RETIREMENT REPORT

County of San Mateo, CA | Deferred Compensation Plan

Summer 2026

The Million Dollar Question

How Much Do You Need To Save For Retirement?

According to a recent survey by Fidelity, Americans say they plan to have saved an average of more than $1.4 million for retirement. Although reaching $1 million is a very significant milestone, inflation unknowns, rising health care costs and longer lifespans can make $1 million saved for retirement seem inadequate.

Retirement saving is less about reaching a specific account balance and more about the income your savings can generate once you stop working. What really matters is whether your savings, combined with other sources like Social Security, can support your lifestyle month after month.

Focus on Closing Your Retirement Income Gap

Many financial professionals recommend that you aim to replace 70%–80% of your preretirement income, though your needs may vary. Retirement income gap refers to the shortfall between the income you expect you'll need in retirement and the income your savings and other sources (like Social Security) are projected to provide. For example, if you estimate needing $5,000 per month in retirement but your combined income sources are projected to generate $4,000, your retirement income gap would be $1,000 per month. Identifying this gap early allows you to adjust your plan — such as increasing contributions, delaying retirement or revisiting spending assumptions — to help stay on track.

Use a Retirement Needs Calculator

One of the best ways to estimate "how much is enough" is by using a retirement needs calculator, such as those provided by your retirement plan recordkeeper. These tools help translate your savings into a projected monthly income and identify potential gaps. Most calculators use a few key assumptions, including:

- Current age and retirement age
- Income and contribution rate
- Current savings balance

- Expected investment returns
- Inflation rate
- Estimated Social Security benefits
- How long you'll need income in retirement.

By adjusting these inputs, you can see how small changes — like saving 1% more or retiring a year later — can meaningfully impact your future income.

Bringing It All Together

Rather than chasing a "magic" number, focus on building a plan that supports your future lifestyle. Regularly reviewing your progress, increasing contributions when possible and using planning tools provided by your plan recordkeeper can help you reach your goals.

Informational Sources: "Is $1 Million Enough to Retire?" (March 18, 2026); The Motley Fool: "How Much Do I Need to Retire Comfortably?" (March 4, 2026); Thrivent: "Retirement Income Planning Calculator" (2026; accessed April 1, 2026).

Market Swings: What Really Matters

Practical Ways To Manage Market Volatility Without Overreacting

Market ups and downs can feel unsettling — especially when headlines highlight sharp swings from one day to the next. But volatility is a normal part of investing, and understanding how to manage it can help you stay focused on your long-term goals.

Put Volatility in Perspective

Short-term market movements are often driven by factors like interest rate uncertainty, geopolitical conflicts and rapidly rising prices at the grocery store and gas pump. Do any of these sound familiar? Although these shifts can create uncertainty, they are not unusual. Over time, markets have historically moved through cycles of growth and decline. For long-term investors, these periods are part of the journey — not a signal to abandon your plan.

Avoid Emotional Decisions

One of the biggest risks during volatile periods is reacting emotionally — selling when markets drop or trying to "time" a rebound. These moves can lock in losses and make it harder to benefit from future market recoveries. Staying invested and sticking to your strategy is often the more effective approach.

Focus on What You Can Control

You can't control the market, but you can control your behavior. Key actions include:

- Maintaining a diversified portfolio to help manage risk
- Continuing your regular contributions, which can allow you to buy investments at lower prices during downturns (and continue receiving your employer match)
- Reviewing (not overreacting to) your investment mix to ensure it still aligns with your time horizon and risk tolerance.

Think Long Term

Retirement investing is a long-term process. Daily or even yearly market movements are less important than the overall trajectory over decades. If you're years away from retirement, short-term volatility may have less impact than you think — and may even present opportunities for growth.

When To Revisit Your Plan

Volatility can be a good reminder to check in on your plan — not to make sudden changes, but to confirm you're still on track. If your goals, timeline or comfort with risk have changed, it may be worth adjusting your strategy thoughtfully.

Informational Sources: Investopedia: "Protect Your 401(k): Strategies to Navigate Market Crashes" (March 15, 2026); USA Today: "Worried Market Volatility Will Hurt Savings? Here's What to Know" (March 30, 2026).

Whom do I call for help?

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Balances | Investment Changes | Personal Info

Contact: Empower

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www.retiresmart.com

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239 Harbor Bay Parkway | Alameda, CA 94502 | 303.694.1900 | www.innovestinc.com