options might include Continuation of Health Coverage (COBRA), spousal coverage or private insurance.
4. Social Security strategy. Delaying Social Security benefits can increase your monthly amount later. Decide whether to claim early or wait.
5. Skill assessment and career pivot. If you're planning to shift industries or take on freelance work, upskill or retrain as needed before scaling back.
6. Lifestyle adjustments. Practice living on a semiretirement budget to see if it's sustainable.

By planning ahead, you can create a flexible, fulfilling lifestyle that bridges the gap between full-time work and complete retirement.

Informational Sources: Fidelity: "Guide to Working Less and Living More" (November 18, 2024); Smart Asset: "What Is Semi-Retirement and How Do You Do It?" (May 29, 2024).



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