RETIREMENT REPORT

County of San Mateo, CA | Deferred Compensation Plan

Summer 2024

Better Together

Retirement Planning With Your Spouse or Partner

Are you in the phase of life where you are closer to retirement than to the start of your career? If so, now is a great time to begin planning for life after work with your spouse or partner, including your mutual hopes, dreams and financial goals. Here are a few questions to ask to help you both get the retirement you want:

1. When do you both want to retire?

Do you want to do it at the same time or does one of you want to keep working a bit longer? Factors like your respective ages, levels of career satisfaction, pension eligibility and Social Security claiming options can all affect your retirement timeline. Knowing when you plan to stop working will influence other financial preparations. Discuss your hopes and intentions openly with each other. If your preferred retirement ages differ significantly, look for compromise.

2. Where would you like to retire?

You may be perfectly happy in your current home and neighborhood or you may have a desire to move to a completely different location (such as a beach or maybe somewhere international). Also, do you want or need to be closer to children or other relatives? If you're considering relocation, visit the area to get a sense of what living there will be like. In addition, research the tax implications as well as the trade-offs between renting and buying a home.

3. What does your future lifestyle look like?

Now is the time to discuss things like how much travel you both want to do, hobbies that you want to begin (that may require a financial investment) and how much financial support you want to offer to grandchildren or other family members.

4. When will you start taking Social Security?

You get your full retirement benefit when you reach full retirement age (67 for people born in 1960 and later). You can claim as early as age 62, but your monthly payment will be reduced by as much

as 30%. If you wait past 67, you'll get an additional 8% for each year you delay until you turn 70. Consider your age difference, health, life expectancy, income needs and more as you determine each of your best ages to claim Social Security.

5. How will you manage healthcare costs?

Honestly evaluate your current states of health and family histories and discuss how you'll save and budget for medical expenses, both planned and unplanned. Talk about steps you can take now to potentially reduce future health care costs, like focusing on diet, fitness and preventative care. And take time to understand what your options will be when you turn 65 and become eligible for Medicare — what it does and doesn't cover, and whether a supplemental plan will make sense.

Informational Sources: Investopedia: "Retirement: The Best Timing Strategies For Couples"(January 24, 2024; https://www.investopedia.com/articles/retirement/09/retire-couple-together.asp); Northwestern Mutual: "The Conversations Couples Should Have Before Retirement"(January 26, 2024; https://tinyurl.com/4xt6bx6r).

Retirement in Motion

Tips and Resources That Everyone Can Use

Knowledge Is Retirement Power

In 1959, the average 65-year-old American male could expect to live another 13.1 years, and the average women another 15.9 years, according to Social Security Administration data. People born in that year and turning 65 in 2024 have a life expectancy about five years longer, on average (18.3 more years for a man, 20.9 for a woman). Longevity literacy refers to one's understanding of the implications of an increased life span in relation to retirement planning. However, it isn't just about recognizing that you might live longer — it's about planning for those additional years in terms of health, finance and lifestyle. To learn more about it, check out the World Economic Forum's Insight Report, "Living Longer, Better: Understanding Longevity Literacy"(June 2023). The report can also be accessed at: https://tinyurl.com/bd5d6tx4.

Q&A

How often should I review my credit history?

You are entitled to one free credit report per year from each of the three credit agencies (Experian, TransUnion and Equifax), which are available at annualcreditreport.com. Consider checking your report a few times a year to keep regular tabs on your credit. Review and note any errors, such as misspellings; incorrect addresses; on-time payments reported as late; and credit cards, credit checks, and loans in your name that you don't recognize. Dispute any errors with the respective agency.

Quarterly Reminder

It's time for a gut check on your 2024 financial resolution to increase your current retirement plan contribution rate. Did you increase it like you promised yourself back on January 1? If not, now is the time! Make sure you're contributing at least enough to receive the full employer match (if offered).

Tools & Techniques

It's important to perform an annual review of your current tax withholdings. You may need to make updates to your withholding if you recently got married, purchased a home, changed jobs, started earning more or had a child. The Internal Revenue Service's Tax Withholding Estimator (https://tinyurl.com/4yv9zjaa) can help you make sure you don't withhold too little (and owe taxes later) or too much (which means you're basically giving the government an interest-free loan until you get a tax refund).

Corner on the Market

Basic Financial Terms To Know

Rebalancing. Rebalancing a portfolio is an approach to managing your investment mix to stay on target. When you build your portfolio, you decide on a mix of investments with holdings that may include stocks, bonds, and cash. Over time, these investments tend to perform differently. Stocks might surge in value, while bonds stay flat. This throws off your original mix. When you rebalance, you buy or sell investments to bring them back to your target allocation. Imagine you aimed for an allocation with 60% stocks and 40% bonds, but over time stocks grew to 70%. You'd sell some stock investments and buy some bond investments to get back to 60/40. Rebalancing keeps your portfolio aligned with your risk tolerance. Keep in mind that rebalancing isn't about reacting to every market fluctuation. It's a periodic adjustment to stay on track with your long-term goals.

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Whom do I call for help?

Account Information

Balances | Investment Changes | Personal Info

Contact: Empower

1-800-743-5274

www.retiresmart.com

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