

RETIREMENT REPORT

County of San Mateo, CA | Deferred Compensation Plan



Fall 2025

The Secret Sauce

Why Your Workplace Retirement Plan is More Powerful Than You Think

When it comes to your workplace retirement plan, what's not to love? It provides you with an automatic savings plan, tax advantages, a diverse menu of well-researched investment options and comprehensive online retirement planning tools. However, there's one ingredient that makes your plan so powerful that it almost feels like cheating — compound growth. It's the secret sauce that has the potential to turn even modest savings into something much bigger over time.

What is the Secret Sauce?

Compound growth means your money earns investment returns not only on what you save, but also on the growth it already earned. It's like a snowball rolling downhill — small at first, but gaining speed and size as it goes. Here's a simple example: If you invest \$100 a month into a workplace retirement plan such as a 401(k), and it earns an average 7% return annually, in 30 years you could have over \$113,000. Even better? Your investment growth isn't taxed each year. That means more of your money stays invested and keeps working for you, year after year. That's called tax-deferred compounding, and it's what gives your savings real power over time.

Traditional or Roth? The Sauce Still Shines

Whether you're saving in a traditional (pretax) account or a Roth (after tax) account — or a mix of both — compound growth works the same. The key difference is when you pay taxes: either now (Roth) or later (traditional). But the growth engine behind the scenes? That's the sauce.



Start Early, Let it Simmer

The real magic happens over time. The earlier you start saving, the more time compound growth has to work. Even small contributions can potentially grow into something significant. So keep stirring the pot and commit to increasing your savings rate each year (even if it's just 1%). Your future self will be very glad you did.

Nature Calls

Boost Your Mind and Body With a Stroll Through Flora and Fauna

If you're feeling stressed, sluggish or simply stuck in your head, it might be time to lace up your shoes and head outdoors. Taking a walk through nature isn't just a pleasant escape — it's a proven way to boost both mental and physical well-being.

Clean Your Head

One of the most immediate benefits of walking in nature is the mental clarity it brings. Studies have shown that time spent in green spaces lowers cortisol (the stress hormone) and reduces symptoms of anxiety and depression. Unlike city streets filled with noise and distractions, natural settings give your brain a break from constant stimulation. Even a 20-minute walk in a park can improve focus, reduce mental fatigue and lift your mood.

Move Your Body

Let's not forget the physical perks. Walking is a low-impact form of exercise that improves cardiovascular health, supports joint health and helps maintain a healthy weight. Add in varied terrain— like trails, inclines or even sand — and your muscles and balance get an extra boost. Unlike a treadmill, nature gives you a more dynamic, engaging workout.

Boost Creativity and Problem-Solving

Ever notice how your best ideas come when you're walking? There's science behind that. A 2014 pioneering study by Stanford University found that walking increases creative output by up to 60%. Nature adds another layer by encouraging mind-wandering and a relaxed focus — the sweet spot for creativity and problem-solving.

Disconnect To Reconnect

In our hyperconnected world, walking in nature offers something rare: quiet. Turning off your phone, tuning into the sound of birds and wind through the trees or running water can ground you in the present moment. This kind of mindful walking has been linked to improved emotional regulation and even a stronger sense of purpose.

Happy Trails!

You don't need to climb a mountain to see the benefits. Whether it's a forest trail, beach path or your local greenbelt, walking in nature can reset your brain, recharge your body and restore your sense of balance — all without a membership fee.

Informational Sources: Harvard Medicine: "A Walk in the Woods May Boost Mental Health" (accessed June 19, 2025); National Park Service: "Nature Makes You..." (January 27, 2025); Pew Charitable Trusts: "Nature: A Key Ingredient For Mental Health" (December 8, 2023).



Innovest is an independent Registered Investment Adviser registered with the Securities and Exchange Commission. All statistics in this document are as of March 2025. Please note: Neither rankings nor recognition by unaffiliated rating services, publications, media, or other organizations, nor the achievement of any professional designation, certification, degree, or license, membership in any professional organization, or any amount of prior experience or success, should be construed by a client or prospective client as a guarantee that the client will experience certain levels or results if the investment professional or the investment professional's firm is engaged, or continues to be engaged, to provide investment advisory services. A fee was not paid by either the investment professional or investment professional's firm to receive the ranking. No ranking or recognition should be construed as an endorsement by any past or current client of the investment professional or the investment professional's firm. To see the specific criteria and methodology for each award, please visit our website: www.innovestinc.com. The material herein has been prepared for informational purposes only and is not intended to provide, and should not be relied on for investment, tax, accounting, or legal advice. No representation is being made as to whether any investment product, strategy, or security is suitable or appropriate for an investor's particular circumstances. Assumptions, opinions, and forecasts herein constitute our judgment and are subject to change without notice.

Whom do I call for help?

Account Information

Balances | Investment Changes | Personal Info

Contact: Empower

1-800-743-5274

www.retiresmart.com

