Fresh Invest S4E8: Life Stages of Investing

Episode Description: In the penultimate episode of the season, we address significant life stages and how each stage can correlate to its own investing style. These include college life, investing with your partner, and preparing for retirement. We hit on starting or adjusting your investing style, understanding each phase’s needs, and how it all varies from person to person.

Alex Lieberman:

Hey 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're 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 episode seven, we looked at the intersection of AI and investing. We talked through how AI is transforming the global investing experience and we highlighted some AI-based tools that can be leveraged in the financial services space. This week in the penultimate episode of the season, we'll be exploring how each stage of life can correlate to its own investing style. Think college and your post-grad years, investing with your spouse, preparing for retirement, and other significant errors of life. We'll chat about starting or adjusting your investing style based on each life stage, understanding your stages needs, and how it all plays into the bigger picture. To answer our questions and dive deeper into these life stages, we're joined by Kelly Lannan, SVP of Emerging Customers at Fidelity. Kelly, thanks for joining.

Kelly Lannan:

Thanks Alex for having me. I'm so excited and great intro.

Alex Lieberman:

Thank you. I appreciate it. So before we talk about what investing looks like at different stages of life, can you just lay the foundation and tell me a little bit about yourself?

Kelly Lannan:

Yeah, sure. So as you mentioned, my name is Kelly. I work for Fidelity. I've been there for 10 years. So Alex, big anniversary year, let me tell you.

Alex Lieberman:

Congrats.

Kelly Lannan:

Yeah, I think there's actually a celebration next week.

Alex Lieberman:

Did you get your crystal ball yet?

Kelly Lannan:

It's funny, when you're five years you get this pyramid and it's a big deal. People post in social and stuff, so I got that stoked, but this year we actually get to go to a party.

Alex Lieberman:

That is cool. Is it a party specifically for you or just for everyone who's been there for 10 years?

Kelly Lannan:

No, no, no. Actually it's those who are celebrating all their different service anniversaries. So 10 years and beyond. So yes, it's going to be fun. Some of the colleagues are coming who are at all different tracks.

Alex Lieberman:

Love it.

Kelly Lannan:

I'm excited. It's kind of wild to think it's been that long, right?

Alex Lieberman:

It's crazy.

Kelly Lannan:

Yeah. If you look back, I'm like, what the heck was I doing?

Alex Lieberman:

I also just feel like in the day and age we're in 10 years at any company is like a lifetime. So congrats on making it through.

Kelly Lannan:

Thank you. Thank you. So putting that aside, and I do love the company and what I do. So my job at Fidelity is to really engage and candidly, hopefully inspire our next generation of customers to do more with their money, to engage more with their money. And this is something that is not only my job, but I am so incredibly passionate about. So I just got to learn a little about you, but when I graduated school, I went to a liberal arts school. I basically went, because I played hockey. I got recruited to play. So I was playing hockey, I was taking music classes. I was almost one credit away from being a music minor, Alex.

Alex Lieberman:

Wow.

Kelly Lannan:

I don't know if it's wow because I can dance, play an instrument, sing to the point where the counselor told me right before I was going to graduate, "Hey, if you take one more class, you can be a music minor." The first thought I kid you not that came to my mind, my parents are going to kill me. I cannot take any more classes.

Alex Lieberman:

That is incredible.

Kelly Lannan:

I graduated and I kind of got out to the railroad and I looked around and I was like, what the heck was I learning in school, taking my music classes, playing hockey? And really what I mean by that is that no one really took the time and Mike and Paula, they're my parents, wonderful people, but we never talked really about money. They didn't talk to me about budgeting or they didn't encourage me to get a credit card. They never talked to me about the stock market or what a 401k was.

Alex Lieberman:

Look, I came from a finance family and we never talked about those things either. I was totally on my own once I graduated from college.

Kelly Lannan:

I don't know if you felt the same way, but you get out there and you're like, whoa, I got to figure it out. I got to get my act together. And also when you graduate you still want to have fun. You want to still have flexibility in your money to do so. So I was in the restaurant industry, went back to school, then came to Fidelity and I remember I had this epiphany when I walked in the doors and I don't know what that guy was saying in my interview and I was like, Fidelity's awesome. Fidelity's cool and Fidelity is the power to help so many younger people and so many younger people work here. Why are we doing more about this?

So it just became such a passion area. Our young investor initiative was kicking off. I had the opportunity to join that team and I've just been working hard, engaging our customers through digital experiences, through marketing, through our social networks, through how we service them, how we think about it. I now have a team of people that is really new to this mission and I think it's really important work and if we can help just one people, that's a real success. And I'm lucky to come in each and every day with that mission kind of at the forefront of my mind.

Alex Lieberman:

Totally. Well, you already alluded to it when you graduated from college, similar experience for me, it is an incredibly daunting experience to figure out your financial situation when you graduate from school. You have a lot of decisions to make. You're making money for the first time in your life. You haven't been given any of this education, whether it's from family or from university. And so I actually want to start with that life stage in terms of thinking about investing for the person who's about to graduate college or the post-grad, someone like my sister who's been out of school for two or three years, what is the best advice you can give them in thinking about getting their feet wet and investing and also going from it feeling really daunting and unapproachable to actually feeling accessible?

Kelly Lannan:

First of all, it can start in college. So we had about 1400 interns who came to Fidelity worked for us this summer. And same question. I met with multiple every single week and all of them asked me, is there anything I can do now? And so I think the answer is yes. And there's countless little tips and tricks from taking advantage of your student ID. I kid you not, I still kind of use my grad school ID.

Alex Lieberman:

Oh, I use it.

Kelly Lannan:

You do? I know. I am like is anyone going to catch me? Is this okay? So to not buying that fancy furniture or taking advantage of the cafeteria or getting that work study job or hey, I babysat for my professor's kids when I was in school making that own money. But I just say that because I think the first step is really working to build that foundation, build your financial foundation, take a step back and really understand anything coming in. So anything you're making, anything going out and then understanding what's left over at the end of that. To me high level, that's budgeting. I think sometimes we talk about that word and people get really scared and they're like budgeting and it's a really word that makes people feel defensive or I'm not going to do that. But at the very end of it's just having understanding of your money, where's it going, where's it coming, et cetera.

And then once you get to that, the thing you also want to consider is do you have money set aside in case something happens? The emergency fund, rain day fund, whatever you want to call it. I prefer emergency fund. We can't predict when something's going to go bump in the night. The classic example is you're driving on your way work flat tire, right? You always want to make sure you have money set aside in case something happens. I always recommend just start with something. Start with 100 dollars, 1,000 dollars and then try to get to three to six months of that essential expenses. But as long as you're doing something, there's a lot of goodness in that. Student debt, debt in general is such a significant piece of so many people's life. If you think about it with the pause on payments.

I read a stat recently that 60% of those who have federal student debt have not made a single payment in over three years. And that's all coming to a head right now. And the amount of questions, the amount of fear as well as the amount of impact that has on their money. So debt that you have must come into consideration and that candidly is something you can start to think about and understand while you're in school. And then just kind of the last step is investing. Thinking about the long-term. I remember at 22 graduating and I was making nothing, I don't know what you were making after college, I was making nothing. And so the prospect of opening up a 401k, an employer sponsored retirement plan that came up and I graduated in the middle of the recession and I remember my boss at the time telling me that money's coming out of your paycheck again, was making nothing and it's going in the stock market.

And I specifically remember I was in the restaurant industry, there was a TV behind me on CNBC or one of those channels and it was like glom doom. And I was like, you're telling me money's going in that thing? No way. I'm 22. I am not going in the stock market. I'm terrified of that. However, what I think is important to know is that actually is something you can start thinking about now because time is on your side. You can have the opportunity to weather the ebbs and flows of the stock market and it's never too early, even when you're getting that financial foundation to start to think about those longer term goals like investing for those bigger purchase items or investing for something like retirement.

Alex Lieberman:

Totally. Again, some of this stuff may sound like so basic or simple to people, yet so many people don't comply with doing these basic things. You talk about just the idea of having a budget and you can use whatever vernacular or jargon you want. It is simply saving more than you're spending or having an emergency fund. These are all basic things, but I do think the constant reminder is so important because there's so many people who don't do it even though it's very basic to do. And I think oftentimes it's because it feels very daunting or you feel like it's one of those things that won't hurt you today so you can kick can down the road. You talked about it at a macro level.

I want to talk about it a little bit more specific now, which is when you graduate from college or when you're in your first few years out of college, you get a lot of financial instruments thrown at your face. You get words thrown at your face and it's jargon that's specific to the industry and you have no idea what it means. And there are things like IRAs or if you have a full-time job, there's the 401k and then when you're looking at IRAs, you don't even know what IRA means, but then it's like Roth or is it traditional? It can become overwhelming very quickly. And so just even talking about these instruments, how do you think about the decision-making process around them and any questions that if you were in the shoes of one of your interns who came to you and was like, I just was told about a traditional IRA and a Roth IRA for the first time, what questions do I even ask to get the right answers to know what I should do? How do you approach that?

Kelly Lannan:

Yeah. I mean we definitely tend to speak a different language sometimes financial services. We have our own other language, just like all the thousands of countries out there, but hit upon retirement in general, you mentioned a few terms. Let's actually start with the employer sponsored retirement plan. Something like a 401k, which you mentioned, or a 403B if those listening in are in the non-for-profit sector. So why I just think it's important to start there is because if you're getting out of school and you have multiple job opportunities, this is actually an important thing to ask. Do you have access to a 401K? If you do have access, is your employer willing to provide a match? And what that means is they're actually willing because they like you. They're like, hey Alex, I like you as a human. I'm going to help you get there one day. They're actually willing to also put money towards your retirement.

Understand the percentage. Understand things like the vesting schedule when you can actually get that money if you leave the job after three to five years. I know I said 10 years, but that's not the norm. A lot of people are actually on average staying in their job only three years, sometimes even less. So these are really important to ask when you are looking for jobs. It's not just about that salary number, it's about the additional benefits. And one is, and I don't think sometimes people realize this, a benefit of working at a job is having access to a 401K, employer sponsored retirement plan. So that is something, again, very basic, but I just want to stress and make sure people understand that especially the younger listeners. Now for those who maybe are still in school or don't have a full-time job in the gig economy, are just also looking to save for their retirement, because let's face it, I love what I do, you love what you do, right?

Alex Lieberman:

Yap.

Kelly Lannan:

I don't want to work forever. I don't want to work forever. Maybe retirement's going to change for me in the future, like other listeners out there, but for those who might want to get started maybe don't have access, there are things called IRAs, which you mentioned. So individual retirement accounts, so different than the workplace account and these are things that you could open outside your workplace. The Roth IRA and the traditional IRA, this comes up all the time, especially with the younger audience that I speak to.

First of all, they're both very powerful accounts that can help someone save and invest in their retirement. That's a great thing. They have tax advantages to both of them and that really is also a key difference. Usually with younger people, if they believe that they're going to be at a higher tax bracket or at a higher income level when they get older, a Roth could be a good option for them to look at because they'll pay taxes on the money going into the Roth now, it grows tax deferred year over year and then because they already pay the taxes when they're trying to take the money out, they don't have to pay them again.

Alex Lieberman:

They don't have to pay a second time.

Kelly Lannan:

Exactly. So they get the tax break a little bit later in life when they need the money and maybe they're at a higher income level. Now trad again, has some tax advantages. Money grows tax free year over year, but you actually get the tax advantage right now because you're not necessarily putting after tax money in, but the money is tax deductible, meaning you can deduct it from your income now and get a break at tax time. So that's really the biggest difference between these two accounts. I think both could be and are a good option if you wanted to get invested in your retirement, especially if you either A, don't have access through one through your workplace or if you wanted to do one in addition to it.

Alex Lieberman:

And just for our listeners who now have heard 401K, if you're working at a company, if you're a gig economy worker or a consultant and you have traditional IRA or Roth IRAs options, are IRAs and 401K is mutually exclusive? If someone works at a company, will they just get a 401K, is an IRA an option?

Kelly Lannan:

No. Yes, you can have both a 401K and an IRA. Now the thing with Roth, I will say this is that there is income level, so if you're making a certain amount, you might not have the opportunity to contribute to a Roth. Trad doesn't necessarily have that, but you can have both accounts. Many people do have both accounts. The only thing that I would just recommend a little bit of Kelly advice more than anything is that if you aren't putting enough into your 401K to get the match, remember that's like free money. That's like your company saying, "Hey, I like you Alex, I like you Kelly, I'm going to give you a little money." If you're not putting enough money in that account to get to the match and you go open up one of these second accounts and you're putting money to that, I would just argue it might be a good idea to-

Alex Lieberman:

There's just real opportunity cost.

Kelly Lannan:

Exactly. Make sure you're putting enough to get the match. Get your match before maybe opening another account. Because the other thing is just like we've kind of already talked about this already, simplicity. It's two accounts. You have to make sure that you're doing the right thing and just because you have the account, there's money in it, you got to make sure it's invested too. I can't tell you how many of our phone wraps have to take a call where someone thinks their money was actually invested and turns out it necessarily wasn't doing that. Again, just sometimes to keep these simple maybe one is the option, but if you feel like you need both, you're putting enough in, you definitely can have both accounts at the same time.

Alex Lieberman:

Totally. So let's keep the life of an investor going along and we'll just use me as the example. So say we were just talking about Alex senior year at Michigan or a few years after where he was working in finance before going to Morning Brew. Let's talk about Alex today. So eight years out of school, newly married, and there are a lot of just questions that come up for anyone who, well-

Kelly Lannan:

First of all, newly married. Congrats.

Alex Lieberman:

Yes, thank you. Thank you.

Kelly Lannan:

I'm sure your listeners know, but that's awesome. I can see you fiddling with your ring right now my friend, so it's weird to get used to it, right?

Alex Lieberman:

I'm a big fidget toy person, so this is my new fidget toy.

Kelly Lannan:

So how long has it been?

Alex Lieberman:

It's been somewhere between two and three months. Super happy and we went on our honeymoon this summer, so it's great.

Kelly Lannan:

Oh nice. Where'd you go?

Alex Lieberman:

We did Africa.

Kelly Lannan:

Oh my goodness, gracious.

Alex Lieberman:
We are bad at relaxing by the pool. So something like Barbados or Greece was not in the corn for us, but yeah, we did some gorilla trekking when on Safari, did Rwanda in Kenya and it was an amazing experience.

Kelly Lannan:
That is bucket list stuff right there, my friend.

Alex Lieberman:
It was awesome.

Kelly Lannan:
That's amazing. Well congrats on being married.

Alex Lieberman:
Thank you.

Kelly Lannan:
That's the bigger bucket list item, but Africa's a pretty cool piece of it too.

Alex Lieberman:
It's all been great, but when I've talked to you now, a lot of my friends are also either married or they're engaged. And I think just for anyone who is newly married or about to get married, it's an incredibly exciting time, but it also can be a stressful time as it relates to thinking about the logistical things that have to happen when you're sharing a life with someone for the rest of your life. And one of those key pieces is your finances. And conversations come up around combining finances. Who's going to be the breadwinner? Are both people going to be the breadwinners, one person going to be a stay-at-home parent? How do you think about the way that people who are at this stage of life should be approaching thinking about investing or even having conversations about investing when they enter this period?

Kelly Lannan:
Yeah. I think we're going to see a common theme that the life events that we go through are so intertwined with our money and our finances and often it is these life events that bring up these discussions. And you said something to end is the conversations, the communication, that is key. It sounds so simple, but if you aren't talking about your money, if your spouse doesn't understand how much you make, if your spouse does not tuned into the goals that you have in life and vice versa, what they have in life that can cause trouble. In fact, one in five couples tell us that money is the top stressor and the top reason that they argue in their relationship. About half have told us that they've had an argument about money. Candidly, I actually think that's pretty low.

But again, so we constantly see that lack of communication, that money in a relationship if you aren't having those conversations can cause problems. So that would be my biggest recommendation is that even though it may be uncomfortable, those conversations need to happen. Candidly, Alex, they are ones that should happen before you get married. A lot of younger people, they're moving in with their significant other before marriage. They may be delaying marriage. A lot of these choices are happening even before that. But that would what I would recommend above all. Set aside a date night where that's what you plan to talk about.

Alex Lieberman:

Nothing more romantic than some stake, wine and talk about 401Ks.

Kelly Lannan:

Yes, we're romance. So we're fellow finance geek, so we get it. But I know we're laughing about it, but sometimes that's what it needs to take to force the conversation. Or those silly little quizzes on social media where you're standing next to your spouse and they're asking questions, who's the saver and who's the spender? And you're turning your head to the side. Take those and use those silly little opportunities to start to have those conversations. If you're both saying that you're both the saver, you're both the spender, then use that as an opportunity to be like, whoa, wait, hold on, are we even on the same page? And on that note, when I say communication, you do have to talk about things like short-term goals, long-term goals, what is your plan for the future? Because depending on those answers is really going to help define the approach that you have to your money both separate and together.

Alex Lieberman:

I think that makes total sense and it just sounds like again, simple but a lot of people don't do it. Just having strong communication upfront, proactively, ideally before you're married around these topics of what are your money goals short-term, long-term? How do we work towards them together, how are our risk profiles around how we want to grow our wealth different or the same? Like you said, that is the name of the game because so many people don't have these conversations and it just leads to people being caught off guard unfortunately at times where it could have been avoided.

Kelly Lannan:

And risk profiles. It's okay if you don't have the same profile. If I'm more conservative, my husband is more willing to take on risks. That's okay, that's going to happen. You can't change that. However, if you stay aligned to your goals, if you understand how your risk profile can inform how you're investing your money and you stick to it and you understand that, that can help to determine what you're invested in those specific shared accounts. I've met couples who keep things together but then keep things separate and that might be an opportunity. If someone wants to be a little riskier, you can do it in that account.

The other thing too, if you can, bring in a referee, right? Bring in another party. Use the opportunity to bring in an advisor into the conversation. If you do disagree, he can be a third party neutral that can have the conversation with you and make sure that you're in track even though you have different views on things. It's why therapists are out there. You have a financial therapist. Go to advisor, go to a branch and bring someone else into the conversation. That can always be an option as well.

Alex Lieberman:

Totally. So now let's jump to the next stage, which is the stage-

Kelly Lannan:

We're just flying through life.

Alex Lieberman:

It's crazy. If life was this simple.

Kelly Lannan:

Yeah, seriously.

Alex Lieberman:

So you get to this stage now where you're a parent, you have teenage kids, you're thinking about sending them off to college. Again, not just financially but emotionally, it can be a difficult time in life for the first time in let's call it 18 years. You're thinking about empty house, dog and husband or dog and wife. What do you do now?

Kelly Lannan:

See, I have two very young children, so that's my dream at the moment. All people with older children are like, oh, you're going to miss them. I'm like, really?

Alex Lieberman:

That is hilarious.

Kelly Lannan:

And this one who won't sleep. But yeah, sorry, keep going.

Alex Lieberman:

And so you're having this anticipatory anxiety around this stage. And then one of the things you're also thinking about is your kid going to college and how are you going to finance that and what are certain financial decisions you have to make around the stage? Are there certain instruments you should be thinking about that will set your family up and your child up for being in a place where referring to rising student debt in this country a few minutes ago, hopefully you're in a privileged place where they don't need to be so worried about having mounting debt. What are some of the things that parents who are making decisions to set their kids up for success in college should be thinking about?

Kelly Lannan:

I think we got to take it way back. I don't know if you experienced this. I specifically remember the day I got engaged, I'd been engaged for an hour. The first question that I was asked is, when you getting married or when's the wedding?

Alex Lieberman:

Yap. Of course.

Kelly Lannan:

Literally walking down the aisle at my wedding, the first question I'm going to ask in my dress, when are you having kids? You know what I mean? No, I mean we were joking about how fast it goes, but this is just human nature. This is how we do things. So first of all, in order to set your kids up for success, there are financial options. There are financial accounts that you could consider to do just that. Millennials, gen X, these are generations that saw the mounting student debt for the first time and they want nothing more than to make sure their kids aren't experiencing what they're currently seeking.

So there's an account called a 529 account. It is an account that one can start saving for their children's future educational expenses. It can be invested. There's a variety of plans depending on the state that you live in. There's tax advantages to it. It is something that parents, grandparents can open on behalf of children in their life. People can contribute just not the account holder. Other people can contribute too. The amount of toys and candidly kind of crap I get from my kids, I'm like, can you just put that $5 that you bought that stuffed animal and put it in their 529? You know what I mean? So other people can contribute. It's a solid gift.

Alex Lieberman:

I wonder if you pitched that to your kid, hey, do you mind, rather than getting you a set of Legos next month, can I just put all this in your 529? I wonder how that go over with them.

Kelly Lannan:

That was the two-year old birthday invitation. PS, no gifts unless it goes in your 5... But in all seriousness, that is an account that one might consider if they want to save for their future children expenses. And let's say your kid doesn't end up going to college, you can change beneficiaries if you have two kids on there. So there's some advantages to look at that account and you can start early. You can start right when they're born, before they're born. And as we already discussed with investing and with time it can be on your side especially when they're younger. So we touched upon a few other things too to think about, for example, healthcare costs. I know that we were talking about how a lot of couples when they're having conflicts, sometimes it can be about money. Healthcare costs are such an important thing for individuals to look at, especially as they're getting older, the rising cost of healthcare.

And so they're an account, an HSA account, a health savings account, which is an option that one can get if they have a high deductible plan. For example, my company actually has that benefit to their employees and they're actually putting money in. That's another account in which you have triple tax savings that one can actually look at to save for qualified medical purchases. I always use my HSA money to pay for my contacts so they're not cheap. So that is also an option to look at, especially if healthcare is on your mind. One of my good friends is in a life insurance business at Fidelity. Life insurance is something. There are life insurance options, life insurance plans that you can actually purchase through your employer and work through your employer. You can get it if you don't have the option through your employer, but this is another way to make sure that your family and those that you loved around you are set up financially in case God forbid anything ever happens to you.

Alex Lieberman:

The life insurance conversation opens a whole can of worms because I feel like it's not just a question of if life insurance makes sense, but it's also like when. When is the right time for someone to actually look into a policy?

Kelly Lannan:

Yeah, no, and I think now. No, I am laughing, but I'm serious because if you keep waiting, that's one of the things that inertia settles in and you know in the back of your mind you should do it, but you just haven't done it and

Alex Lieberman:

It just gets more expensive.

Kelly Lannan:

Exactly. And I think the other thing is we've talked about the concept of planning or thinking about these things. And I get it can feel heavy, but think about all the other things in our life that we plan for. I plan what I was going to wear. I plan my flight later on today. I plan for all these little things. I plan what I'm going to do this weekend plan, all these little things. Everyone listening, you should take the time to plan for your money because that can lead to so many other things.

Alex Lieberman:

Totally. And I mean the way that I think about it is at the end of the day, every choice we make in life is one of two choices. It's either short-term pain for long-term gain or short-term gain for long-term pain. So basically if you make the decision or the indecision to not budget, you're embracing just the comfortability of doing what you're doing now, but you deal with the discomfort of potentially just not having money in your bank account down the road. Similar type of thing of if you embrace the hard conversations around your finances with your significant other before you get married or you embrace the conversation of facing your own mortality by having a conversation around life insurance today pays dividends down the road. There's a compounding effect of feeling uncomfortable about these conversations upfront.

Kelly Lannan:

Of course. And money touches every aspect of our life. it is just true and I think we want to make sure, and especially with my job, that people start thinking about the things and they start to build these habits even if they're uncomfortable when they are younger. So as they get older and things only get harder when you're younger. I was joking about my kids, but man, those things are hard. Things are only going to get harder. So if you can start to build these financial habits when you're younger, it's just going to become second nature to you. And that's why it is so important that we have the opportunity to engage younger people.

Alex Lieberman:

Totally. So let's complete the circle of life with-

Kelly Lannan:

Lion King reference. Love it.

Alex Lieberman:

Exactly. I'm just picturing-

Kelly Lannan:

Africa, your time.

Alex Lieberman:

... Simba and Rafiki right now. For people who are approaching retirement, either maybe they're considering retiring early or they have a plan to retire at 65. It's funny, like you mentioned before, when you enter these different life stages, there are challenging money conversations you have and there's just overall discomfort. And I would say the discomfort that is characterized by this stage of life is the idea of no longer generating income from your work. And I can speak to not necessarily the exact experience, because I'm not 65 years old, but I can speak to the discomfort I have when I think about how uncomfortable it would be to not have a job and not be bringing in money that funds my expenses in life. The idea of eating away at my nest egg is really uncomfortable.

Kelly Lannan:

I have anxiety of describing it.

Alex Lieberman:

Exactly. And so how for people that are starting to broach both the conversation but also work through the mental gymnastics of that is okay and that's why you have saved up for a period of time, what would be your thought on how they should be thinking about things from an investing perspective as they make this switch?

Kelly Lannan:

I think a few things come to mind. The first thing is going back to that plan, really taking a look and understanding what type of life you want to live in your retirement. Do you want to still do a lot of the same things you're currently doing in your working years? Do you want to completely switch it up? Do you want to travel more, travel less, whatever that is and really go back to that plan and have a strong understanding of the savings that you have in order to do just that.

You mentioned how retirement is far off. I know I've alluded to the fact retirement for me might look different. It might not just be stopping work, it might be doing something different. And I think a lot of people in our generation, that's how they're viewing it. That could also be something like, could you extend your retirement years? Not necessarily in that same job, but are there other opportunities for other work? A colleague of mine shared a story. Her dad retired a few years ago. He got basically a side hustle working in Home Depot because he loved Home Depot all his life. And so he kept working, he was bringing in additional income and he extended some of those retirement years.

Alex Lieberman:

It reminds me of I do this other series called 60 Seconds Startup. And I have entrepreneurs pitch me in 60 seconds. And one of the recent ones that I had on was this guy who is, I want to say he's in his early 70s and he was a surgeon for his entire career and he is decided to just become an entrepreneur because he found a problem in his later stage of life and he came out with something called the Wet Wipe Wizard because people use wet wipes at the toilet now, but there's nothing that automatically dispenses them. So he invented it and that is the business he's building. So I think to your point, it's like people can have multiple careers over the course of their lifetime. We're not, especially in today's day and age, like single career individuals necessarily.

Kelly Lannan:

Yeah, exactly. And also as you're getting closer to retirement, you do have the opportunity to catch up to actually put a little bit more away within your 401K or an IRA. When you get to age 50, you can actually put more towards, or even the HSA, when you get to 55, you can put an additional 1,000 dollars a year. So take advantage of those things. Make sure you're shoring things up. Take a look at the investments in your portfolio and that might be an opportunity where you have to rebalance even if you have a certain risk profile, if you're getting closer to any of that money, you might need to rebalance accordingly. And if you have any questions, pick up the phone and call your financial provider. Go to an advisor, talk to someone and make sure you're getting the guidance.

And something else, maybe a little bit more basic is the concept of downsizing. I got to say, when my parents sold my childhood home, I went to a boarding school for part of high school, even though I didn't live there for so long, I was like, how could you do this to me? Blah, blah, blah. But it made all the sense in the world. They didn't need that space. They didn't need to live in a town that was building a new high school and taxes were going up and so they were able to downsize. Again, think a little bit differently about their money. And one other thing too, try to have these conversations. I'm not quite at that stage with my parents, but some of my colleagues have shared that truly understanding and seeing that maybe people in your life, your parents in your life are not as set up for retirement as they might've thought or you might've thought it feels beyond uncomfortable, but at the end of the day, think your parents took care of you your whole life, now it's time to kind of do the opposite.

Alex Lieberman:

Totally agree. Let's round out the conversation with strategies and principles around making your money work for you that are not stage specific. Everything we've talked about before, this question has been stage specific ways to think about your money. What are evergreen strategies irrespective of what stage of life you're in that you would be recommending to a 75 year old the same way you'd be recommending it to a really sophisticated 7 year old.

Kelly Lannan:

I think of it in three pieces. I think the first is have that diversified investment portfolio. You'll see a theme around investing because I believe this, I'm sure you too. Investing is a way to make your money work a little bit harder for you. I truly believe that everyone should get started with investing and have the ability, have the access to do it, and we've made a lot of changes at Fidelity to allow that. But the first is have that kind of tailored investment portfolio. Understand your goals short and long-term, understand your plan and apply it accordingly.

The next is really understanding your risk profile. You're always going to have to do it. It's just might differ depending on the age and the stage of the life you're in. When you're younger, you have the opportunity to take on a little bit more risk, but as you get older, closer to retirement, you might have to peel back a little bit. And then the third piece is the management of it. The plan you have at 20 is not going to be the plan you have at 30 or 38 or 48 and beyond. So know just like every other aspect of life, you might have to flex your plan accordingly as things change, as you go through certain life events and as you get older and you go through different life stages.

Alex Lieberman:

Love it. Kelly, this has been such an amazing conversation. I can't help but picture now your kids being financial whizzes that are talking about 4 01Ks and traditional IRAs at the dinner table, given just how much knowledge you've provided in this conversation.

Kelly Lannan:

I met my husband at work at Fidelity and get to super romance so I always say it's a great place to meet people. Good retirement plan-

Alex Lieberman:

So funny.

Kelly Lannan:

... Background tax. But again, I hope so because I have two young girls and I know you had one of my colleagues on this a few weeks ago, and Lorna Captsa and I always talk about this, the gender cap is real. It's there. And so if I can inspire all young people, but especially young girls out there to lean more into their money, then I will feel really good.

Alex Lieberman:

I love it.

Kelly Lannan:

When I'm done and onto my next career after this.

Alex Lieberman:

Awesome. Kelly, thanks so much for joining the podcast.

Kelly Lannan:

Thanks Alex. Yeah, thank you so much for having me. This is great. You're awesome.

Alex Lieberman:

Thank you for tuning in to Fresh Invest today. No matter what stage of life you find yourself in, I hope this episode gave you a helpful look at how to align an investing style with where you are so you can navigate the financial landscape with confidence. This kind of guidance can be the starting point we need to find our footing, and I hope this episode helped give you insight into where you stand and how to get where you're going next. Don't forget to join us again next week for our finale, a recap episode of the entire season with highlights of exceptional moments, key takeaways and reflections on the topics that you absolutely loved. Let's send this season off with a bang. We'll see you there.

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Alex Lieberman:

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