Fresh Invest S4E5: Living off your investments

Episode Description: Investing can have a huge impact on both your ability to save money and the way you spend it. This episode builds on episode 4 by exploring ways to live off your investments, with a focus on looking forward to retirement. We'll discuss the ins and outs of generating income, and we'll also explore some alternative ways to build revenue streams from real estate investments to other passive-income opportunities.

Alex Lieberman:

What's up everyone? I'm Alex Lieberman, co-founder and executive chairman of Morning Brew. Welcome to season four of Fresh Invest, the podcast where we explore all things investing, sponsored by Fidelity Investments and powered by Morning Brew. In this season, we are exploring strategies and tips to help you invest wisely wherever you are in life. With help from our friends at Fidelity, we'll dive into the investing lifecycle in the context of today's market landscape, emerging trends, and long-term wealth building strategies. Let's get into it.

In our last episode, we talked about how you can use fixed income investing to help protect your finances and encourage growth during downturns, from putting your money toward bonds to opening CDs. Today we're going to build on last week's discussion by chatting about how you can live off your investments, better plan for retirement and generate income streams that can set you up for a future of financial success. To dig into all of these questions and better understand the intersection between personal finance and investments, we're joined by Ashley Tran, VP and branch leader at Fidelity. Ashley, welcome to Fresh Invest.

Ashley Tran:

Thanks for having me. I appreciate the chance to be here in the studio with you.

Alex Lieberman:

Let's do it. Before we hop into the conversation, mind just introducing yourself and what you do at Fidelity.

Ashley Tran:

Absolutely. I've been with Fidelity for just over about eight years. Worked in a few different states and a few different roles. I started out getting licensed as a broker and trading and then moved into a leading team. So some of my teams traded, some of my teams provided financial advice, and for the last few years I've actually been in Tampa, leading an office there. So my title of VP, Branch Leader is really just a fancy way of saying I lead a team of financial advisors and their goal is really just to help clients in our area, and they do that by getting to know them and taking it past just the dollar and the money and really understanding what they want out of their life and then building a financial plan around that. So very, very rewarding job.

Outside of that, I love living in Tampa Bay, love being outdoors, doing anything on the water. Running. I'm actually training for my second half-marathon coming up here soon. It's been a painful hot training in the summer, but it'll pay off. I'm half Vietnamese, half Portuguese. So grew up eating a lot of unique food, I guess is a way to put it. So one of my favorite things to do is travel, try new cuisine and try and recreate it back at home.

Alex Lieberman:

Amazing. Well, thank you for being here. I'm excited for the conversation. And based on what you described about your role, I feel like you're perfect to talk about the topic today in thinking about financial planning as well as the intersection that exists between investing as well as personal finance. And it's funny because I feel like we live in a day and age where people think of personal finance and investing as these completely separate topics. People are either obsessed with studying personal finance and how they budget well, or how they think about credit card points and all these things, or investing how they think about a single name stock that they're really excited about putting money into. But I think it's important for us to talk about the relationship that exists between these two actually very similar in some ways, categories. So how do you think about investing, having an influence over personal finance for investors?

Ashley Tran:

That's a great question and such a great topic because there is absolutely an intersection between those two. I think people can feel a little bit intimidated because you mentioned the two types and one involves a lot of research, getting to understand certain stocks and people are fearful of that and they just think, you know what, I can't get into investing. It's too much. It's overwhelming.

Alex Lieberman:

It's overwhelming.

Ashley Tran:

Exactly. So when I think about the intersection between the two, there are really two big ways to help drive your personal finances through investing. And the first is just developing that planning mindset. We talked about how it can feel a little bit overwhelming. The first step is to have that what may be difficult conversation with yourself to really understand where you're at in your own financial situation. So of course Fidelity typically recommends to have three to six months of expenses saved up and make sure that you're contributing to your retirement accounts, taking advantage of any 401(k) matches that you have. But you have to really be thoughtful about investing and that's not only what you're buying and why, but you have to think about how much you can actually afford to invest and give yourself that realistic number.

So when you start thinking about investing, it's a good time to examine and evaluate your financial situation from how much you're making, to how much you're spending and on what. It's really important first to just know where are your dollars going, so how can I start to build my plan out around that? So second way is use investing as an avenue to help grow your money, that's going to impact your overall financial situation every day. So historically markets go up, we know that the economy moves in cycles and the market tends to follow that. And even when we see some black swan events like the pandemic that recently happened, the market may move up or down, but overall it has moved in a positive direction. So start early and start small, especially when it comes to things like retirement accounts.

And there are options like workplace plans 401(k)s, 403(b)s, Roth IRA accounts, traditional IRA accounts, all subject to contribution limits of course, but start early and take advantage of those types of vehicles so you can grow your money towards your future and know that you have a plan there. And then once you can capitalize on those investment vehicles, that will free up some time really and energy to plan for the other goals that you have in your personal life, like a big trip, a vacation, a wedding, first home. So investing does involve some risk, but if you can create a plan to invest to reach the goals, that's a great way to help your money work harder for you.

Alex Lieberman:

It sounds like thinking about investing in the context of personal finance, if you're thoughtful about your investing, it creates a sense of security or buffer to almost like clear mental space to then be thoughtful about your financial planning. You also mentioned things around 401(k), traditional and Roth IRA. We're going to talk in a few minutes around how to navigate tax advantaged investments. But I want to talk about how to incorporate investing into your daily life, because I think people have this misnomer that personal finance is something you think about on a daily basis. Personal finance is something you think about where, oh, should I buy this latte because maybe it makes sense to have this extra $6 in my savings, because compounded over time it's actually a significant amount of money.

But I don't know that people think about investing in that same fashion, in that same kind of daily fashion as opposed to something you think about every quarter or every year. So how would you think about investments in the context of daily life?

Ashley Tran:

When I think about incorporating investments into daily life, the first thing that comes to mind is education. And you're right, it's so much bigger than that decision of do I buy this $6 latte in the morning? It's what's actually going on in the world and in the economy around me? And it's really important to stay plugged into that. It can be really easy to now too, especially between social media, news, there are a lot of different ways to get plugged into the market and into the economy. And the reason I talk about this being so important is because when it comes to investing, when you think about government and corporate events, that is what drives people's emotions. And we know that we should all be disciplined investors, but I also know that we see people invest emotionally, and that is what can help drive market movement, whether that be positive or negative.

It's important to be aware of what's going on and use that to help you make investing decisions, and that's what we call fundamental analysis, right? So where you consider overall side of the economy, factors like interest rates, earnings, GDP, housing. And when it comes to actual investing in education, there are tons of social pages out there. Personally I like to say trading is trendy now. We've seen this really unique paradigm shift where people are wanting to become more educated. There's a lot of different social pages, websites, podcasts, that's how I got familiar with Morning Brew with the daily pod there. And there's just a lot of sources that give you really digestible, easy to understand education on investing in the economy. Even making small commitments like in the morning I'm going to take 15 minutes and read an article about investing or on my way to work I'm going to listen to a podcast about investing.

Those are really small steps that you can use to just become a little bit more educated. And then there's technology and AI and all the things that we can do too. So be smart when you want to incorporate investing into your everyday life and use things like automation. So that can be as simple as setting up automatic contributions from a bank account to go into an investment account, an automatic investment, something that you don't see come out, you don't have to pay attention to it, but you're still going to build your investment profile there. And there are a lot of apps out there as well that will roll up your purchase and keep the change and invest it. There are a lot of different budgeting apps. So there are just really so many ways that you can become more educated when it comes to investing.

Alex Lieberman:

It sounds like, first of all you can be engaged in daily acts of investing behavior, even if you're not the one manually pushing the buttons, if you're working with an app or a platform that is able to do this in a more automated fashion. The second piece is even if you're not quite literally doing trades on a daily basis, the act of studying investing in the markets is a daily behavior that is contributing to your skillset as a thoughtful long-term investor. I think that's spot on. Now I want to talk about a specific asset class, and this is an asset class that basically every rich person I know will basically say this is the number one asset to build wealth over time, and that asset is real estate.

But I think for a lot of people, real estate is daunting. They don't know how to get into it, because they're like, yeah, I don't have the money to buy a million-dollar house or buy a $10 million office building. How do I actually get involved in this space? So what would you say for investors that are trying to understand how real estate plays into the average retail investors diversified portfolio, and how does someone who wants to just dip their toes in it versus put their entire net worth in it get involved?

Ashley Tran:

I had a feeling you were going to say real estate. It seems like that's what everyone or many people have heard from their parents or their grandparents, if you want to invest, property, real estate, it's the appreciating asset. But daunting is a great word to put it, because when people think about real estate, they think you have to actually go out and buy property and there's some risk and a lot that goes into doing that, and that's not necessarily true. So at Fidelity we believe in having a well-balanced and diversified portfolio, and part of that can be real estate, but there are a few different ways that you can get that exposure like you were mentioning. The real estate sector is primarily made up of companies that own commercial real estate properties.

And a large portion of the companies are structured as what we call real estate investment trust, or you may have heard the term REITs thrown about. And there are also different mutual funds and exchange traded funds on the market that have lower minimum, so little barrier to entry for you and you can choose what you specifically want to invest in by doing some research on those types of investments and seeing what that underlying investment is. A lot of them will give you exposure to actual real estate holdings. And there are some out there that will allow you to invest directly into the properties. You can still find some diversification there without having to put up a ton of money upfront and also bargain with that liquidity power if you in contrast, put that money up and invested in actual physical property.

And for those who are just dipping their toes in, I gave the same advice to anyone that is new to investing, and that's do your research, no matter what sector that is, including real estate, do your homework, research and understand what the investment is, its purpose in your plan and the risks that comes along with it.

Alex Lieberman:

Totally. I feel like a lot of people that I talk to also love real estate for some of the potential tax benefits that come with the asset class, and that makes me wonder just in general around tax advantaged investment strategies. And you alluded before to 401(k)s, Roth IRAs, et cetera. We actually got a question from a listener of the show who basically said that they are maxing out their 401(k), their IRA and their HSA, but they said they don't qualify for a Roth IRA, and they're wondering are there other investment opportunities, specifically tax advantaged investment opportunities if they don't have tons of money, if they have tens of thousands of dollars to invest, but not hundreds of thousands to millions of dollars, what would you say to this listener?

Ashley Tran:

First of all, kudos to this listener for taking advantage of the 401(k), the IRA and the HSA. But with the IRA, I'll spend a little bit of time, don't forget that if you cannot contribute directly to a Roth IRA, usually that's because of an income limit. You may be able to convert your money into the Roth IRA if that's beneficial to your situation. I'll do a quick hit on Roth conversions if any listeners aren't familiar with that, because it can be a smart move, it does come with some tax implications. But basically a Roth conversion is taking money out of your traditional IRA, taking the tax liability on it, the year of the conversion, and then allowing it to potentially grow tax-free in the Roth. So if people are expecting to be in a higher tax bracket in retirement or in a future year, it might be advantageous.

Same thing if you have losses or deductions that you can offset due to the conversion or if you're moving to a different state with higher state income taxes, may be beneficial. So just a quick nod to Roth conversions there. You mentioned several great accounts if you're looking for tax advantages, but I would actually suggest looking within your accounts, in the overall portfolio first and asking yourself how tax efficient your investments actually are. This is what I like to call examining your own lawn before you try and go buy someone else's property. I'm going to hit a few things of what you can do when you are examining your own lawn in this case.

So there are several different levers that you can pull to try and manage your federal income taxes between selecting investment products, timing of your buy and sell decisions, choosing the accounts, taking advantage of things like gains and losses and specific strategies like charitable giving. Those can all be pulled together in a cohesive approach to help you manage, defer and reduce your taxes. So let's dig into a couple of those.

Alex Lieberman:

Perfect.

Ashley Tran:

Let's first talk about tax loss. So a sale on a security can be used to offset any investment gain. It's nice to think of a positive that comes along with maybe losing money, but if there are excess losses, up to 3000 of that can be claimed against your taxable income in that current year. And the rest of it you can actually carry forward to offset future realized gains or income, so important to be smart there. And then capital gains. We all think that making money is good, but it's really important to consider what happens with those profits. Securities that are held for more than 12 months before being sold, those are going to be taxed as long-term gains or losses, and that's going to have a top Fed rate of 23.8%.

Versus if it's a short-term gain, meaning you did not hold that security for 12 months, it jumps up to 40.8. It's a pretty big margin there to consider.

So be conscious of your holding periods, that's a really easy way to help avoid paying higher taxes. And note that federal taxes are always subject to change. Taxes are of course only one consideration. It's important to consider the risk and return expectations for each investment. And of course what account, because special rules like equity compensation plans that may change. So be mindful of that too. And on the same note of receiving money or profits, we feel like that's always a good thing, but think about the implications that come with it. So mutual funds, for example, they tend to distribute earnings from interest, dividends and capital gains every year. So they like to bless the shareholders with this excess, right? But it's important to think of what that excess means to you.

So shareholders are likely to incur a tax liability on that distribution if they own that fund on what we call the date of record for the distribution. So if you have that taxable account, doesn't matter how long you've held the fund, be mindful of, hey, if I'm going to hold this fund on the date of record, I'm likely going to receive a distribution. What is that going to do to me tax wise? And then there's tax-exempt securities too. Tax treatment for different types of investments vary. For example, municipal bonds. Those are typically exempt from federal taxes and in some cases receive preferential state tax treatment. On the other end of the spectrum, real estate investment trusts, we talked about the REIT and bond interest rates are taxed as ordinary income.

So sometimes municipal bonds can improve after tax returns, relative to traditional bonds. So investors may also want to consider the role of qualified dividends as they weigh their investment options. Qualified dividends are subject to the same tax rates as long-term capital gains, which are going to be lower rates for ordinary income. And then thinking about securities fund and ETF selections, mutual funds and exchange traded funds or I'll call them ETFs as they're commonly coined, they'll vary in terms of tax efficiency. So in general, passive funds tend to create fewer taxes than active funds. And while most mutual funds are actively managed, most ETFs are passive and index mutual funds are passively managed as well. And what's more, there could be significant variation in terms of tax efficiency within those categories.

So as you're doing the research, always know what you're buying and why, consider the tax profile of that fund before you invest. And on that same note, talked a little bit about municipal funds and bonds. It's so important to think about what we call asset location. We hear a lot about asset allocation, which is important too, but the location of where you place your securities can really have an impact on your overall financial situation too. And that means be mindful of locating and holding investments that generate certain types of taxable distributions within a tax advantaged account rather than a taxable account. And then last but not least, if you're looking for another way to capitalize on the tax situation, I always like to bring up charitable giving.

So the United States tax code provides incentives for charitable gifts. If you itemize taxes, you can deduct the value of the gift from your taxable income. These tax aware strategies can help you maximize giving and you can do certain things that are really need. It doesn't mean you have to just contribute cash, but you can contribute appreciated stock. So you can donate some long-term appreciated stocks, mutual funds, even cryptocurrency to public charities and are generally entitled to receiving what we call a fair market value deduction. And you may be able to eliminate capital gains taxes through that. So together that may enable you to donate up to 23.8% more than if you had to pay capital gains taxes.

Alex Lieberman:

That was a lot. We just got an absolute masterclass on tax strategy. I feel like we could do another episode of me just asking follow up questions on all of these different instruments. Maybe we'll do that next season, but just to keep the conversation going and it ties into it because obviously taxes I think are a big thing that investors and individuals think about throughout their careers, but especially as they approach retirement where they'll be living off of their nest egg, off of their investments versus income. How should any retail investor who's listening to this podcast today be thinking about building a diversified portfolio specifically as it relates to retirement planning versus just in normal day-to-day life pre-retirement?

Ashley Tran:

First of all, I want to say that at Fidelity we believe that true retirement readiness, it's about more than just saving in investments. It's about what your life is going to be like. It's living and aging well. And when it comes to the topic of retirement, we always think save for retirement. That's the journey, that's the mission, and we get there, we feel great. That's the finish line. But in reality, it's really just another starting line into another phase of your life. It's very important to be thoughtful and planful with how you are saving and investing in what you're going to do when you retire, because now you're in that distribution phase. I call it the go-go versus the no-go years. You want to make sure you're ready to go.

The good news is no matter what your situation is, you can help improve your retirement readiness and potentially the lifestyle that you can have in retirement, with building out a plan, implementing the entire plan and being a disciplined non-emotional, but a disciplined investor. So in building the plan, there are really three essential building blocks for retirement income. We'll talk about those three.

Alex Lieberman:

Perfect.

Ashley Tran:

The first is having a guarantee to cover your core expenses. So think of that as your essentials every day. Non-negotiables like housing, food, utilities, taxes, healthcare, and then also your personal non-negotiables. Like if you want to wake up and eat avocado toast every morning, factor that in.

Alex Lieberman:

Have the avocado toast fund.

Ashley Tran:

Important to have that too. So really just defining what those essential expenses are for you and then having some sort of guaranteed income source for that, like social security. And there are a lot of different plans and solutions that can help get those guarantees too. So that's the first piece. And then the second building block is going to be have investments that are going to give you that growth potential to help meet long-term needs and legacy goals and really just account for inflation. I always say you can make up from the downside of the market, but if you jump out and you miss the upside, you miss it. You can't ever recover that. It's important to have essentially that growth bucket for you.

And it's really important to make sure that growth bucket is also diversified because diversification is going to help you, one, minimize your risk exposure because you don't have too much in any one type of asset class, it's going to help you avoid making those short-term mistakes by lowering fluctuations that can be caused by one single asset moving. And three, it's going to help you earn long-term value by capturing gains from a lot of different assets across different classes. So you can diversify by spreading your asset mix across domestic stocks, international stocks, bonds, short-term investments, and while diversification's not going to guarantee a profit or prevent loss, it's going to balance that risk reward for your hard-earned money. So make sure you have that diversified growth portfolio as well.

And the third building block is just having flexibility to refine your plan as needed over time because we all know life happens. There are those inevitable curveballs. For example, five years into retirement you might receive an inheritance, that sounds great, but what's that going to do to your overall situation and how do you invest that? How do you consider taxes? Maybe you have to have your parents move in or you just experience another significant life event that you may need to make adjustments for. So make sure that you have flexibility in your plan to allow for that too.

Alex Lieberman:

I think this is a great foundation for how someone should be thinking about retirement, but I will say the idea of planning for retirement can be anxiety provoking to people. I always think about, just the idea of no longer bringing income in and having to make the mental shift to living off of just what you have saved is a very daunting concept. Are there specific misconceptions or pitfalls that investors tend to have as they think about retirement planning and living off of their investments?

Ashley Tran:

Living off of your investments and thinking of income strategies, I think it's important to remember that this may not be the red-hot exciting strategy that's going to keep you on your toes every day, right? You're looking at your distribution and what does that strategy look like and how am I actually making some money in my portfolio and is this beneficial? It could be dangerous to start chasing yields because you're feeling insecure about income. So make sure that you're always doing research and weighing your risk along the way versus chasing a yield that could change. And that includes being aware of the dividend paying stock that you have and the funds that we mentioned earlier that historically pay out at the end of the year. Be mindful of your tax consequences there.

So another strategy that we've actually seen a lot of people get into thinking of income, and that's becoming more and more common, especially across our young investor population, is options trading. And an option is essentially a derivative that gets its value from an underlying asset or security, and the holder of an options contract can exercise that, meaning they can convert it to the underlying asset and investors can use options to help generate income or manage risk in their portfolio. We see people actually look to get educated about options when they are looking for how can I actually drive a little bit of additional income here? And there are unique risks associated with buying options compared with buying the stocks, right? So primary risk is going to be that the option expires worthless and you lose that investment.

Another consideration is that when buying options, the underlying security will need more directional movement before the strategy will actually net you a potential gain compared to directly using the underlying security and still having some advantage there. So while options can be a great way to create some income to live off of, they're a complex level of investing that takes a lot of time and attention to manage to be really effective. But overall I would say it's important to just be aware of the situation, how much you have, where your money is going, and then having that building block plan to know that your central expenses are covered.

Alex Lieberman:

I think you've given so much valuable information around planning and being prudent around saving for retirement and making sure that you're in a good spot for when you inevitably will be living off of your investments. But there's a part of me that worries that this can drive people crazy and people can constantly make decisions that basically forces them to only be thinking about their future self at the expense of their current self. What is the way that you would help a retail investor navigate this natural tug and pull of caring for your present self and enjoying your life today, but also making sure you're setting yourself up for a good position in the future?

Ashley Tran:

I loved how you put that where you're worried about your future self and so it's an expense to your current self, and that's a really hard balance to find. So if anyone listening is struggling with that, know that you're not alone, most people tend to feel that way. I always say it's expensive to live between paying bills, eating, keeping a roof over your head, insurance, transportation, you live in New York, it's expensive to live and your income goes quick. So not to mention the other things that we want to save for like a vacation and the house and retirement. It could be really hard to find that balance between saving for the things that you need and living for the life that you want. But I think that it starts with organizing your finances and really understanding, like what I said earlier, where is your money going so you can cut some spending and decide do you want to save or do you want to invest?

So how can I still keep money here so I can enjoy and then make sacrifices that will be meaningful because I know they're going to pay off in a different way for me. I always say give up some things that you like to save for something that you love. Tricky part is often really taking the first step and to make that process manageable. I think it helps if you break down your finances into sections and then set small goals for each one of those. For instance, we like to start with these four tiers and that's budgeting, debt management, saving and investing and then protecting what you have. I'll go over those four and there's I think, easy ways to break in and get started and then advance strategies once you feel like you've gotten there. So even starting with budgeting, first step is, hey, just make sure that you're spending less than you earn. That's going to be number one.

After you have that down, then we're actually going to look through tracking what you're spending and planning for what your short-term goals are. If you feel good about that space, then actually look, how can I make the most out of my money? Well spend no more than 50% of your income on essential expenses. So those are essentially the three stages to budgeting. Next, with debt management, first and foremost, pay off your credit card debt. That tends to be the highest interest that we all face, so pay off the credit card debt first. If that's down, then look at any other loans that you have, take that highest interest rate and start with those. That's not only going to help you pay that debt down, but it's going to help move your credit score for the future as well. And if you're good in that space, then you can even explore refinancing, mortgages, student loans, see how can you take advantage of the debt that you have and put yourself in a better situation there.

Then when it comes to saving and investing, taking advantage of that full employer match, that's such a great benefit that people see in some of their workplace plans. If you don't have a workplace savings plan, consider a tax advantage account that's available to you like an IRA. If you have that down, then try saving at least 15%, which is going to include the employer contributions that they're matching potentially. And think about saving for the big things coming up like college or buying a home or having a wedding, and making sure that you're investing appropriately for your age, time horizon and risk tolerance of course. And then just making sure you're reviewing your portfolio annually, checking out your lawn, making sure that you're being tax efficient and maximizing the tax advantaged accounts.

Then when it comes to protecting what you have, we all care about protecting different things, so define that and what's important to you. For some people, it's life insurance if you have children, having adequate health savings or even just starting out with that basic $1,000 emergency fund that we hear a lot. After that, saving three to six months for any sort of emergencies, thinking about different methods of protection like disability insurance if you're looking to protect income, different sources and plans around that. And then even estate planning. What can you do with insurance needs? Having a healthcare proxy and a power of attorney. So that's a really good way to build on protection there.

Alex Lieberman:

Love it. It basically sounds high level like, it's having a clear sense of what are your financial goals, doing the things, whether it's through a framework like the four buckets you spoke about or the annual audit to very clearly understand your financial picture and your specific numbers to basically know where everything is. And then the final piece is to know your options, understand your options, understand if you have employer matching on your 401(k). Understand basically what are the tools at your disposal to allow you to hopefully achieve your financial goals and then make informed decisions from there.

Ashley Tran:

Definitely. And I think it's so important, like I said, start early, start small. The important thing is to start. And when you can give yourself an attainable goal, you get that satisfaction of checking off the box if I did this. Right? And it's just going to help your mental state feel like you're making progress and you're moving forward. So start early, start small.

Alex Lieberman:

Ashley, thank you so much for an awesome conversation and for joining Fresh Invest.

Ashley Tran:

Absolutely. Thanks for having me.

Alex Lieberman:

This is great. Thank you for tuning into Fresh Invest today. I hope you feel like you have a stronger grip on how to live off your investments and successfully prepare for retirement, and hopefully our talk has helped you feel more confident so you can start fine-tuning your own finances. The trick here, as Ashley mentioned, is finding the right balance between managing your portfolio in the present and planning your finances for the future. Overall, it's key to remember that crushing tomorrow's financial goals starts by properly maintaining your portfolio and income today. Thanks again for listening and make sure to join us next week to learn how AI is currently impacting businesses and the economy. We're diving into the ever-changing shape of the future of business and finance. It's some really interesting stuff, so make sure to tune in and I'll catch you all next time.

Disclosures:

This podcast was created on behalf of Fidelity Investments by the Morning Brew Creative Studio, and does not reflect the opinions or point of view of the Morning Brew editorial team. Fidelity and Morning Brew are independent entities.

Information presented herein is for discussion and illustrative purposes only and is not a recommendation or an offer or solicitation to buy or sell any securities.

The views and opinions expressed by the speaker are his or her own as of the date of the recording and do not necessarily represent the views of Fidelity Investments or its affiliates. Any such views are subject to change at any time based on market or other conditions. Fidelity disclaims any responsibility to update such views. These views should not be relied on as investment advice, and because investment decisions are based on numerous factors, may not be relied on as an indication of trading intent on behalf of any Fidelity product. Neither Fidelity nor the Fidelity speaker can be held responsible for any direct or incidental loss incurred by applying any of the information offered.

Please consult your tax or financial advisor for additional information concerning your specific situation.

This podcast is intended for US persons only, and it's not a solicitation for any Fidelity product or service. This podcast is provided for your personal non-commercial use and may contain copyrighted works of FMR LLC, which are protected by law. You may not reproduce this podcast in whole or in part in any form without permission of FMR LLC.

Past performance is no guarantee of future results.

Investing involves risk, including risk of loss.

ETFs are subject to market fluctuation and the risks of their underlying investments. ETFs are subject to management fees and other expenses.

Options trading entails significant risk and is not appropriate for all investors. Certain complex options strategies carry additional risk. Before trading options, contact Fidelity Investments by calling 800-544-5115 to receive a copy of *Characteristics and Risks of Standardized Options*. Supporting documentation for any claims, if applicable, will be furnished upon request.

Changes in real estate values or economic conditions can have a positive or negative effect on issuers in the real estate industry.

For a distribution to be considered qualified, the 5-year aging requirement has to be satisfied, and you must be age 59½ or older or meet one of several exemptions (disability, qualified first-time home purchase, or death among them).

The municipal market can be affected by adverse tax, legislative, or political changes, and by the financial condition of the issuers of municipal securities.

Fidelity does not provide legal or tax advice. The information herein is general in nature and should not be considered legal or tax advice. Consult an attorney or tax professional regarding your specific situation.

Fidelity Brokerage Services LLC, member NYSE, SIPC, 900 Salem Street, Smithfield, Rhode Island 02917.

1107703.1.0

Alex Lieberman:

Thanks for tuning into Fresh Invests, sponsored by Fidelity Investments and powered by Morning Brew. Check out fidelity.com/freshinvest to open a Fidelity account and learn more about the topics we covered in this week's episode. I'll see you next time.