

How to manage money, deal with debt, and create a financial legacy

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TRANSCRIPT

SPEAKERS:

Tiffany "The Budgetnista" Aliche Nakia Tull Shaun Taylor

Nakia Tull: Good morning, good afternoon, and good evening from wherever you're joining us from today. For those I've yet to meet, my name is Nakia Tull, VP on the Customer Inclusion Team here at Fidelity. I will be your host. I'd like to personally invite you to today's conversation. Thank you for taking the time to invest in yourself and spending the next 45 minutes with us to have a candid conversation discussing how we can all better manage our money, deal with debt, and create a financial legacy for all of our families.

For those who took the presurvey and also submitted questions, thank you so much. It's still not too late. We've received over 2,000 questions from all of you. And we will try our best to weave them into the discussion and address them during the Q&A portion with our dynamic panel.

Before we get started, I wanted to start by setting the stage for us. A little over a year and a half ago, Fidelity committed to becoming a more inclusive place for our customers. They assigned me and five other passionate leaders to represent the Black, Latino, Asian-American, Pacific Islander, LGBTQ+, disability, and military communities with the primary focus to better understand and serve the unique needs of our communities. Historically, however, there are barriers, which limited opportunities for these communities to build wealth, especially within the Black community, the long-standing impact of enslavement, as well as unfavorable actions within the banking and finance industries, such as redlining, have created a stark racial wealth gap. Therefore, there's no surprise that distress exists now.

I will say that Fidelity is committed to authentically connecting and engaging with these communities today. And together with all of you here, we will change the narrative, and it starts with all of us. We have a genuine interest in building wealth within the community, and we, as an organization, want to be that resource to help you establish financial legacy. So without further ado, let's really jump in to begin the panel. And let's begin with Shaun Taylor.



So a little bit about Shaun Taylor. Shaun is a workplace financial consultant who, several years ago, decided to join the firm, and his focus is on educating and preparing people to take advantage of investing. Shaun has a very interesting journey.

And wait, let me tell y'all. He graduated from Harvard. He is passionate for sharing everything he's learned about preparing for financial wellness. Thank you so much Shaun for being here with us today. Now, to our other special guest.

I'm happy to welcome back Tiffany "The Budgetnista" Aliche. So nice to see you again, Tiffany. A *New York Times* bestselling author, an award-winning teacher of financial education, quickly becoming America's favorite personality when it comes to financial education. Tiffany, through her company, The Budgetnista, Tiffany has created a financial movement that has helped people worldwide collectively save more than \$200 million and pay off over \$100 million in debt, y'all, purchase homes, and transforming the way people think about their finances.

In 2019, Tiffany transferred her commitment into legislation, where she partnered with Assemblywoman Angela V. McKnight to write a bill that was later signed into the Law A1414, The Budgetnista Law. This law made it mandatory for financial education to be integrated into all middle schools in New Jersey.

Tiffany was the first Black woman to grace the cover of *Money* magazine solo. She also blogs about personal finance via The Budgetnista blog, co-hosts an award-winning podcast "Brown Ambition," and has an online school. And can I not mention that Tiffany is featured on the Netflix documentary *Get Smart with Money*, where she is one of four coaches helping individuals meet their financial goals. If you haven't had a chance to take a look, please do so.

Tiffany, thank you for joining us today, grateful for your time and all the work that you help with our communities to become more financially well. I'm excited to share the screen. I'm humbled and honored to be with all of you on this panel today. Shaun Taylor, I'll turn it over to you, my friend.

Shaun Taylor: Nakia, thank you so much for putting all of this together. Ladies and gentlemen, I am absolutely honored to be here with you today. As we celebrate Black History Month, I really had to think about, how do we want to start this conversation?

And I saw this picture, and I want everybody—there's literally, if I'm not mistaken, about 24,000 people on this call today. And so I want us just to take a few minutes.

And how does this picture speak to you? For me, when I saw this picture, and we think about the term "Black excellence," it jumps out from the page. I mean, if you look at the pride in our ancestors and look where they're standing. They're standing in front of a bank.

Ladies and gentlemen, this is Tulsa. This is Black Wall Street. And remember, there were several Black wall streets across the country. It wasn't just in Tulsa. You also had Richmond, Virginia, Jackson Ward. That was really thriving.

So as we start the conversation, I really could not help but start with paying respect to those that have come before us because we truly do, ladies and gentlemen, stand on the shoulders of giants.

And so as we now start to talk about legacy and building wealth, we have to think about, what does your financial house look like? Is your financial house in order?

Have you really spent time thinking about, what are you looking to accomplish? Where are you trying to go? And once you figure that out, how am I going to get there? Remember, there are certain rules, certain tools, just like a carpenter, certain tools in the toolbox that we have to use.

So I really wanted to start the conversation and set the tone by talking about getting your financial house in order, especially because it's February. So we just came through 2022. We came through COVID. It's been a rough time. Let's do some spring cleaning real quick.

So as we look at this, we look at a couple of things. We have several different rooms, and each room really does represent a different account type where you can put away some money. You have your regular savings account. You got your 401(k).

Your taxable accounts is really your nonretirement. You got your traditional and your Roth IRAs. You have some annuities. All the different tools that are available to you.

The question that I pose to you today is, are you leveraging each one of these houses to your benefit? Do you even understand the differences between the rooms, because each room has a different taxation during the income phase and the contribution phase.

So as we're thinking about and hearing the term "tax-efficient planning," what does that actually mean? I encourage you to do some research, have a one-on-one with either your advisor or if you are part of the Fidelity family, you have a workplace financial consultant. We do one on ones all the time. But let's not forget.

You see that doghouse? That doghouse is real important as well, because debt—that cycle of debt—is revolving. So we really want to understand the debt. How do we get out of the debt?

And more importantly, as Tiffany is going to speak to shortly, how do we stay out of that revolving debt cycle because we really understand our essential expenses? So I just wanted to open that up. Tiffany, how are you feeling about moving forward in building wealth and building a legacy?

Tiffany Aliche: Well, first, I want to say, Nakia, thank you so much for that introduction. I'm always like, "Me?" I'm so happy to be here, and Shaun, first of all, it's great to be back here with you again. We back like we never left.

So what I strive for, Shaun, when it comes to building wealth and a legacy is "financial wholeness." It is a term that I have come up with, coined, and quite honestly, trademarked. Financial wholeness, Shaun, and everyone listening is when there are 10 core components to your financial life. And when those core components are in order and they create a foundation that is necessary for you to live comfortably and to consistently provide for yourself and your family. That's critically important.

Financial wholeness is realistic. It is achievable, and it's energizing. It's better than these get-rich-quick schemes or these overcomplicated money management systems. Financial wholeness, I want you to think about it as like the prerequisite to the rest of your financial life.

SHAUN: Well, as you mentioned, here's the thing that really sticks out to me. As we're trying to be financially whole, budgeting becomes really, again, that foundation. And so as we think of budgeting, I want to show a chart real quick that is a beautiful benchmark.

And again, you can take a picture of this. It's really laid out beautifully, ladies and gentlemen. But here at Fidelity, we have 50, 15, and 5.

Again, doesn't have to be exact, but at least this gets you started. So when we think about 50% of that net income, where should all that go. That should go to those essential expenses—housing, food, health care, transportation, child care.

I know when Adrianna was coming up, who's my daughter, guess what, that child care bill came every month, came every week. We got to budget for that. That's an essential expense. But then 15% of every dollar has to have a job to help retirement planning.

And so that 15% here at Fidelity, we really talk about it in the terms of in combination with your employer contribution plus your contribution. For instance, if your employer contributes 5%, you have your 10%. Ten cents of every dollar, you pay yourself first. Guess what? There's your 15%. And then 5% is in a critical bucket.

And I know, Tiffany, we're going to probably hit on this a little bit later. That emergency fund, that rainy day fund is absolutely critical, ladies and gentlemen, because we never know when we're going to have that variable in life. The air conditioner breaks. I lose my job. Something happens unexpectedly.

I don't want to have to dig into my 401(k). I want that money to continue to work for me. So I want to have and set aside at least five cents of every dollar out of that net paycheck to start to build that, and we're really looking for that sweet spot between 3 and 6 months. Now, as we move forward, that still leaves guess what? This 30% discretionary income.

But then what do we want to do with that discretionary income? You've heard that term "Black buying power." But let's really take a critical look at what they're talking about. Because if we're talking about building legacy, if we're talking about building wealth, the Black buying power number in 2020 was \$1.6 trillion, ladies and gentlemen, that just walked out of our door.

But there's also a statistic that Fidelity has done some research on that says there's only 10% of African-American families that have any kind of inheritance that they're either setting up for in the future or have received. That means that 9 out of every 10 human beings on this call do not have anything coming in or going out as far as legacy is concerned. And yet we're spending discretionarily that 30%, \$1.6 trillion.

Really, that is such a powerful space because once we start to put our money to work in a little more efficient manner, then all of a sudden, instead of spending \$1.6 trillion, what if we spent \$1.1 trillion and saved \$500 billion and begin to put that money back into our own community? What do you say about that, Tiffany, when you think about budgeting? I know you have a couple of thoughts there.

TIFFANY: No, I absolutely do. I wanted to first, before I jump into budgeting, because you know I'm The Budgetnista, so I love budgeting, I really wanted to lean into talking about debt really quickly first, because studies have shown that the larger community, their biggest financial goal is to build and grow wealth. But they found for the African-American community that their biggest financial goal is to become debt free. It's to manage debt, and to become debt free. And the problem is that debt, although is a good goal, it's a goal, but it should not be the goal.

And so like I have a nephew. He does not have a student loan. He doesn't have a mortgage. He doesn't have a car note. He doesn't have any debt, but Roman is broke, because Roman is seven. He is seven years old, Shaun. He's everybody's little broke best friend. So if debt freedom equals wealth, then all of our little broke best friends, a.k.a. the kids, our kids, would be wealthy. And so certainly, like debt, should be something that's prioritized, but not above like overall growing wealth.

So there are two ways when we're talking about wealth that people often talk about when they're paying down debt. There's a snowball method, and there's also the avalanche method. Both of them having to do with snow that we're not getting despite the weather. And both methods focus on paying the minimum payments on some of your debt in slightly different ways.

So the way the snowball method works, which is really my favorite method, is that it prioritizes paying off your debt from the smallest to the largest debt the way a snowball gains momentum, like if you watch one of those old Bugs Bunny cartoons, the snowball starts at the top of the hill and as it gets bigger, as it starts to roll down the hill, it gets bigger and bigger. And so it does the same thing with the snowball method that regardless of the interest rate, for each of your balances, you are going to pay the lowest balance first and pay that off. And when with the snowball method, you pay off that lowest balance first, you're going to take the full payment that you were giving to that bill, and you're going to take that payment, and then you're going to roll it over to the next lowest bill on your list. So the bill number two is going to get the first bill's minimum plus whatever extra money you pull from your budget and its minimum.

So it's almost like the second bill that you're paying off, the second debt that you're paying off is getting like three payments in one. And when that debt is paid off, you're going to roll over like the snowball to the third lowest debt. And so that third lowest debt, it's going to get the first debt's payment, the second debt's payment, and its payment.

So if you keep doing that, slowly but surely, you will work your way out of debt. I would say this is one of the ways I was able to pay off—I had \$35,000 in credit card debt at one point. And this is how I was able to do so.

And so the best strategy really depends on your personality. Like if you're someone like me who you need a quick win and you want to give yourself a motivational boost right away, then the snowball method is going to work best for you, at least to start.

The avalanche method, you also focus on one debt at a time and pay the minimum to everything else. Except this time, it's really for people who are a little more—who think about money more logically because you're going to pay off the debt with the highest interest rate first, because that debt is really your most expensive debt because interest is the fee you pay—at least when it comes to paying debt—it's the fee you pay for borrowing money. That's outstanding money. So you do the same method.

And that once you pay off whatever that first debt is that you're working toward, you take all of that money that you paid to the first debt when it's paid off. And you roll it over to the second debt on your list, the second highest interest rate.

And so my suggestion when you're paying off debt in this way is to really mix the two methods. So I want you to have these small—you have your small wins up front, but then your big successes at the bottom. That means you start with the snowball method.

Start paying off those lowest debts first and then shifting to the avalanche method when it makes sense, as the debt becomes more and more expensive. But regardless of whatever method you choose, I want you to automate, automate, automate. Automation is—

SHAUN: How do you feel about—now, how do you feel about the zero balance transfer strategy? When people have these high 29%, 28% on their interest rate, and there's all these ads out there that talk about 18 months, 24 months, 21 months zero interest. What's your thoughts on that?

TIFFANY: So my thoughts are this is that, one, this is one of the reasons why Credit will say to you, You need to know me before you need me. Right? Because we walk around like, Why? Who needs credit? Credit's like, Oh, OK. I'm going to see you when you need me. If you keep a decent credit score—ideally, perfect credit, which is it starts at about 740—if you keep a good credit score, then you could take advantage. One of the ways that I was able, Shaun, to pay off my \$35,000 is because I did just that. That I transferred most of that credit card debt to 12 month—two 12-month zero interest cards.

SHAUN: Yes, yes.

TIFFANY: And so but because I had, despite my other challenges, I had decent enough credit to be able to take advantage of that. And so yes, that is something. But if you don't have decent credit, then you're not going to be able to lock in one of those card options.

SHAUN: Or one of those transfers, yeah.

TIFFANY: Now, here's the thing. The problem is this is that you have to read the fine print because for some of them, if you don't pay off all of it by the end of the 12 months or whatever—

SHAUN: Yes. It jumps up.

TIFFANY: Not always, but you want to ask, Will I just owe the new interest rate on what's left over or the interest on all of the debt that I originally transferred? You want to be mindful of that. And so but that is one of the things that you can do.

SHAUN: So let's stay here just for one second care, Nakia. So we get out of debt finally. We get our budget in order.

TIFFANY: We're going to talk about that in a minute.

SHAUN: Here's the thing. We end up getting right back in to credit card debt, and it's kind of this revolving door. And here's what I've done, ladies and gentlemen.

Once I finally got myself out of debt, I got my budget in order. My money's starting to work for me. I'm starting to be a different consciousness about how I'm spending, and I started trying to build good credit because the debt's gone.

But I have cash. Old school philosophy, I have cash for—and I love golf, so I'll use golf as an example—going to Pebble Beach.

So each month, I had bucket that was my Pebble Beach bucket, and I would put a little money every month into that bucket. And then when I got enough money to go to Pebble Beach, I still put it on the credit card. But before, to your point, before that 30 days hit, I already had the cash for it. It doesn't matter whether it's a \$2 expenditure or a \$100 expenditure or \$10,000.

All the credit card company is looking for is consistency of payment, but I'm trying to do what? Not pay that interest. So at the end of about two weeks, paid that balance off, and now, I've been able to build my credit. Would you say that would be a good model for those of us that are listening and trying to rebuild that credit and get the highest credit score once we get everything settled out?

TIFFANY: Well, ideally, you want to position yourself for as little discipline as possible because—so for me, for example, I am highly disciplined now. I wasn't before with the way I pay off my credit card. So I put everything on a credit card. I pay it off every month in full. That's grown Tiffany now.

SHAUN: Grown folk.

TIFFANY: Yes. Tiffany in her 20s could not be trusted with that system. I was going to put it on a card and be like, Oh, I got all this money. Oh, that's right. I got to pay this bill. No, no, no, no.

So I would not suggest it for where I was before. Instead, we're going to talk about budgeting. Like I would create a budget system until I had built up the discipline to use credit wisely.

I would not be leaning so heavily on credit because you can literally raise your credit score by just putting one small bill on it and paying every month in full. You can just put your \$25 on a credit card. Pay it off every month.

Like I would not suggest putting all of your bills on your credit card unless you are super disciplined enough to pay it in full every month. Start with something really small where if that way you forget \$25, the fee is not astronomical. But you're not going to be able to do that with that budgeting system. If you're like me—so look, I'm always part of the notebook crew.

I love a notebook. So if you have a notebook because you came to take notes, take these notes. We're going to talk about my super simple four-step budgeting system. They don't call me The Budgetnista for nothing. Are you ready?

Step 1, list everything that you spend money on. This is called your money list, the ML, your money list. OK? Step 2, write down what you spend monthly on each item on your money list. So your money list is going to consist of like your bills, your utilities, groceries, grooming, everything.

How much does everything cost you monthly? Even if it's like a water bill, that's like for here, where I live in New Jersey, my water bill's every three months. Let's just say it's \$90. Then 90 divided by 3 is \$30 a month.

I put \$30 on my money list. We want to see the monthly amount. I want to see money in, money out within a 30-day span. So that's Step 2.

Step 3, add up your expenses on your money list. How much does your life cost you on average within this one-month span? And Step 4, subtract what you spend a month, according to your money list, from what you make a month.

A budget is just a physical picture of what your money is doing. You might look at this money list and say, this is not cute. The math is not mapping in the way that I like. That's OK. It is a physical picture that you can now do something about.

And so the key to sticking to any budget is, I said before, automate, automate, automate. Automation is the new discipline. Once you know where you want your money to go, you can set up a system that does the work for you. So one of my favorite systems is I created it for a friend of mine, and I called it "split it before you get it."

SHAUN: Split it before you get it. I like that.

TIFFANY: Split it before you get it. And so this is what it does. So this will have you—you're going to do the math of your budget.

I like to put a B next to all my bills. And then I like to put U next to any bill that's basically a utility. And then everything else is a C. Those also are like your cash expenses. So you want to know exactly how much money are you paying toward bills, how much money is kind of like leftover.

So cash expenses, I use the word "cash" loosely. You might swipe your debit card. You might actually use cash.

But basically, a cash expenses is anything that's not a bill or utility. So then you're going to go to HR and payroll and say, Hey, I would like to split my check before I get to my check. And I would like to split it into these four accounts.

Here are the four accounts. You ready? Checking Account Number 1—this is your spending/ allowance account. This is where money is going to land and most of your money—the C, the cash expenses will stay here. So this is groceries, grooming, going out, anything that's like not a bill or utility. Checking Account Number 2 is your bills account. Separate your spending from your bills.

It is the best thing I've ever did. Because if you are like me, I used to go get to swiping, and then I'm like, Oh, I over—I was the overdraft queen because my bills and my spending were in the same place.

Now, here's a little trick. I do not have a debit card for that first checking account. I don't want to swipe.

No, I'm sorry. I do not have a debit card for my bills account because you're not swiping your bills. Go online.

Pay the bills either automatically or just every two weeks like you could do it online from your computer or your phone. So I suggest not having a debit card for your bills account because what are you swiping out there on these streets? Your bills can be paid at home.

So two checking. Spending and allowance, that's Checking 1. Checking Number 2, your bills. Savings Account Number 1, your emergency savings or your short-term savings. You want to work toward having three months of your bare-bones expenses.

I like to call it your noodle budget. Drop down and get your noodle on, girl. Some of y'all don't know that song.

So I like to have three months of my bare-bones expenses there at least. And depending on—my mom was a nurse before she retired. Three months is plenty.

My sister was an—is an engineer. She needs like six months because if she lose her job, she's probably going to need more time. So however many months you think it would take you to replace your income, but at least three months of emergency savings in Savings Account Number 1. Savings Account Number 2, big goals. Like I just closed on a condo this morning—big goal! I was saving for my big goal.

SHAUN: Congratulations!

TIFFANY: Thank you, savings account. So two checking, two savings. Checking spending and allowance, Checking 1. Checking 2, bills. Savings 1, emergency savings. Savings 2, big goal savings. And so if you do that and then you can have HR or payroll split your check into these four accounts for you so money will come in, you don't have to worry about your bills, paid already, because they're going to land in your bills account and be paid.

You don't have to worry, did I save? Guess what? Payroll took care of that. The only money that you have to concern yourself with is that initial first checking account where the money has landed.

And you have the one debit card that you have allotted to you. And when you get to swipe it, you did not spend any emergency savings. You did not spend any goal savings, and you did not spend your bill money irresponsibly. So split it before you—if you don't remember anything today, split it before you get it.

SHAUN: Split it before you get it.

NAKIA: No, I like that. Split it before you get it. So I have a couple of questions. So also a notebook here, so I'm taking copious notes as well. So Tiffany, a couple of questions are coming in. Do you mind resharing a little bit about your money list? And then I'll hit you both with a question. Does that work?

TIFFANY: Sure. So they want me to do the money list again?

NAKIA: Yeah, they wanted to know what the four steps was like everything that you spend that whole thing, please.

TIFFANY: OK, so Step 1, when it comes to your money list, Step 1 is list everything you spend money on. Literally, get a piece of paper, an Excel spreadsheet. You're just going to ask yourself.

Like sometimes, it's hard to figure out, What do I spend money on? You know your bills, child. Start with those bills.

Like OK, my mortgage, my rent, the light bill, the water bill—so start with those. And then think to yourself like, Well, what else do I do? Like oh you know, I get my hair cut.

I get my hair done. The kids, the kids, the kids, because I know those kids are pricey. We already talked about my broke best friend Roman.

So start to list all of those things, but I don't want you to list how much they cost you just yet. I just want you to have your brain just throw everything down on paper, an Excel spreadsheet for Step 1.

Then Step 2, calculate how much these things cost you a month. If you're not sure, pull up your bank statement and look.

How much am I spending on groceries? How much am I spending on these kids? How much am I spending on grooming? Going out? Like so how much is everything costs you monthly? So let's just say you get a haircut—because, Shaun, how much do haircuts cost these days?

SHAUN: I don't have any hair.

TIFFANY: Let's say Shaun had some hair.

SHAUN: But, but, but, but, but let me hit you with this. I got my beard going, so I like that nice straight razor, hot shave, hot towels. That's about \$60.

TIFFANY: \$60, that's it.

SHAUN: I'll do that a couple of times a month.

TIFFANY: Right. So let's say, Shaun, \$60 twice a month, Shaun would put \$120 onto his list for number two. How much does it cost you monthly? Because we need to see within a specific time frame money in, money out within a monthly time frame. So Step 3, Step 2, how much each thing costs you monthly.

Step 3, add up your expenses. Just do a little math and just add up, you have your money list, what you're spending money on, how much it costs you monthly. Do a little math. That's why I like Excel because you could just press Add.

And then Step 4, subtract this is what I make. If you get child support, if you have a side hustle, your regular job—everything that you typically make in a month, subtract what you're spending in a month from what you make in a month to see, where do I currently stand.

Oftentimes, I call this the tears-and-tissue step, because, oftentimes, it's negative. And you know you're like, How did I get here? Now, here's a little bonus step to help you with this split it before you get it if you're going to go to HR and do this is that put a B next to all the bills, not groceries—mortgage, rent, car note, car insurance, the kids. A B next to all the bills. And any bill that's a utility, just put a U next to it.

So I like to call it these usage bills. Any bill that goes up and down based upon your usage, put as U. So it would be B, UB, and then everything else is a C.

And so you do this because when you go to HR, you can add up your Bs and your UBs and say this is how much money per paycheck I need to put—I want you to put inside my bills account. And then this is how much my Cs add to. This is how much money per paycheck I want you to put into my first checking account for spending and allowance.

Now, what's something else that helps with the B and UBs and the Cs is that it also lets you see do you have a spend-too-much issue or don't-make-enough issue when it comes to your budget. If your budget Step 4 is negative, then you look and you add up your Cs and then you add up your Bs and UBs and you compare, is most of your money going to Cs? Cs—cash expenses—those are your choices—then you're spending too much. Because most of your money are going to things—it's going to things that you had a choice over. So you can make some changes. If most of your money is going to Bs and UBs, then these are your responsibilities.

And maybe you don't make enough. Maybe you need to ask for a raise. Maybe you need to— maybe there's a side hustle you can do. Maybe it's time to look for a different place to work. You know where that's going to pay you more.

And so like knowing like where your money is going because this is what I find Nakia and Shaun is that people who are really frugal, if they need to find more money in their budget, they just get even more frugal. That's not helpful. If all of your money is going to bills anyway, what are you going to cut? And people who are spending a lot think, well, I'll just make more.

But if you had bad habits, even if you make more, you're just going to spend more. So getting clear on I have a don't-make-enough issue. I need to make more. Or I have a spend-too-much issue. I need to spend less.

You know that's what your Cs and your Bs will teach you. And so if you do those four things and then you let HR and payroll split it before you get it, I'm telling you it is transformative. This is what I taught in the Netflix special for the young woman, Ariana. She was having a really hard time because she's like, I don't have the discipline.

You don't need it. A little bit of work, half an hour's worth of work, a call to HR, and then your money can basically self manage. And you're just there directing.

NAKIA: No, I think that's fair. So I'm a notebooker as well. So I'm taking notes too. I want to summarize what I heard you both say so far. So Shaun, you talked about 50, 15, 5.

Tiffany, you talked about the snowball and avalanche methods. We talked about the importance of automation. And we hit a little bit about managing debt, budgeting, which is really important, savings. And you hit your four accounts, which is number one is checking, spending allowance, checking number two's bills, then emergency savings. Big goals, is that right? I just want to make sure that I'm taking the right notes.

TIFFANY: Yes.

NAKIA: So that's great. So let me pivot a little bit. So folks are feeling a little pressure when it comes to the recession and a little bit about inflation.

That's really on top of mind. I saw something on Instagram that said what wealth looked like in 2019. It was money.

In 2020, it may have been wood. And sorry, 2020, it was toilet paper. Then it was building supplies in 2021. And then 2022, it's X. So I want to know how some of that may impact how we manage retirement, which may seem so far away.

But Shaun, any thoughts on that? Because this is a lot to take in at this time.

SHAUN: It is a lot to take in, and it can be very scary. It can be very emotional. The swings of the stock market have been tremendous in 2022, really ever since COVID. We can go all the way back to the 2008 recession where the market was down 54%, but I want to share a couple of things because here's a little personal part of my journey.

At 34, I barely participated, ladies and gentlemen, in my 401(k). Like my mom and dad didn't have these types of conversations with me. I don't know if anybody can relate to that in the audience today, but we didn't have these conversations in my house.

And so at 34, I mean, I wasn't making a lot of money. So any money I had like I didn't feel like, why am I putting money into some 401(k)? Like that doesn't make any sense to me. I was like, well, why y'all doing that? Doesn't make no sense.

Well, guess what? I'm now 59. Like it literally flew by.

To Tiffany's point, yeah, my haircut back in the day used to be \$10 because I had my waves kicking. I ain't got no waves kicking no more. So if I can pour into you just a little bit right now, I got about three slides, and I'm a visual guy.

So when we start talking about the markets, I want to take a historical perspective. Whenever you have an up and downturn, the market kind of cycles almost like the ocean. It ebbs and flows. But I want us to realize that in the subsequent five years, as you see from this chart, after either a Great Depression back in 1932 or a recession or the Great Recession in 2009, look what the market has done in those five years right after that pullback or that recession.

In the Great Depression, if you stayed steady and those that—and you might have heard this term before—there's fortunes that have been made during a time of crisis for the right person with the right perspective. That's a 367% growth over that subsequent five years. Now, as we move to this next slide, this is something that I want to really talk about in the market cycles. And so there you go right there.

What do you first notice about this slide, ladies and gentlemen? The first thing that jumps out to me is, yes, the market, regardless of all the ebbs and flows, continues to increase and go up. But it never goes up in a straight line, does it?

There's always some ebbs and flows. There's always some expansions and pullbacks. That's a natural part of the market. That's a natural part of the economic cycle.

But the other thing that I want to point out here, which I think is really powerful, is look at this. We have Black Monday, the Persian Gulf War, the Dot-Com Bubble. We had September 11. Remember that? And then followed by the longest war, the Iraqi War. Then we got hit right back with the Global Financial Crisis.

Disruption. There's always going to be some sort of disruption in the world somewhere, whether it's in the States, whether it's international, whether it's a combination of both, somebody's going to be acting up somewhere. Right, Tiffany? Somebody is going to be acting up somewhere.

So the question is, how do I as a worker bee navigate through the volatility? And here's one point I want to share with you. I want you to look up a term called "dollar-cost averaging." It's a systematic approach. And it really happens automatically.

To Tiffany's point, it's an automation of every two weeks. You have money coming out of your paycheck into what we call a 401(k). That money is being invested in the stock market. And every two weeks, regardless of whether that market's going up, if that market is pulling back, if it's going back up again, every two weeks systematically, you're buying more shares. You're buying your positions.

And during the pullbacks, guess what? It's on sale. It's on sale. You have the expansion. It gets a little bit more expensive. But on that pullback, the value of your account has gone down, yes.

But you haven't lost any money unless you sell out of that position, and then it becomes a realized loss. But until then, it's just part of that fluctuation. So every two weeks, as that market's pulling back, the same dollar is now buying more shares because you're buying at a 10, 15, 20, 25% discount.

So all of last year—I want to encourage everybody—yes, the value came down from 2021, 2020, but you're now buying more shares and building your shares so that this next expansion, all that new money starts to become profitable as you recover the overall market. And because the last piece I want to share with you on this—and then I'm going to turn back to Tiff—as we look at this next slide, everything that I'm building towards has everything to do with staying in the market.

It's not timing the market. I know there's technical analysis people out there. There's day traders. There's people that are doing options. Like all of that is great, but in your 401(k), that is your long-term fundamental foundation of you building wealth.

And ladies and gentlemen, I've seen with my own eyes 4, 4.5 million, \$5 million 401(k)s because people stayed steady every two weeks for 30 years, and they built that nest egg. And that's wealth to me. That's the first foundation of automated wealth. And here's a great example of what I'm talking about.

Let's say Mom gave me \$10,000. I graduated in 1981, so she gave me \$10,000. I just put it in the S&P 500. That's all I did. I wasn't trying to be fancy, wasn't trying to be slick.

And I left that money there the entire time from 1980 to August 31, 2020. That's a 40-year time horizon. Didn't make any shifts, didn't make any changes, didn't try to trade, didn't try to outsmart the market. Just stayed steady.

At the end of all days invested, I'm sitting on almost \$1,000,000. But if I missed because I moved to cash or I did something to pull that money out of the market and I missed those best days, if I just missed 10 of those best days, that's almost a 50% lost opportunity to grow my wealth. It's time in the market, not timing the market.

So as we have a recession, possibly in 2023, starting to move forward, I will share this with you. Create your strategy. Stay the course. Stay steady. Have your one-on-ones.

Monitor it, but try to objectively follow this pattern and follow this systematic approach because it has proven over time to be very successful for those that have stayed in the market. Tiffany, how do you feel about investing these days?

TIFFANY: I feel like you cannot budget your way to wealth. I'm The Budgetnista, and I am here to say that. I can say that, you have to invest.

To invest is to grow. It's literally like the difference between gathering seeds and planting those seeds so those seeds can grow trees. And those trees can then yield more seeds.

So like you can only gather but so many seeds in your own hand, but a tree can yield you almost unlimited a number of seeds. That's investing. And I like to categorize investing into two areas: investing for retirement and investing for wealth.

So retirement investing—the goal of this type of investing is that you save and grow your money to an amount that will allow you to maintain your current lifestyle, even when you stop working. So I want you to look to the left, look to the right. This going to be your life.

Like you will maintain your current lifestyle. That's investing for retirement. That's the bare-bones foundation for investing for retirement. It's just I'm going to live how I'm living now.

Now, investing for wealth, on the other hand, this investing will allow you to upgrade your life now and in the future and for you to also leave a legacy. So do you want to travel all the time? Do you want—I don't know—a more extravagant lifestyle? Same. Then you're going to need—we're both are going to need to invest. But it's important to understand and remember that you can invest for wealth after you set aside for retirement because you want to take care of the foundation first. Always.

So I used to teach preschool. So I want you to liken it to—when I taught, I taught the foundation—numbers, shapes, colors, letters—because without that, I can't throw you into like now read. How? What are the letters? What are the letter sounds? And so I want you to think of retirement like that foundation so that when anything else builds, we'll be able to see you through and maintain no matter what happens. So let's have some fun.

Studies have shown that folks don't set aside for retirement because they can't connect with their older self. So let's fix that today, but I want you to—I want you to imagine your older self. Even better yet, I want you to name them.

If you all know me, if you've followed me for a while, you already know I have an older lady name, and her name is Wanda. Like she is sassy.

SHAUN: Hey, Wanda. What's happening, Wanda? What's happening, Wanda?

TIFFANY: Let me tell you about Wanda, Shaun. She's sassy. She's funny, and she's rich. She keeps me from overspending now, so she can also be rich later.

It doesn't mean that I'm not allowed to have nice things, but Wanda is like when I was in my 20s, Wanda is like, So you're going to put that trip on a credit card that you can't afford.

So what are you saying? I'm going to be eatin' Top Ramen? OK, keep it cute, Tiff. So Wanda kept me alive.

So Wanda always reminds me that it is my younger self's job to look after my older self. I'm going to say it for the people in the cheap seats. It is your younger self's job to look after your older self. You have the knees, the memory, the back to do the work now. So that way, when your older self is not able to do those things, your younger self has already taken care of them.

So Wanda also reminds me to start retirement investing as soon as possible. Like Wanda got me started in my mid 20s. So if you're unsure where to start, start by identifying what type of investor you are—active, passive, or in between. So real quick, we're going to do a quick quiz with the people. But Shaun, what's your—what's your older self's name?

SHAUN: Oh, you know my name, Julius Taylor.

NAKIA: It is, really is.

TIFFANY: OK. That's right.

SHAUN: J to the T, baby.

TIFFANY: JT.

SHAUN: Julius is in the house, come on.

TIFFANY: Nakia, what about you?

NAKIA: I'm Alice.

TIFFANY: OK. Alice and JT and Wanda. OK, so let's talk about them. Let's take this quick quiz that you can—to help you self-identify. So there are three basic investor types.

There's active. This is growth is your focus. You want to build money as quickly as possible, even if involves a little risk because you're like yo, more risk, more reward—go, go, go. That's an active investor.

Passive, you are slow and steady wins the race. Security is your focus. You're willing to earn less if it means you're less likely to lose. Like the old people say, you a little scary.

There's nothing wrong with that. That means you're a passive investor. In between. So steady growth is definitely the ideal, but you're not this huge risk-taker. But you're willing to take bigger leaps from time to time if it means you'll make more in the long run, you know. And so like that's—let's take that quiz, so we can see how many people are active, passive, or in between.

NAKIA: Yeah, so I'm looking at the numbers, Tiffany, and it looks like 44% are a little passive, 38% in between, and 20 is—20% are about active.

TIFFANY: That sounds about right. You said how many are passive again? That's the biggest.

NAKIA: 44%, yeah.

TIFFANY: OK, all right, so little scary. That's OK. You know, but you have to know yourself. So knowing yourself will allow you that as you start to invest that it aligns with who you are and how you are.

So you have some homework. I told you before I used to be a teacher. I've got my master's in education. So I'm qualified to give you homework.

OK. So if you have one through your employer—this is your homework. Write it down. Get your notebook out. Your homework notebook. I used to—like I was like such a terrible student. When I was in elementary school, I used to have to have a notebook where I wrote that my homework. My teacher would have to sign it. I would have to bring it home, and my parents would have to sign it, because your girl was not doing her homework. Don't be like me. You gonna to do your homework.

I want you to log in, if you have this available, or register and get familiar with your Fidelity NetBenefits Retirement Account. I'm going to say that again. Log in or register and get familiar with your Fidelity NetBenefits Retirement Account. I want you to do that within 24 hours.

Studies show if you take action within 24 hours, that action is likely to lead to lasting change. 24 hours to do your homework and don't wait. I want you to get familiar with what's available to you, how much you've invested, if you've started already, and whether or not you can increase it. Make sure you're getting that company match at the very least.

So remember, if the company matches, sometimes the company will say if you put up to 6%, we'll put up to 6%. So if you put 3%, they put 3. If you put 5, they put 5. If you put 6, they put 6, hallelujah! If you put 7, they put 6.

And so at least get your company match. They call that free money. And I want you to do it.

Honestly, do it before—if you want to get an A, 24 hours. If you want to get a B and you cute with a B, before the weekend. But we're trying to get As up in here when it comes to our money. OK. So again, log in or register and get familiar with Fidelity's NetBenefits Retirement Account via your employer.

NAKIA: I'm looking at time. So I want to make sure—sorry, Shaun. What were you about to say? I didn't want to cut you off.

SHAUN: I was just going to say NetBenefits is just a world of resources. But it's so easy to navigate. And if you ever get confused again, you have the 800 number. We'll walk you through it.

You have the one-on-ones with people like myself. We'll walk you through it. There's this Planning and Guidance Center. We'll walk you and teach you how to use that software. I mean, wonderful, wonderful resources that you have available with Fidelity.

NAKIA: So the first question, Shaun or Tiffany—you let me know—how do folks feel with when it comes to starting late? What are your thoughts on that? A lot of questions around it's too late. Shaun, I know you alluded to it, but how late is too late? Can you share any advice when it comes to any late bloomers when it comes to retirement?

SHAUN: Absolutely, that's right down my wheelhouse. So again, for me, everything started late in life. Like everything started late in life. It's not where you start. It's where you finish.

So if you're 50, between 50 and 70, that's a full 20 years. That's a full career to do whatever you need to do. If you're 55, like it really doesn't matter.

But just start wherever you are one brick at a time is how the house is built. We don't build it all at the same time. So get that out of your mind. Get that out of your mind.

No, you're right on time. You're here today because this is exactly where you're supposed to be. And this is the exact message that you're supposed to hear. So no shame, no judgment. You've done the best that you can with what you knew.

I did the best that I could with what I knew until I figured out better ways to go about my life. And then once I figured out a couple of better ways, guess what? Very slowly, I changed my behavior.

I changed my mindset. I changed my habits. I began to be a little bit more systematic, use some automation because I'm slow on the technology, Tiffany. Sorry about that. I still do stuff the old-fashioned way. But once I got that together and I changed my mindset, then here's what I did.

I made a decision that I'm going to shift this thing. And if I'm going to be 65, I might as well be 65 in a much better position than I was at 55. So I took all that stuff off the table and just started where I start. So I encourage you whether you're 40, 45, 50, it doesn't matter. You just start where you are and then continue to move forward.

NAKIA: No, thank you, Shaun. Tiffany, a quick question for you. So estate planning is huge. Can you give some perspective as it relates to estate planning? I know it's a huge component when it comes to building wealth.

TIFFANY: No, absolutely. Estate planning is something that people are like, I don't have an estate, and you do. You know like whether it's your bank account, whether it's your life insurance policy. If you work for a company, oftentimes, they have a life insurance policy for you.

Some of you may know or may not know, but November of last year, suddenly, my husband passed away. He was only 41. He had an aneurysm—just suddenly. And to be candid, he didn't have a—he didn't have a will because he was 41.

And literally, the month before we were working on it, because my financial advisor was like you guys really need to get this will together. We're like OK because like we're young. But thankfully, we had done, I would say, 80% or 90% of our estate planning. So the things that the will would have taken care of, we had already put things in place.

So some seven do's to think about when it comes to estate planning that we did thankfully was that we filled out and checked our beneficiary forms. Those were all updated for the most part. Like I have a bonus daughter, and now she doesn't have to worry about school. Like that's already paid for.

She doesn't have to worry about her first home. That's already set aside for her because of the life insurance that's been left behind and the beneficiary forms that he kept up to date. Think about guardianship for minor children and special need—special-needs family members. And so her mom is awesome.

Alisa, my bonus daughter, so she's there. But let's just say that was not the case. You would have to think about what guardianship would look like. So that's two.

Three, we did not have a will, which I do. Literally, within a week of him passing away, I sat with my attorney and created a will. And then I told my parents because my dad had been putting it off. My dad is in his 80s. At this point, every day is literally a blessing.

The last will he had in it, I was 10. That's what I was listed at. And I was like, Daddy, it's over 30 years. You have to.

And so now, my mom and dad both have updated wills. And so we don't have to worry about that anymore. So you want to have a will.

Four, you want to deal with advanced directives. We have as well, also often called a living will and a durable power of attorney. So like what happens if something happens to you where you are here, but you can't really make choices for yourself? What does that look like?

Think about document long-term care planning. So how will you take care of yourself in your old age? Like what does that look like? Set up a living trust. I have a trust now as well because I have several companies. And the rule of thumb my attorney gave me is if you have assets of half a million dollars or more, you want to start maybe considering a trust because it might leave a tax burden, a large tax burden.

SHAUN: Taxable event—that's correct, yeah.

TIFFANY: And so I have a trust so to avoid that. And then execute and fund these plans—that is so critical. Toni, my attorney, she shared with me that many people will set all these things up and then never sign it or never move their assets into the trust or never—they never fund it.

So it's all for nothing. And so these are things to consider that your estate is really—I want you to think about a will like this. Up to six months to a year after you pass away, what do you want to happen?

A trust allows you to reach further into the future. It allows me to say, like one of the things in my trust, because I have two nieces and a nephew. I've left them money, but they're not going to get it until they're 18, 25, and 30.

That's how the payout goes. A trust allows me to reach further into our future. The will is like what happens immediately after when I'm not here and so just considering those two things and not waiting.

And this is just candidly one of the things like this is not a financial thing, but one of the things I'm so grateful that we did. My husband's mother passed away when he was in his 20s, and he always said, I wish I had more video and pictures of her.

And so while he was here, I did not know—we did not know he was going to pass from an aneurysm. But we have thousands of candid pictures and videos of him. We have a special free Google photo album that just comes with like your Gmail account where we've all uploaded these videos and pictures.

So at any moment, you can hear him laughing. You can hear him say, I love you. You can hear, watch him dance.

And so outside of the financial component, take those pictures, take those videos because your memory doesn't last forever. And it's not as super sharp, but you get to see these things and relive those amazing moments with your loved ones. So consider that as part of your estate planning as well.

NAKIA: No, this is so awesome. And I know we are at a few minutes. But first and foremost, can I just thank you and give y'all flowers today for spending 45 minutes plus of your time to educate, get us fed, and get us on the right path for 2023 as it relates to building financial wealth and getting our financial houses in order? So thank you, thank you to all of you who attended. We hope that this is not your first or last time hanging out with us as well.

Follow us on all channels—LinkedIn, Instagram, all that good stuff. If you have any questions, feel free to reach out to your resources and get your homework done, y'all. Thanks so much and have a great week.

TIFFANY: Bye.

SHAUN: Thank you. Have a good day, everybody.

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