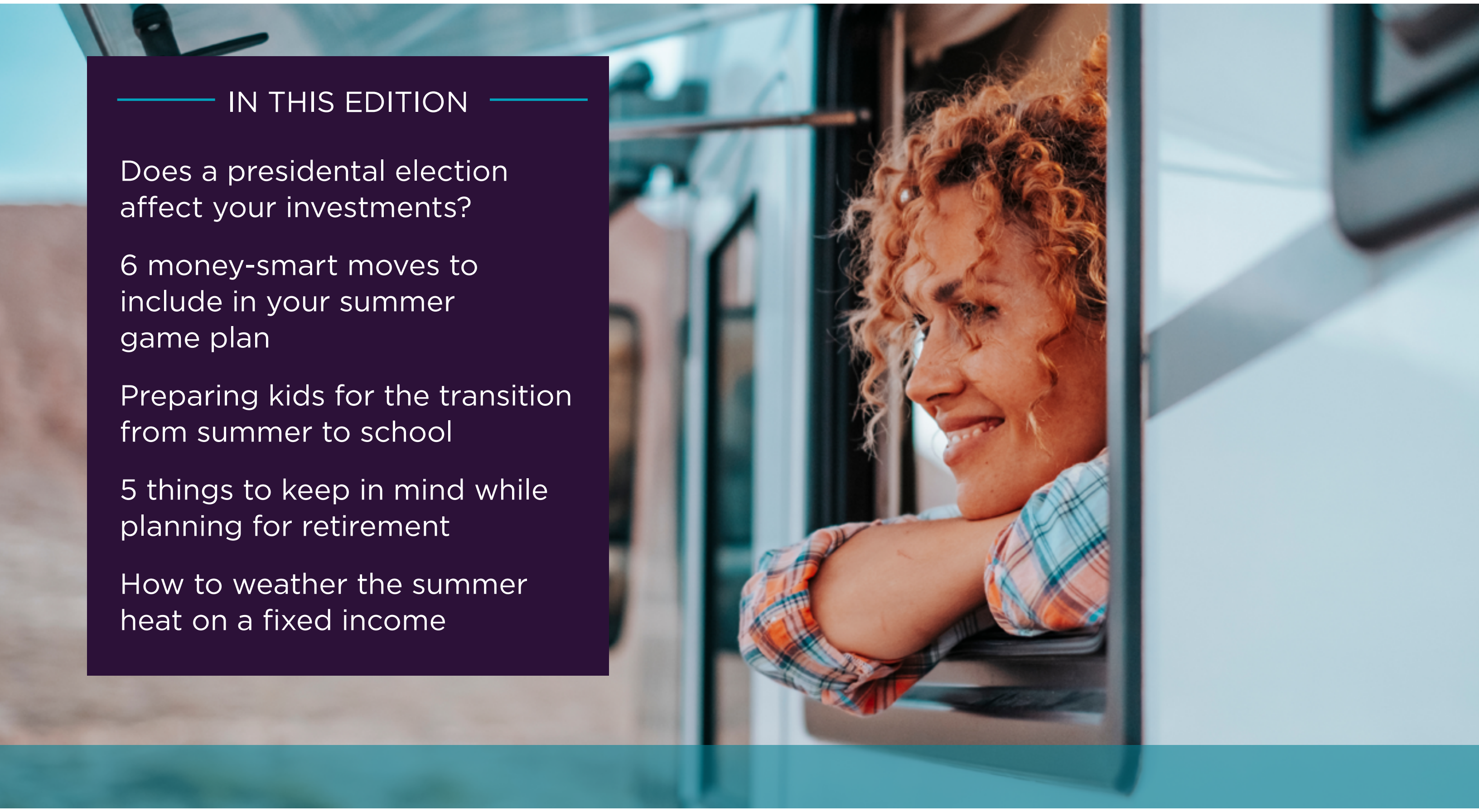
SECOND QUARTER 2024

HORIZONS

savingsplus
CALIFORNIA STATE EMPLOYEE 401(k) & 457(b) PLANS



IN THIS EDITION

Does a presidential election affect your investment strategy?

Elections are not a threat

Statistically speaking, presidential elections don't have much of a track record of negatively affecting markets. In fact, history shows that election years see markets produce positive returns more often than non-election years. Once they are in office, presidents tend to advance tougher policies early in their term, so the first 2 years of a president's term typically coincide with weaker markets, while the last 2 years are more positive. That's because, coming into an election year, that president will often focus on more popular, pro-growth policies they can campaign on.[1]

And while some presidential candidates or policies stir up more emotion than others, the data doesn't show that those candidates will ruin your investment portfolio. Instead, we see that negative results are tied to monumental events that have global effects.[2]

Continued on next page ›

Slow and steady wins the race

Of course, shorter-term market volatility could still happen in the buildup to and following a presidential election — but as with many swings in the stock market, things usually settle down again. An emotional investment during this time could negatively affect your long-range goals. Emotional investing can be tempting, so it's good to develop self-awareness about such impulses. While elections can introduce uncertainty, the most disciplined investors focus on long-term economic and business fundamentals, maintaining a diversified portfolio and avoiding attempts to time the market based on short-term developments.

Over time, factors such as consistent contributions and dollar cost averaging — the practice of systematically investing equal amounts of money at regular intervals, regardless of the price of a security[3] — are better strategies for the long term.

Here are 3 things you can do if you're feeling uncertain about your investment strategy:

1

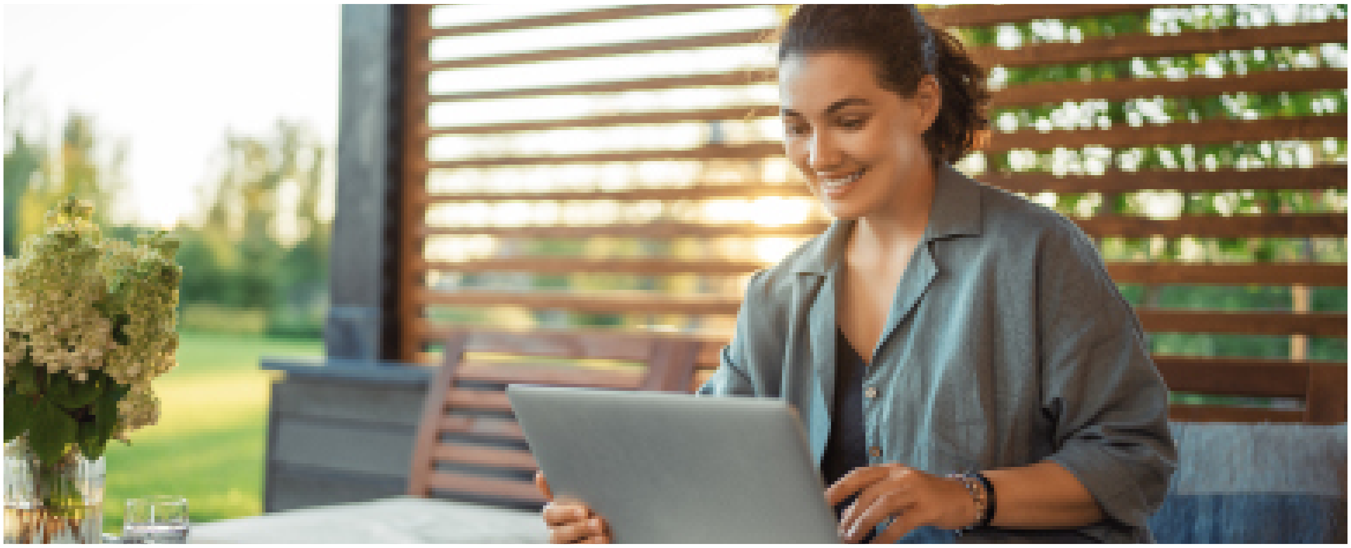
Attend a webinar to learn more about retirement planning, investing, and personal finance best practices.

2

Schedule an appointment with a Retirement Specialist.

3

Review the Savings Plus page about avoiding emotional investing.



[1] "Investing During An Election Year: What You Should Know," Forbes, forbes.com/sites/forbesfinancecouncil/2024/01/16/investing-during-an-election-year-what-you-should-know (Jan. 16, 2024).

[2] "What To Do With Your Investments During An Election Year," Forbes, forbes.com/sites/forbesfinancecouncil/2019/11/22/what-to-do-with-your-investments-during-an-election-year (Nov. 22, 2019).

3 "Dollar-Cost Averaging (DCA) Explained With Examples and Considerations," Investopedia, investopedia.com/terms/d/dollarcostaveraging.asp (Feb. 6, 2024).

6 money-smart moves to include in your summer game plan

At any time of year, it's important to keep your budgeting, saving and retirement goals in mind. But because of the lure of good weather and long days, consumer spending tends to increase during the summer months. With some thoughtful planning, you can still have fun this summer without busting your budget.

1 **Review your budget and ensure that you factor in entertainment and discretionary spending.** Look at past spending patterns to determine a realistic and sustainable allocation and set clear boundaries on entertainment expenses. When there are no limits, spending impulsively is easy, hindering our progress toward financial security — so be mindful of your financial goals and avoid exceeding the designated entertainment budget. Review our budgeting resources.

2 **Choose cost-effective entertainment options.** Have a potluck on the patio rather than meeting friends at a restaurant. Have family movie nights at home rather than at a theater. These ideas can create memorable experiences without costly outings. Your local library can help you discover free or low-cost entertainment activities in your community — such as concerts, art exhibitions or community festivals — which can be enjoyable and budget-friendly.

3 **Tackle any outstanding debt while balancing your savings goals.** It really is possible to pay down debt while saving. The tough part is taking a hard look at your spending and finding ways to cut back. Store-bought iced coffee? Fast food breakfast? These expenses aren't outrageous when viewed individually but can really add up over the course of a month. Once you find the wiggle room in your budget, start setting aside an emergency fund, contributing to your retirement plan — and, of course, paying down those credit cards. Even small amounts can earn you significant progress over time. Review our resources to learn how to save for the future while paying off debt.

4 **Check in on your progress toward your retirement goals.** Use the My Interactive Retirement Planner℠ tool available to you through Savings Plus. This amazing free resource can help you keep an eye on your overall retirement readiness picture — and inspire you to improve it.

5 **Invest in your financial education.** Savings Plus offers free webinars on retirement planning and personal finance. These are enlightening, motivating presentations that will help you feel smarter and more confident. Check out the full list for new webinars.

6 **Be flexible and pivot as needed**. Your needs, priorities and financial situation may change as you move along your financial journey. If unexpected expenses arise or your income goes down, be ready to re-evaluate your budget and make necessary modifications. And if your circumstances improve, use that extra money to bolster your retirement savings. Your future self will thank you!

Preparing kids for the transition from summer to school

Summer always seems to fly by, and the prospect of returning to school can fill kids with emotions ranging from nervousness to excitement.

We've compiled a list of 10 ideas to help you savor every last moment of summer, and also gradually shift gears so that the return to school isn't jarring.

1. Did your family take a summer vacation? Have the kids create a scrapbook commemorating it.
2. Create a summer "finale" event, such as a barbecue with neighbors, a family trip to the community pool, or a day at the zoo.
3. Shop for school supplies with each child individually to give them some personal time with you and to make the shopping trip an event they look forward to each year. This can also be a good time to talk about prices and how to be a savvy shopper.
4. Have a crafting day when the kids can decorate a new notebook with stickers, drawings and quotes.
5. Visit the library to check out grade-appropriate books about the first day of school.
6. Create an autumn bucket list so kids look forward to the seasonal aspects of fall.
7. Shift family game nights to focus on "brain games" so the kids get back into learning mode.
8. Change bedtimes and wakeup times to get in sync with school-day habits and make adjustments according to the kids' ages.
9. Have each kid choose what they want in their lunchbox on the first day of school, so they feel like they have some control.
10. Plan an after-school activity for the first day of school, such as baking a cake, so the kids can have time to talk to you about how it all went — and also enjoy a sweet reward.

For kids around ages 7 to 11, we offer a fun Family Finances activity book that explores basic financial topics so that kids can develop confidence at a young age. Download the activity book.

5 things to keep in mind while planning for retirement

Savings Plus is here to help you plan for and live in retirement. Here are items to keep in mind while planning to retire.

1 You may have friends who have retired and rolled their retirement account into an IRA or cashed out altogether. We encourage you to stay enrolled in Savings Plus after you retire. Doing so can provide important advantages: You'll get the same free support and lower fees you had before; your money will have the potential to keep growing; and you'll have easy access to your money when you need it.

2 Your account will stay open after your retirement date unless you withdraw all your funds. While you'll no longer be able to make payroll contributions, you may be able to roll in eligible funds so that they're all in one place for convenient oversight. And, of course, you'll still be able to manage your investments, withdraw funds and get help from knowledgeable Retirement Specialists.

3 We suggest that you continue to review your account at least once a year. That way, you can make sure your asset allocation — how your portfolio is divided among assets such as stocks, bonds and cash — still lines up with your goals.

4 If you're invested in a Target Date Fund (TDF), the asset allocation will usually change to be more conservative as the target date approaches. If you choose to work beyond the target date, however, you may want to take charge of the asset allocation. You're not locked in: If your TDF doesn't match your goals before or after retirement, consider other options in your plan.

5 Use My Interactive Retirement Planner℠ to create a withdrawal strategy to help you get the most from your retirement savings. By taking into account various factors such as how long you want your savings to last, your tax bracket and your other sources of retirement income, you can create a smart strategy that works for you.

To learn more about staying in your retirement plan and managing your account beyond retirement, contact a **Personal Retirement Consultant** (PRC) today.

How to weather the summer heat on a fixed income

Weather forecasts are predicting a hot, dry summer in California. These tips from the Department of Energy can help you beat the heat and save money on energy costs. Also, it's a good time to think about building an emergency fund in case of a weather-related event such as a wildfire.

Keep hot air from leaking into your home

- Seal cracks and openings to prevent warm air from leaking into your home.
- Add caulk or weatherstripping to seal air leaks around doors and windows.
- Install window coverings to prevent heat gain through your windows during the day.

Operate your thermostat efficiently

- Set your thermostat at a temperature you find comfortable. The smaller the difference between the indoor and outdoor temperatures, the lower your overall cooling bill will be.
- Keep your house warmer than normal when you are away, and lower the thermostat setting when you return home.
- Avoid setting your thermostat at a colder setting than normal when you first turn on your air conditioner. It will not cool your home any faster and could result in excessive cooling and unnecessary expense.

Use fans and ventilation strategies to cool your home

- Turn off ceiling fans when you leave the room. Remember that fans cool people, not rooms, by creating a wind chill effect.
- When you shower or take a bath, use the bathroom fan to remove heat and humidity from your home. Make sure bathroom and kitchen fans are vented to the outside (not just to the attic).

Keep your cooling system running efficiently

- For maximum energy efficiency, schedule regular maintenance for your cooling equipment.
- Avoid placing lamps or TV sets near your thermostat. The thermostat senses heat from these appliances, which can cause the air conditioner to run longer than necessary.
- Vacuum your air intake vents regularly to remove any dust buildup. Ensure that furniture and other objects are not blocking the airflow through your registers.

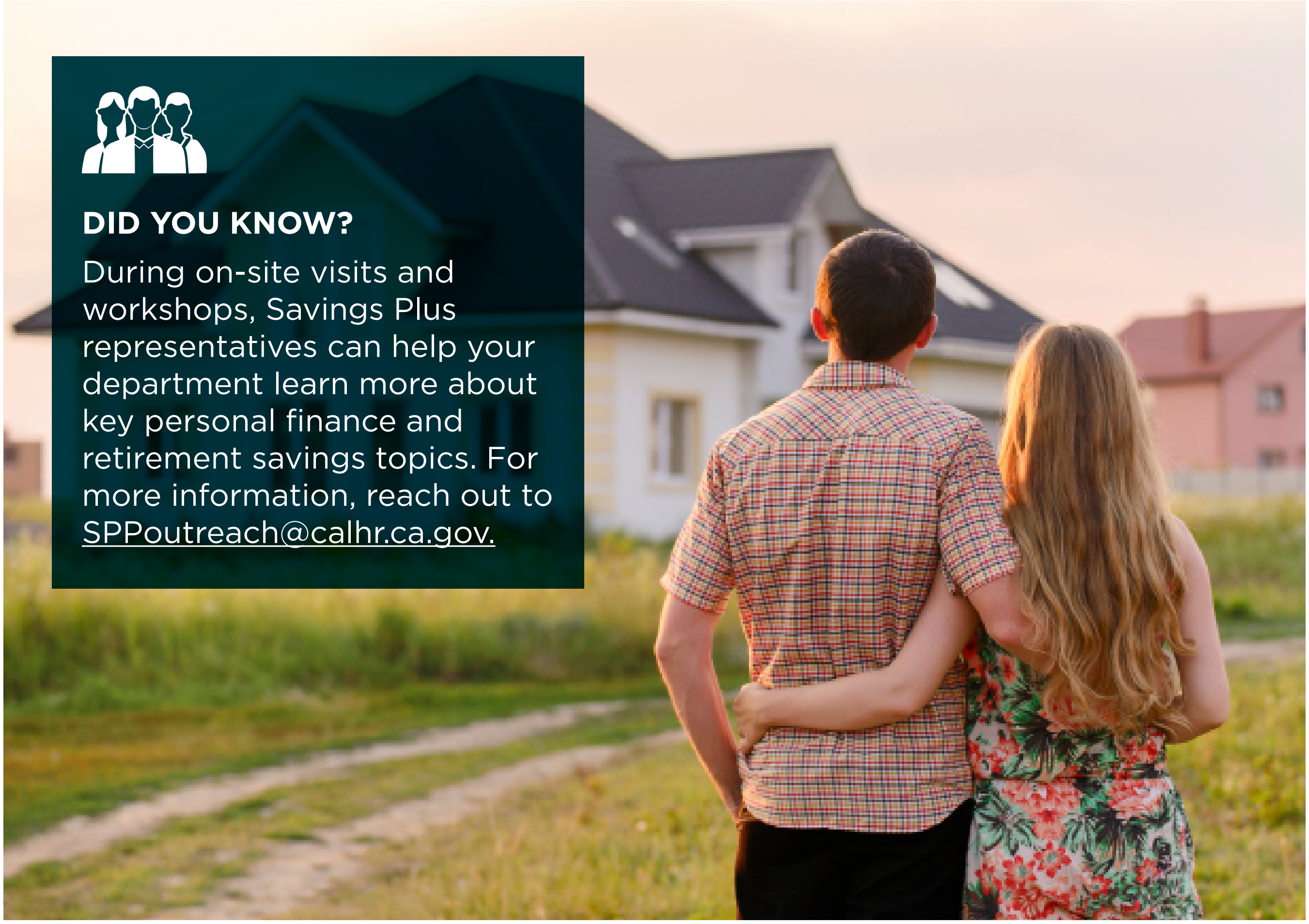
Be prepared with an emergency fund

Some think that retirees don't need an emergency fund because you can't lose your Social Security income the way someone might lose a job. Many emergencies, however, are not due to income loss but to unexpected expenses, such as large medical bills, sudden car trouble or weather-related home repairs.

If you already have an emergency fund, great! But if you don't, this is a good time to get one started. You'll want to have immediate access without penalty should the need arise, so consider funding a savings or money market account, rather than a CD or investment. Some people like to hold this account at a different bank than the one they use for their checking account, so that there's no temptation to spend it on day-to-day purchases.

NEED HELP?

Access tips to help keep your budget on track or meet with a Savings Plus PRC.



DID YOU KNOW?

During on-site visits and workshops, Savings Plus representatives can help your department learn more about key personal finance and retirement savings topics. For more information, reach out to SPPoutreach@calhr.ca.gov.

Saving is a journey

No matter where you are in your retirement readiness journey, we can help guide you with a road map of tips, tools and educational resources for every step.

Start your road map — plus, enter our sweepstakes* going on **now through September 1 at 11:59 p.m. ET.**

View sweepstakes rules

Flexible new changes to the Savings Plus Lump Sum Separation Pay form are live

With the July 1 form rollout, employees may now select the "Do It For Me" option and skip completing the contribution allocation table. The customizable table is still available for employees who wish to manually allocate their funds — and, if they are separating between 11/01/24 and 12/31/24, they may be able to transfer up to the maximum contribution limit into 2 tax years. This new feature, and many more form enhancements, will make the process more streamlined and accessible for everyone.

Also effective July 1, all Lump Sum Separation Pay contribution elections are irrevocable once the form is signed and submitted to your personnel office for processing. Employees are not able to amend, correct or withdraw elections once they are submitted. This will ensure prompt processing and distribution of your funds.

Please check for our new revised form at SavingsPlusNow.com. If you have questions about these changes, please reach out to Savings Plus at Leaverollover@calhr.ca.gov.

WEBINAR SPOTLIGHT

Own Your Financial Future

May 2, 1 - 2 p.m. PT

Enhance your financial journey with valuable insights! Join us to explore market dynamics, investment approaches, financial tools, contribution strategies and distribution options.

STAY TUNED

New adventures are coming soon! Visit savingsplusnow.com or follow us on social media to stay up to date.

LET'S CONNECT

Follow Savings Plus to get the latest news, events and resources.

LinkedIn:
Savings Plus Program

Facebook:
Savings Plus Program

X/Twitter:
@SavingsPlusNow

savingsplusnow.com

Savings Plus Solutions Center
(855) 616-4776
(800) 848-0833 (TTY)
5 a.m. – 8 p.m. PT weekdays

savingsplus
CALIFORNIA STATE EMPLOYEE 401(k) & 457(b) PLANS

NRM-22521M2-CA (07/24)