

# Fidelity Viewpoints®: Market Sense

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## TRANSCRIPT

### SPEAKERS:

Ally Donnelly Lorna Kapusta Ryan Viktorin

**Ally Donnelly:** Hi, and thanks for joining us on *Market Sense*. I'm Ally Donnelly with Fidelity. In honor of Women's History Month, today *Market Sense* is teaming up with Women Talk Money. Now hopefully you are already familiar, but if not let me introduce you. Women Talk Money is Fidelity's community bringing woman together to learn more about the realities that make finances different for woman, and to help them take action and to help their money help them grow.

Today we are joined by two fantastic people and we're going to talk about the reality of the market environment we're in today and how to think about positioning investment strategies. Specifically, we'll focus on some of those issues affecting women financially. But men, don't tune out; these topics are also relevant for you along with the women in your life. Joining us today are Lorna Kapusta, Head of Women and Customer Engagement at Fidelity; and Ryan Viktorin, a Vice President and Financial Consultant at Fidelity. But most importantly, she interacts with our clients every day. So hello to you both.

**Lorna Kapusta:** Hi, thank you for having us.

**Ryan Viktorin:** Hello.

**ALLY:** Lorna, let me start with you. Can you give us a little background, tell us more about the Women Talk Money community, and why today, Tuesday, March 7th, is a special day?

**LORNA:** Well, I'll start with the Women Talk Money community. And we launched it at the outset of the pandemic when we were getting thousands and thousands of questions from so many people, but particularly women across the country. We didn't know at that time if we were going to have our jobs the next day. Everyone was worried about their health. Do I have enough in my emergency savings, and how can I make sure I was setting myself up in case whatever



happened. And we launched Women Talk Money for women to come together in a safe space that was judgment-free, so that they could share their questions and we could really just have real conversations about what we were facing and how do we tackle it together.

And I will tell you, from there the community has grown tremendously. I think, you know, over the past year it's almost tripled in size. And what we really do is based on feedback of the questions that are, I would say trending most, from our community. We jumped—we come on together and we address those questions. We have regular workshops, live Q&A, as well as actual steps straight to your inbox. And we have seen such a strong demand that we keep on going and we keep on wanting to serve this community and as many people that we can with this kind of help.

**RYAN:** Yeah, and I am so incredibly fortunate to have been part of this Women Talk Money community and initiative from, I think, the very first one, Lorna, right from the get. And I am so thrilled to be here with you today to continue how it's just exploded in size.

**ALLY:** That's fantastic so, let's get into it. You know, Ryan, we are seeing some themes from 2022 carry into 2023. Inflation, interest rate still on the rise, and plenty of market volatility to go around still in the picture. So given everything that's going on in the economy, it's understandable for women, and all of us, all of us to feel maybe a bit intimidated. So, billion-dollar question, is now a good time to invest?

**RYAN:** Yeah, it's a question we get all the time, especially given what we are seeing. But the bottom line is, it's always a good time to invest. But the more important part is, we have to think about creating what I call a construct of figuring out what the overall goal is of why we are investing. So, let me give you a little bit of framework about what we think about. So first, I break it down into three major categories. The who, the what, and the when.

Who is who are the important people that we are planning for in your life; kids, spouses, maybe it's just you. Maybe that's fabulous. And then what, what are the things that we are planning for. Could be retirement, buying a house, a second house, saving for college; you know, whatever the category is, whatever the goal is. And then the question—the final piece is, when; when are we going to be trying to achieve those goals. If for retirement as an example, is that five years away or 25 years away? And given that construct, when you have that as the basis for what you are doing, it makes it a lot easier to plan and, therefore invest, so you can see what you are on track for what you're hoping to accomplish.

**ALLY:** Yeah, Lorna, what would you add there?

**LORNA:** So what I would say is, you know obviously, I focus on women and that becomes really important. Where Ryan and I spend a lot of time is just talking about for women and for everybody, that money roadmap becomes critical. It's not necessarily about every single investing

decision that you make, but as long as you know what your goals are, what you are trying to achieve 5, 10 and 20 years and beyond and have a plan, it's really important. And I would say what we have been really trying to do from a women's perspective is make sure we are helping bring forward those differences for women, that actually matter when you are developing what I call the money roadmap, some people call it the financial plan.

And, you know, just to give you a sense, Ally, of what we talk about, women on average live five to seven years longer. Given this, higher healthcare costs in retirement but, actually, women in general have a journey where their health costs are higher. Nowadays women do have responsibility for two thirds of the student debt. That's because they are earning more degrees that's turning into student debt later on. And there are simply just other factors if you determine to be a caregiver, maybe stepping out of the workforce, you have got to plan for. So what Ryan just talked about becomes really important because it gives you a plan but it allows you to make proactive choices about where you want to be and what you want to do. And Ally, you kicked off and you said, hey, this is for everybody when we talk about this. Particularly in this month because it is Women's History Month, and the reason why this is so important is it's not just about whoever we are, but it's for the—it's for you as a woman, if it's there are women in their lives, for daughters, for mothers. It becomes important to everyone to have that type of plan. And so we spend a lot of time thinking about how do we make decisions that really account for differences and make sure for our families everybody has got their plan in order.

**ALLY:** Yeah, I really love that you said "proactive choices." Tell me how you first dove into your finances. I know you have got a good personal story.

**LORNA:** So you know, transparently I talk about this all the time, which is I have had a growing career and a growing family, for the past, you know, 25 plus years. And given that, with three children, three dogs, and a cat, my husband and I in our early years with our growing careers took a divide-and-conquer approach. And when it came to the finances, he actually took the lead on that. I took the lead on what I would say is everything else. And I came to Fidelity about a little over eight years ago and recognized that my financial stress was really high. I joined a workshop, which talked about these factors and the concept of making a money roadmap. And it was a pivotal moment for me. It was like the aha, the lightbulb went on. And I realized our roadmap needs to be joint for our situation and that when we were actually sitting down, talking about our goals, and figuring out what we wanted—which I will say wasn't easy—and got a plan in place, my stress levels went from here to down here.

And I will tell you, it wasn't only about feeling more confident in, you know, my money life. But it actually was pervasive throughout my career and with all factors. And it actually brought us more closely together as a family. And so, that was just a major moment for me in wanting to enable everybody, but particularly women who historically have not been as engaged, to really take that next step forward and really create space so that we can do that.

**ALLY:** Yeah, I mean I am floored that was just eight years ago for you. I think that's a terrific lesson for people to take. Ryan, I want—

**LORNA:** Ally, I say it's never too late. Because I think no matter where you are and no matter what you have done, our biggest learning in all of this is it's never too late to take charge and develop that plan. And I think it's really, really important that everybody feels like they can do so.

**ALLY:** Yeah, that's a great call-out. Ryan, let me turn to you. I want to ask about what you're sharing with clients right now. And I mean there have been a lot of changes in the markets over the course of the past year. So, what do you tell customers about how to invest in today's kind of market?

**RYAN:** Yeah, it's so easy to get wrapped up in stock or bond market volatility, which is why our asset allocation team focuses on the economic business cycle. And when we think about where we are right at this moment, we feel like we are at the back half of the late stage of the business cycle. So, bottom line is it's the one that happens before a recession. And I know that we want to look at some of the mixed signals that we are seeing economically to try to explain what I mean by that.

So one, we are starting to see corporate profits decline a little bit. And, you know, banks are a little less willing to lend to businesses and consumers. Which starts to get, you know, a little bit of a deterioration so weaker economic cycles. Or signals I should say, rather. On the other hand, we are also seeing unemployment at a 50-year low<sup>3</sup>. And there are more jobs out there than people who want them. And while we've seen a little bit of layoffs starting to catch the headlines, we would have to see a pretty major shift in that messaging and the layoff picture to really say, hey, you know, things are really weakening.

And I know that the word recession catches a lot of attention. They are incredibly uncomfortable and incredibly difficult to actually live through. Think of, you know, how bad 2008 was or even, you know, the tech bubble before that. And that doesn't mean run for the hills. It means get to that planning, have that conversation that Lorna was just talking about, create that construct so that all of the, you know, drivers and all the things that are completely outside of your control can feel more in control when you have that construct in place. And it could also mean that take a look at your goals even if you haven't gotten started. It's never too late like Lorna said, but if even if you had, let's revisit them and start to say, you know, how far away am I from that goal? Is that when, that I talked about before, a little bit closer than we thought? And if you are closer to it, then we might want to take some actions to reduce some of the risk assets or the stock side into something more on the fixed income side for a little bit of stability.

**ALLY:** Yeah, you know, you talked about, kind of, uncertainties, right, and how the environment has changed. So, let's talk about interest rates. Can you give in a little bit more about that, dive in there?

**RYAN:** Yeah, talk about another thing that's changed over the course of this year, right? About a year ago, interest rates were almost at effectively zero. Cash was making absolutely nothing for you and mortgage rates were also super low. And fast forward to today and, basically, everything is reversed. So, anybody approaching that goal that could be retirement or trying to get some interest on a goal that might be really soon. I say finally, finally we are starting to make some actual interest on the cash that you have worked so hard for. Now, the flip side is mortgage rates have come up and that can be a little tough if you are looking to, you know, buy a house, especially for the first time. But from an investment perspective, it has totally changed the game and we really like what we are seeing from an interest rate perspective; it's exciting.

**ALLY:** Well, that's great. Now what about when you talk about bonds, per se?

**RYAN:** Yeah. I mean it's really important to think about in fixed income in general, we think about something like an emergency fund originally, you know, when we think about something that's really, kind of, fixed. But just fixed income in general, that's bonds as we have said, you know sort of, you know, in the past, how we describe them. And they are starting to yield things like 4.25, 4.5, you know things like that. And so, we expect a lot of the rough part of the bond experience has, kind of, happened in the past. And while the Fed is, sort of at the tail end of their rate hiking environment, even if it lasts a little bit longer given inflation, like you mentioned at the start, it is definitely an opportunity to go get some of that interest. So, for now, again, we are liking what we are seeing and I think it's really important to go take a look and making sure you are getting as much income as humanly possible, especially on that emergency fund.

**ALLY:** Yeah, I mean I love when you always say, you worked hard for your money. Go get it working for you.

**RYAN:** Yes.

**ALLY:** That's always a great call-out. So, you know, you've given us some great information and absolute action items. Tell us a little bit about more about equities given the current environment.

**RYAN:** Well, I think, you know, as—we already have acknowledged, right, that looking at 2023 there are clearly some risks out there. Like, we already talked about a recession in the future. But the reality is, we don't know when a recession will hit, how bad it will be, how long it will last. And notice at no point today what we are saying, you know what you should do is just panic and sell everything, right? Like that's not the messaging. But as you start to get closer, you might want to think about getting a little bit more conservative. But to give you a little bit of context, when we are thinking about why—and the question I often get, Ally, is well, why don't I just wait? Why don't I wait to get through the next recession? It's because we don't actually know what the calendar year return is going to be like in the middle of that recession, right?

So think about in 2020, even though we had a recession because of COVID, the market ended up 15% that year and was a huge recovery off of the bottom. And even back in 2019—or 2018, rather, where we had a really volatile market and the year—that was when a lot of people were saying, “Oh, it’s a recession following the longest bull run in history.” But 2019 was a 30% return on the market<sup>4</sup>. So, at no point are we saying come out of equities all together. But as you start to think about that construct, and have that conversation Lorna was mentioning before, just like I said a couple of times, revisit that goal and if you are a lot closer to it, then maybe shave off a little bit. But the major message no matter what, is get to the allocation, that’s your mix of stocks and bonds, that you can, you know, ride a recession through—any recession through, given your goals and get to the place where you will never panic and sell. And if you feel like you need help, talk to somebody about it, raise your hand, join the Women Talk Money community, talk to us and we will try to help you through it.

**ALLY:** Excellent.

**LORNA:** Ryan, I loved what you said, because you can’t—it’s not about timing the market. It’s, actually, time in the market and one thing that we always talk about, we do a lot of research and analysis, particularly women are really good at this. They think about their goal and the time frame of that goal. And then they pick a set of investments that really, kind of, align to what they are trying to achieve. And the best is that they stick with it, regardless of what’s going on in the market, and in the end because of that we see really great strength and the ultimate returns because they are sticking with their plan. And so, I think there’s a lot to learn from just this basic recipe. Everything you just said, Ryan, being thoughtful but sticking with things and not trying to time it for success.

**RYAN:** Right.

**ALLY:** Interesting, that’s good advice. So, you know, this has gone so fast; this is just great information. But I know, Lorna, there’s so much more coming up as part of the Women’s History Month series. Tell us more about that.

**LORNA:** Yes, and you can actually see the QR code on the screen to sign up. But throughout this month, it is Women’s History Month. We do try to provide more support for women but it’s for everybody to join through our Women Talk Money community. There are live marquee events talking about money and career. We also focus on individual workshops that take you from everybody who is just starting to invest or really think about where to put their money, to planning for retirement. So, you can use the QR code or you can go to [Fidelity.com/WHM2023](https://Fidelity.com/WHM2023). And what I love about it, you don’t need to be a Fidelity customer to join. This is for everybody and it is available so that we all can figure out how we can create our own financial security and ultimately our own financial wellness. Particularly when things feel a bit more rocky, to get a plan so that we are taking action and we’re putting ourselves in the best position possible.

**ALLY:** That's great, that's great, and I know you've said that your next roundtable really digging into the key factors that make finances different for women. But you also have some new offerings. Tell us a little bit about that.

**LORNA:** We also—one of the big things that we're also going to talk about is really focused on the younger generation and making sure regardless if you are talking about teens that you want to be supporting and getting them set up with the right money habits and/or for those that are just, let's say coming out of college and starting out. How do they set up that basic financial foundation? I know as a parent, I have teens and one heading into college, and what are the right tips and tools I can be putting in place so I get them with that best foot forward. And so I know I'm excited for a couple of these sessions that are planned.

And one that I mentioned that's coming in a couple of weeks for anyone who is interested in really talking about your career and knowing your worth, Venus Williams is going to be joining us with a team of Fidelity experts that really will be talking about how to make sure you are getting the most out of your career and then turning it into what you want.

**ALLY:** Yeah, and gender equity, she's going to touch on, too, which I think is fascinating.

**LORNA:** Very much so, really important topic. Making strides but a long way to go. But helping all individuals, be it if you're a leader, someone who is advocating for yourself, the right steps to do so.

**ALLY:** Yeah, I am really excited to see that one. Well, thank you; this has been a great conversation, Lorna and Ryan, I really appreciate it. And I can't wait to tune into the events this month. So, again, as Lorna mentioned, use the QR code or go to the website you see on the screen to learn more about Fidelity's Women Talk Money. Lorna and Ryan, thank you so much.

**RYAN:** Thanks for having me.

**LORNA:** Thank you, Ally, and thank you all for joining us.

**RYAN:** Yes.

**ALLY:** As always, if you have questions about making a financial plan or staying on track, Fidelity can help. Call us, go online to our website, or download Fidelity's app to learn more; it's terrific. Again, huge thanks to Fidelity's Lorna Kapusta and Ryan Viktorin; I'm Ally Donnelly. Have a great week.

<sup>1</sup>2021 Fidelity Women and Investing Survey

<sup>2</sup>Institute for Aging, 2021

<sup>3</sup>Anthony Tellez. "How Unemployment Reached a 50-year Low Despite Massive Layoffs". Forbes.com. February 3, 2023.

<sup>4</sup>Dana Anspach. "Annual Stock Market Returns by Year". TheBalanceMoney.com. Updated March 30, 2022.

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