

## Quarterly Participant Bulletin – April 2026

### Put Your Tax Refund to Work for You

If you're among the many participants receiving a larger tax refund this year, congratulations are in order. But consider this: that refund represents money the government has held interest-free on your behalf all year long. A smarter move? Redirect that surplus into your CA457 plan account. Increasing your contributions reduces your taxable income today while building a stronger retirement nest egg for tomorrow – a true win-win.

If you receive a sizable refund this tax season, now is the perfect time to pay yourself first. Download a [Change Form](#) on our website today and submit your signed request to payroll or contact Nick Walker at [nick@walkerfinancial.com](mailto:nick@walkerfinancial.com) for assistance.

### Market Update: AI Disruption to Software + Iran Conflict & Oil

It has been a wild ride in the stock market for Q1 of 2026. January and February marked a distinct change in sentiment as software companies sold off on the fear of AI threatening to replace their offering. Products like Anthropic's Claude model have rolled out a number of updates that allow users to potentially create competitive software products much more efficiently and at a much lower cost. Although many software CEOs refute this claim and tout industry superiority, we are monitoring the situation closely to see how AI tools may affect this market sector.

The conflict in Iran, and the subsequent closure of the Strait of Hormuz, produced what may be the most significant oil supply disruption in modern history. As energy prices surged and markets responded with heightened volatility, inflationary pressures added to an already complex environment. The encouraging progress in ceasefire negotiations has brought some relief, and we have seen markets recover meaningfully from their lows. A challenging first quarter notwithstanding, we enter the next period with measured optimism and a watchful eye on developments that could shape portfolio positioning in the months ahead.

### Catch-Up Contributions Remain Pre-Tax

Good news! We've confirmed that the new Roth catch-up rules for high earners do not apply for Costa Mesa employees. The Secure 2.0 Act specifically highlights that only FICA wage earners are subject to this new rule and since City employees do not receive Social Security wages, they are not affected. This means that for those that are 50 and older (or turn 50 in 2026) you may contribute the full catch-up on a pre-tax basis and retain the same tax advantages you've enjoyed in years past.

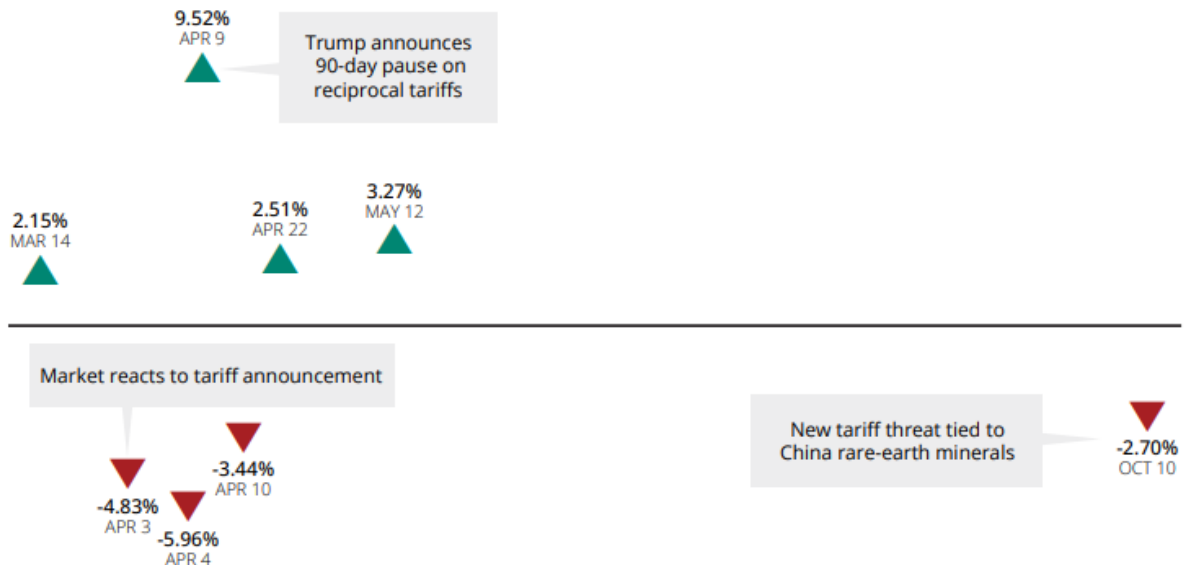
## Time in the Market vs Timing the Market

As we've seen in just the past three months, the market doesn't move in a straight line up or down; instead, it ebbs and flows based on geopolitical events as well as macro-economic and earnings data. It may help your emotional state of mind to sell everything and move to cash in a temporary market downturn and get back in when the news gets better, but history shows market timing is rarely a good idea. Often, market snapbacks happen quickly and with velocity. By the time you feel better about getting back into the market, you've often missed a substantial portion of the rebound and you'll likely be paying higher prices than where you sold. Always remind yourself that it's time in the market, not market timing that puts you on the road to wealth. Check out this illustration outlining the detrimental effects of missing the best days in the market:

The S&P 500 Index had a strong year in 2025, finishing up 17.88%, but the ride was anything but smooth. In the spring, the Index fell nearly 19%, largely because markets reacted poorly to President Donald Trump's April announcement of a new tariff policy.

But interestingly, the best single day of the entire year happened on April 9, right in the middle of all that volatility. Missing just that one day would've slashed your full year return by more than half.

### Most of 2025's Best and Worst Days Were Close Together

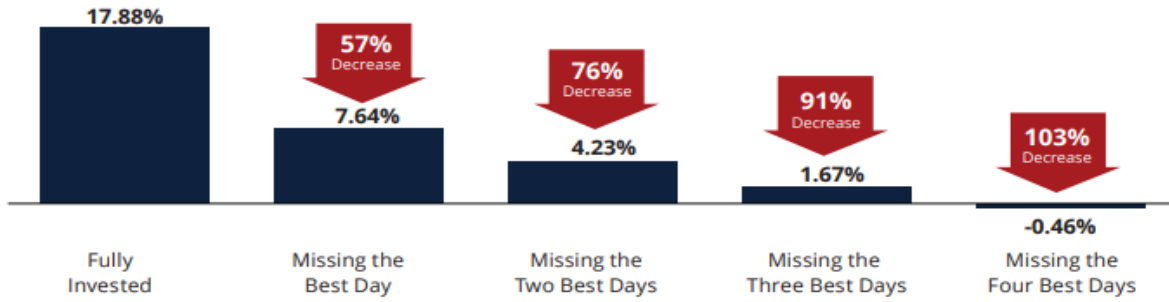


**Past performance does not guarantee future results.** Indices are unmanaged and not available for direct investment. Sources: DataTrek Research and Morningstar, 1/26.



### Missing the Market's Best Days in 2025 Was Costly

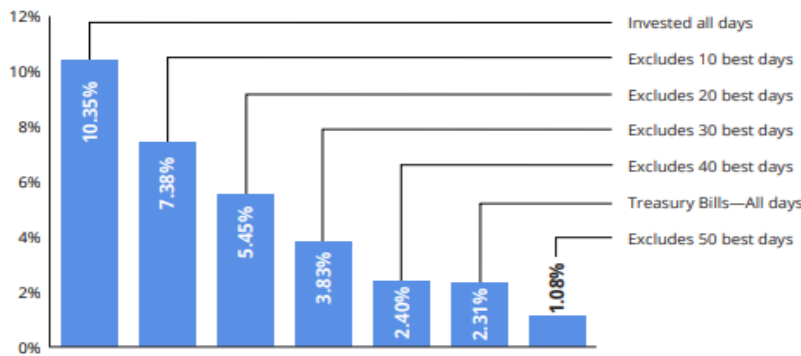
S&P 500 Index Average Annual Total Returns



**Past performance does not guarantee future results.** For illustrative purposes only. Investors cannot invest directly in indices. Data Sources: Ned Davis Research, Morningstar, and Hartford Funds, 1/26.

### 2025 Wasn't an Anomaly: Penalties of Missing the Market's Best Days

S&P 500 Index Average Annual Total Returns (1996-2025)



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If you have questions or you'd like to review your portfolio and retirement goals, please feel free to [Schedule an Appointment Here](#) or contact Nick at [nick@walkerfinancial.com](mailto:nick@walkerfinancial.com) or

800-770-0457.

### PERFORMANCE REPORT

#### California 457 Plan

#### Lifestyle Model Portfolios

	1st Quarter <u>Total Return</u>	6 Months <u>Total Return</u>	One Year <u>Average Annual Rate of Return Thru</u>	Three Year <u>3/31/2026</u>	Five Year
Conservative Allocation (20/80)	-0.41%	1.53%	7.77%	7.01%	4.39%
Moderate Conservative Allocation (40/60)	-0.94%	1.11%	8.65%	7.78%	5.24%
Balanced Allocation (50/50)	-1.10%	0.93%	9.61%	8.72%	5.16%
Moderate Growth Allocation (60/40)	-1.60%	0.67%	10.25%	9.29%	5.44%
Growth Allocation (80/20)	-2.33%	0.21%	11.65%	10.39%	5.90%
Maximum Growth Allocation (100/0)	-3.08%	-0.28%	12.09%	9.84%	7.71%

Performance is based on reinvested income and capital gain distributions plus or minus any change in principal value for the respective periods ended March 31, 2026. Individual results may vary depending on timing of deposits. Results shown are not a guarantee of future performance, and account values at the time of redemption may be worth more or less than cash invested. Returns do not reflect the deduction of a net annual asset management fee equivalent to 0.34% nor the 0.026% independent 3rd party consultant the Deferred Compensation Committee utilizes.