

RETIREMENT REPORT

County of San Mateo, CA | Deferred Compensation Plan



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Smart Move

SMART Financial Goals Can Help Guide Your Way to Financial Wellness

Financial goals play a crucial role in the pursuit of financial wellness. Whether it's paying off credit card debt, saving for retirement, making a down payment on a home — or any other goal — they help guide your actions, habits and decision-making.

As you think about your financial future, consider creating SMART financial goals. SMART is an acronym that stands for specific, measurable, achievable, relevant and time-bound. Instead of setting goals with vague aspirations (such as “I need to start saving more money”), SMART goals encourage you to think things through and define what success looks like. Here's how you can create SMART financial goals:

Specific: Define exactly what you want to achieve. Instead of saying “I want to save money,” specify the amount and purpose, such as “I want to save \$5,000 for a down payment on a newer car in the next 12 months.”

Measurable: Set criteria to measure your progress. In the previous example, the measurable piece is the \$5,000 target within 12 months. You can track your progress periodically to ensure you're on the right path.

Achievable: Your goal should be realistic and attainable. Consider your income, expenses and other financial obligations. Saving \$5,000 in a year might be achievable depending on your income and expenses, but saving \$10,000 might not be.

Relevant: Make sure your goal aligns with your broader financial objectives and priorities. For instance, if your long-term goal is to retire early, saving for retirement or investing might be more important than saving for a luxury vacation.

Time-bound: Set a clear timeframe for achieving your goal. This adds a sense of urgency and helps you stay focused. For example, saving \$5,000 within 12 months provides a deadline and helps structure your savings plan.

Review these hypothetical personal finance examples to help inspire your own SMART goal-setting efforts:

Retirement Savings

Specific: Contribute 8% of pay to your workplace retirement plan



Measurable: Track monthly contributions and investment growth

Achievable: Adjust budget to allocate a fixed amount to retirement savings

Relevant: Securing financial stability postretirement

Time-bound: Consistently contribute 8% of pay for the next 30 years.

Emergency Fund

Specific: Save \$3,000 in a dedicated emergency fund

Measurable: Track monthly savings progress to reach \$3,000 within 10 months

Achievable: Allocate a portion of income or windfall (bonuses, tax refunds) toward savings

Relevant: Provides a safety net for unexpected expenses

Time-bound: Achieve the \$3,000 goal within 10 months.

Informational Sources: How to Set SMART Financial Goals (Experian, April 11, 2022); How to Set SMART Financial Goals With Examples (Finmasters, November 27, 2023).

Baby Steps

Looking To Improve Your Personal Life? Embrace the Kaizen Philosophy

Kaizen is a Japanese business philosophy centered around continuous improvement. It involves making small, incremental changes to processes, systems and behaviors to enhance efficiency, quality and productivity over time. For example, a healthcare provider may use kaizen to improve patient wait times by analyzing the flow of patients through their facility and identifying ways to reduce delays. Or a manufacturing company may use kaizen to identify and eliminate bottlenecks in its production process, improve product quality and reduce waste.

On an individual level, you can apply the kaizen philosophy to improve various aspects of your personal life. Here are seven tips:

1. Set clear goals.

Identify specific areas you want to improve, whether it's health, learning a new skill, personal relationships or productivity.

2. Start small.

Break down your goals into smaller, manageable tasks. For example, if you aim to exercise regularly, start with a 10-minute workout each day and gradually increase it.

3. Be consistent.

Focus on making consistent, small improvements rather than sudden, drastic changes. For instance, if you want to read more, start by dedicating 15 minutes a day to reading and gradually increase the time.

4. Reflect and adjust.

Regularly review your progress. Reflect on what's working and what's not and adjust your approach accordingly. If a particular strategy isn't yielding results, tweak it or try a different approach.

5. Continue learning.

Embrace a mindset of continuous learning and improvement. Seek new knowledge, skills and feedback to refine your approach.

6. Develop habits.

Transform beneficial actions into habits. Consistently practicing positive habits contributes significantly to long-term improvement.

7. Stay patient and persistent.

Understand that change takes time. Stay patient and persistent, celebrating small victories along the way. For instance, if you want to improve your productivity, start by identifying one area where you can make a small change, like reorganizing your workspace. Then gradually implement other changes, such as blocking time for tasks or minimizing distractions.

Remember, kaizen is about progress, not perfection. By consistently making small improvements in various aspects of your life, you can create significant and lasting positive changes over time.



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1-800-743-5274

www.retiresmart.com

Plan's Investment Consultant

Innovest Portfolio Solutions

2239 Harbor Bay Parkway

Alameda, CA 94502

510-239-4200 | www.innovestinc.com