Farnoosh: [00:00:00] Welcome to So Money, everybody. Happy Friday it is Ask Farnoosh Friday and today we're doing something special. We're focusing entirely on investing. As you may or may not know, if you follow me on Instagram, a while back, I pulled some of your [00:00:15] hottest questions about how to invest, if you're self-employed, whether to contribute to a 401k...Someone wants to know about meme stock investing and lots, lots more. This is a special episode because it is being [00:00:30] produced in partnership with our friends at SoFi. I love SoFi, it's this all-in-one platform where you can save, you can spend, earn, borrow, invest and now at SoF you can buy stocks and ETFs you can open an automated portfolio [00:00:45] all with no account minimums and zero commission on trades. Plus members now have access to upcoming IPOs before they begin trading on an exchange. Can you believe this? This is super cool for retail investors. It's such a game changer and [00:01:00] SoFI social investing, you can follow other members and see what they're investing in, you can go to SoFI.com /so money right now to sign up for a SoFi active invest account and you can actually win five to a thousand dollars. [00:01:15] So excited for this partnership. With that, helping me answer your questions today is Liz Young. She's SoFi's head of investment strategy where she is responsible for providing economic and market insights to a variety of audiences. [00:01:30] You may have seen her on all of the television, all the networks. Liz is passionate about educating others on investing to help people feel empowered to take a more active role in their financial futures. Liz, welcome to the show.

Liz Young: Thank you. [00:01:45] Hi Farnoosh. I'm really excited to be here.

Farnoosh: We're excited to get into this very important topic. You know, we brush on investing throughout all of the episodes, all of the twelve hundred episodes, we usually get into investing at some point but to dedicate an entire episode. [00:02:00] to this, it's important. And so we really appreciate having you here. We've got a lot of interesting questions from the audience. I teased a few of the questions about the top. Before we get into it Liz, just want to get to know you a little bit better and have you share [00:02:15] a little bit about yourself. Maybe how you got into investing and What attracted you to this world of Finance?

Liz Young: Yeah, you know, it's actually interesting. I have a good story about how I started investing. I was sort of forced into it, but righfully so. [00:02:30]. So I majored in finance as well in college, it's always been finance, I liked math. I was one of those nerds that liked math growing up but I also wanted to be in business and to me that meant if I needed to combine math and business, I wanted to do finance [00:02:45] and funny enough early on, I wanted to do corporate finance and I wanted to be on a CFO route and I changed my mind somewhere in my mid-20s, as I got more and more interested in the investing side of it, the asset management side. [00:03:00] of it and I completely fell in love with the industry. But the story about how I got started in investing, I was actually a bank teller in college and I became eligible for the 401K plan, but I was working only about 10 or 15 [00:03:15] hours a week. I wasn't making a lot of money at all and I thought I needed every single penny of that money for whatever college kids do with their money and my boss at the time said, I really think you should enroll in the 401K plan and get started. And I was thinking to myself, [00:03:30] I'm not even done with college yet. I haven't even started. Retirement is a figment of my imagination, right? I haven't even started working, but he stayed on me about it, and really just pressured me into it. So, eventually I agreed and I put tiny bits away. [00:03:45] I completely forgot about it, I completely forgot it was happening. When I left that job. I had a balance. I had a retirement account balance, that I didn't even know existed until they sent me my rollover paperwork and I had a few mutual funds that the financial [00:04:00] advisor in the office had put me in and I was amazed. And then, I had gotten started, it was like, I had what at the time, seemed like critical mass and then I was excited about investing. And I felt like I was really participating in that world and then I just furthered it with my education [00:04:15] and working in the industry there After.

Farnoosh: I can relate to that story. It's so often takes just that one person to force you or nudge you to do it. And it really also speaks to what I always say is that you don't need to be this. [00:04:30] intelligent investor to get started. You don't need to know anything. If anything, you just need to have someone in your life who nudges you, who convinces you to open up your 401k. That was very much my story at my very first job in New York where our HR rep Maria, she [00:04:45] was like, you have to do this for 401K. There's a match. Just start small. I also forgot about it. And when I left that job in 3 years, I was very happy to see that balance and it was painless.

Liz Young: absolutely painless

Farnoosh:. Yeah, it kind of bust that myth that I [00:05:00] have enough or I can a little bit, can go a very, very long way. Do you have like an approach to investing that You feel is maybe a little contrarian or not... in addition to what it sounds like. You know, just start start small, don't [00:05:15] be timid. But is there sort of a strategy you've got as well?

Liz Young: I mean, the strategy for everybody is different, but the point about it's never too early to start and I almost would say start before you think you're ready. Start before you think you're even interested. [00:05:30] Because the fastest way to learn about it is to just start doing it and have that personal experience, and this might sound a little bit mean off the bat, but the fastest way to learn too, is to make mistakes and to lose a little bit of money [00:05:45] or to buy something that you didn't necessarily know that much about and then kind of watch how it reacts to different news headlines. Watch how it reacts in different parts of the economic cycle and learn about the behavior of the market. And I would say, too, [00:06:00] One of the things that I tell new investors pretty often is that it's okay to not be trendy. You don't have to do the hot thing that everybody else is talking about. So right now the big hot thing is meme stocks, right? And I'm not saying not [00:06:15] to invest in meme stocks, but you don't have to put all of your money into the hot pieces of the market that everybody is excited about. They can be things that you use around the periphery and I would encourage people to get involved and learn about [00:06:30] Just the new types of Investments that come out because there's things that come out every five or 10 years. We get something really interesting and new that that I think is is cool to learn about and cool to participate in. But don't abandon the tried-and-true kind of concepts [00:06:45] that we talked about as investors, right? You want to have a diversified portfolio. You don't want to have too much risk in one particular stock or one particular part of the market. And you also want to pay attention to the entire world and not just, what's [00:07:00] It's happening in the United States because there's a lot of opportunity investment-wise outside the United States as well.

Farnoosh: Let's hit the mail bag and hold that thought about meme investing because I'm sure you get so many of those questions. And [00:07:15] I'll will dive in soon enough, but Kevin wants to know and curious to hear your answer to this Liz. What was your first investment? And when if ever did you sell it? And I feel like investment is a very big category at least with this question. [00:07:30] Maybe it, maybe it wasn't a stock but what was something that you considered an investment that you, you know, sold or held on to, and why?

Liz Young: Yeah, it actually goes back to the story that I told about getting started in a 401k, I had gone to the financial advisor in the bank branch that I worked in [00:07:45] at the time and said, okay, I'm going to contribute six percent of each paycheck, which was probably like three dollars. I have no idea. It wasn't a lot of money and I gave it to him and I said you got to put it in something, right? And he said what do want me to put it in? And he showed me this list [00:08:00] of mutual funds. I chose three, mutual funds, they were pretty aggressive. They were all equities. I was young, I had a long time horizon. I could I could take that risk on. I know there was a small cap mutual fund involved and those are the three that I held for that period. [00:08:15] I think it was about a year, year and a half that I stayed at that job afterwards. And then, obviously, when I

left that job, I had to sell those and invest in something else at the next company's 401k plan. But one of the other ways that I would answer that question is, when your [00:08:30] Professional investor or somebody who does this for work your early experiences in, in that role or whatever the role may be, and what you're exposed to really start to develop your biases as an investor [00:08:45] and you start to, you have almost an affinity. Maybe some people might have a Love/Hate relationship with what they were exposed to early on. I have an affinity for it. I did a lot of small cap right out of the gate in my early career and I was a small cap analyst. For [00:09:00] a while, and I really loved small cap stocks. I thought they were really interesting to learn about, they were the things that weren't on TV everyday. They were, they were interesting because they were different, they were kind of under the radar, and they weren't covered by a lot of analysts. And I don't know why, but I just thought that was [00:09:15] really cool because you could, you could find stuff out about it that that other people maybe hadn't analyzed quite yet. So, I've always been really interested in small caps and if you look at my personal portfolios, I probably do have a constant overweight
To small [00:09:30] caps because of that.

Farnoosh: Let's take a sidebar here, small cap large cap. Just just break that down for us. So we don't assume everybody has a basic knowledge of that.

Liz Young: Yeah. So these are these are going to be really rough numbers but just so everybody can kind of [00:09:45] wrap their head around it. Small cap. Stocks are smaller. Businesses companies that probably are earlier in their life cycle or maybe they do something that's very concentrated, they have just kind of their one-trick Pony type of company. So there's not a ton of Of [00:10:00] growth where they've branched out and become multinational. And then big cap stocks or large companies are the ones that we would be familiar with. So thinking about the really large conglomerates or even just companies that have grown tremendously [00:10:15] over time, a lot of them tend to be multinational, they have operations in different countries. If you want to think of just a rule of thumb, small-cap stocks tend to be about two or three billion dollar market cap or less and they can even range maybe up to five. [00:10:30] billion. Large cap, stocks are more in that 20 billion and above range. And then there is actually a mid-cap group in between there. Because if you're doing the math, you know that there's a gap between 5 million, 5 billion and 20 billion. So, there's mid-cap stocks in there as well, but those are the [00:10:45] kind of the ends of the barbell, small cap and large cap.

Farnoosh: And as I'm listening to you, when I'm learning and what is being re-emphasizes, this ability, you have, you know, risk is a part of investing, but when you were young, you had and rightfully so [00:11:00] a greater appetite for risk and you definitely went for those smaller cap stocks which can be more volatile can be a little bit more of a risk. That is was a reminder to me of, you know, it's okay to take on more risk as you are younger. I mean, for me, my biggest [00:11:15] investment, my first investment besides, the 401K, was I bought a studio apartment in New York City at age 24. I've written about it. Yeah. You can read about it in You're so money and how I did it. I had my parents. Very [00:11:30] honestly, they helped me buy that. And at the time, I didn't think of it as an investment but as luck would have it and appreciated and 10 years later, I sold it and that equity was just this enormous leverage for me to be able to continue [00:11:45] to buy real estate and just build my life and you know, it's not a traditional investment. Real estate is an alternative investment. I lived in it for many years too. So if I only made a 10% gain or a zero percent gain. [00:12:00] I would have been okay with it because I got a lot out of that. You know, it was an apartment filled with memories of your 20s in New York City. It's a kind of priceless.

Liz Young: That's a great story. Well, and it's also an illustration of what we called buy-and-hold [00:12:15] investing. So there's trading, which is when people kind of flip in and out of positions very quickly. And there's buy-and-hold investing where you buy something, whether it's real estate, or it's a single stock, or it's a mutual fund, it can be whatever, whatever it is, whatever you’re deeming [00:12:30] an investment, you buy it and you hold it for a long time and that doesn't have to mean forever, but it does have to mean longer than a couple months. So it's something that I think has become a little bit trickier of late because we have such [00:12:45] a fast move site, news cycle and we have so many temptations to just go get, you know, the return potential out of whatever is making news at the time and buy-and-hold investing is really what the great investors [00:13:00] preach. I mean the Warren Buffett's of the world, right? They preach this buy-and-hold style and I think it really is important to keep that in mind and practice patience as an investor.

Farnoosh: Yeah, a recommendation for listeners. A book that I recently interviewed the author. It's you've probably heard of [00:13:15] this Liz is called the Psychology of Money. Yeah. And it is a wonderfully, story-driven book about ultimately, what it takes to be a successful investor and it's not, you know, following the memes. It's this sort of buy and Hold [00:13:30] a lot of it is, you know, your own tolerance and exhibiting patience as you talk about. So it's important to remind ourselves of this and a 24/7 news cycle with social media. And this incredible [00:13:45] access to the stock market that we have. We need to remember to just kind of like, you know, as I say, count to 10 10 Mississippi's before you do anything.

Liz Young: My mother would be so proud of you right now. A lot of ten Mississippis [00:14:00] in my house,

Farnoosh: 10 Mississippi's. Kevin thanks so much for your question and helping us go down memory lane. With that one. Carol wants to know, Liz. Do we need to invest beyond a 401k and an IRA, you know? So often we talk [00:14:15] about these two retirement savings vehicles as the foundation, the pillars to long-term investing for your retirement, for your future, 30 years down the road, you know, the key word here is, of course, “need” do we [00:14:30] need, you know, this is a personal question depending on when you want to retire, what your retirement goals are. If you've maxed out your 401 k, you've maxed out the IRAs and you want to do more because you want to flex that dollar and get you [00:14:45] further along your investment journey, I guess the answer is *go for it*, you know, but that's not my...My take is that's not necessarily true for everybody. But we curious to what hear what the investment expert thinks?

Liz Young: Yeah. Well first and foremost, foremost. [00:15:00] I would say if you can yes, you should because if you still, if you have capital left over, if you have money left over after you've maxed out a 401k or maxed out your contribution to an IRA. Yes, you should [00:15:15] invest in other places, as well. And, and here's why, because what are the other options? The other options are to put it in a savings account. You could buy something like real estate, right? But I'm considering that investing as well. So if you're choosing to Put [00:15:30] money in a savings account, keep it in cash. It's true. That cash is safe and that cash will be there when you need it. It's liquid. It's easy to get you have peace of mind because it's not going to go down. It's also never going to go up, right? And it's going to go up by [00:15:45] a very, very small amount that interest rate and as we all know, interest rates are historically low. So that's just not helping you very much. If you invest it, your money literally works for you while you do nothing. And yes, there's risk involved, but [00:16:00] if you have the time to let it sit in an investment and to be patient like we've already talked about, it can really grow. The other thing is in a in a 401 k plan, a traditional 401k plan, their great ways to get people [00:16:15] invested for retirement, their great ways to get a company match. And I would encourage everybody to take part in that if that is available at your employer, take part in that company match and contribute enough so that you get the maximum match because that is literally free money for you [00:16:30] So make sure that you're doing that the drawback. sometimes a 401K plans is as we know number one, you can you max it out and you literally cannot put any more money in it. So if you want to continue investing for your future, you need to do it elsewhere. But secondly, [00:16:45] youre limited a lot of times in the options that you have. So there might be a lineup of Investments that you can choose from in that plan, but that's all you get and sometimes there's a self-directed option and that gives you a lot more leeway of choosing your own Investments. But many times you just have this lineup [00:17:00] of options that's been approved by your company. So if you invest outside of the 401K plan, you open up your Universe to invest in a lot of different things that might be more suitable for you or might be things that you're more interested in. And this is a little bit off [00:17:15] topic, but another thing to think about, when you're investing is, you know, I tend to invest in things, obviously that are creating a well-diversified portfolio. But I also invest in things that I care about, you know, I care about keeping the environment clean. So, Invest [00:17:30] in some clean energy, and if you just align yourself your values with your portfolio and it's called values based investing, you're going to be a lot more interested and engaged and you're going to learn a lot more about what you're putting your money behind.

Farnoosh: Youre right? [00:17:45] If you do have extra money, after you've maxed out these other investment vehicles unless you need it in the immediate future. So we talked about time, I think it was important to get a little specific around that. I always say, if you don't need it for the next five [00:18:00] or seven years five to seven years, you can afford the risk of putting it in the stock market, in a diversified portfolio. You want to dial it in a way where, you know, it matches your risk tolerance. But certainly not sitting in a savings account [00:18:15] for seven years because with inflation, you're actually losing money.

Liz Young: And actually, you can think about taking an investment account, right? It doesn't all have to be in the same kind of time horizon investment, so you could take [00:18:30] Just to keep the example, simple, you could take 20% of that investment account and put it into something like short-term bonds that are a little bit more liquid. Maybe that's, you know, they don't have as much return potential but your still [00:18:45] invested and maybe that's the portion of the account that you need to be at the ready. Maybe you need it inside of five years. And then you've got a portion of the account, maybe another 50% of the account that, you know, you're not going to touch or you hope that you don't have to touch for 10 years. [00:19:00] And you can put that in riskier investments. You can put that in equities or as again, my favorite small caps, you can put that in some riskier stuff and let it sit. So you can parse out different slivers of your own account for different time horizons [00:19:15] and different liquidity requirements. And and when you do that on your own outside of a 401k, that's locked up until you're 59 and a half, at least, then you have that flexibility, as well.

Farnoosh: Another sidebar here, you know, you mention and I'd had the same situation. [00:19:30] Like, however many years ago was for us when we opened up our 401ks before the advent of technology before, you know, robo advisors and automated platforms, we had to choose from like, like a flyer or [00:19:45] like the website and tell us, you know, what our options were and often I would go to like Morningstar and look them up or Yahoo finance and look up the ratings and still didn't know what I was doing and talk about how technology has worked to our advantage on [00:20:00] that end. Because a lot of us think that we just put money in the IRA and we can go away. But we actually do still have to pick those Investments but I guess the good news is, it's gotten hopefully, a little bit easier now to pick and choose, and sometimes it can still be very give me hands [00:20:15] off. You can have if you go with an automated platform, a lot of x given those inputs that they ask you for, they can create the portfolio for you.

Liz Young: Yeah, you're going to make me show my age here. But when I opened my 401k, I mean that was was [00:20:30] almost 20 years ago, which is terrifying to me. I didn't say it was this old but I am and you're right. You had you had a booklet. It was all on paper. It was all physical paper that you had to look at and they would send you this information and it would be from [00:20:45] the end of last quarter, right? So some of it was really dated and then the only way that you knew how your account was doing was they sent you a paper statement in the mail so you had to wait for this paper statement to even know what happened in the last 90 days, which is just now looking [00:21:00] back just bananas to me that we had to wait that long but anyway there have been a number of benefits of technology. The first of which is what you alluded to that we have a lot more information at our fingertips. That is [00:21:15] timely. It's up to date. There is so much education available to the individual investor, the new investor, the seasoned investor. I mean, you can go online and find deep information about a [00:21:30] lot of the different things that you might choose to invest in. So that is a huge benefit. It's just the availability of information. The second big benefit is cost. It's really driven the cost down of being an investor and cost is two things. [00:21:45] It's not just what you're thinking of as fees, although that is something that has been driven down. So we're paying less in fees because of technology, but it's also that you can start investing with less money because of these platforms, [00:22:00] and because of how they've evolved over time. So, the minimums have gone down and the availability of different Investments to smaller account sizes has gone up. So, you have so many more options just because all of these online trading platforms [00:22:15] and online investing platforms have given us those options. Now, you can certainly go pay for a full suite, you know, and all the bells and whistles and and that's there's definitely benefits in that to you get financial planning, you get all sorts of other. Other benefits [00:22:30] from may be a financial advisor or whatever the case may be, but if you look at even a platform like SoFi, right? We offer an online platform but we also offer you access to CFPs. So we have that financial planning aspect as well, not to mention [00:22:45] all the other things that go into the platform with it. You know, we've got the money accounts, we've got a credit card, we've got crypto trading, we've got all of the things and that's something that I think is really new to this decade's investor, and I think it's a great benefit.

Farnoosh: [00:23:00] Yeah, I really love that hybrid approach. I'm not ready to abandon humans. When it comes to me, do any particular aspect of my financial life. We sort of answered Shaundra's question, but maybe we should just visit it it for a second here. She's asking should [00:23:15] I contribute to my company's 401K even though it has a 1% fee and no match. I mean, I want to remind shaundra that and everybody that there are many attributes of a 401k that are universal and I think, Of [00:23:30] regardless of where you're working. One is that automatic contribution allowance from your paycheck that sort of opportunity to contribute directly painlessly. It goes a long way. You know I think they've been they've done studies on this. Like the ability for us to just sort of have this hands [00:23:45] off, automatic approach to investing can be the difference between doing and not doing it. The contributions are tax deductible so you are saving some money and the 1% fee is not outrageous and not to mention the [00:24:00] the 0 match is not unheard of you there. You know like I find that when I find someone has a match at their company it's icing on already like decent cake but what do you think should she do some with the 401K and maybe supplement [00:24:15] elsewhere? But again the 401K she gets to contribute up to nineteen thousand five hundred dollars a year which is more than an IRA.

Liz Young: Right. Yeah and I think the biggest benefit in this case Chandra is that you have the tax advantage on a large [00:24:30] amount of money, so up to that $19,500 limit, the tax advantage is really big and that's something that later down the road, you're going to be grateful for. I would also supplement it with an IRA and [00:24:45] you know, have like we said before more flexibility. Also, you know you never know if your employer might start offering a match and there is a lot to be said your [00:25:00] money, your paycheck, just go into an account. Whereas if it's a naira, you usually have to actively decide or maybe not decide, actively remember to put money in it on a regular basis and the 401K forces you to save, [00:25:15] I still think it's a good option. I still think that it's important to get that tax benefit on the larger balance.

Farnoosh: It's that word Force again, which is behind, you know,

Liz Young: it is the softest sense. It's more like, it's more like a heavy handed. encouragement [00:25:30]

Farnoosh: I like it whatever. We all need that kick in the pants. Tell you myself included. We all need that kick in the pants. Tell you myself included. Matt wants to know how does your strategy change given relatively high inflation here in the US? The Federal Reserve met last week and although they didn't raise interest [00:25:45] rates, they did acknowledge that inflation is going to continue to be a threat. And we're seeing it already at, you know, the grocery store the cost of lumber. Everything you know these basics are going up in price. How does that trickle down into our investment strategy or how [00:26:00] should it?

Liz Young: Yeah, we could probably spend one whole podcast on inflation. I'll give the CliffsNotes answer to this. So, first and foremost, you can think of inflation as [00:26:15] something that you need to protect yourself from or you can think of it as an opportunity to participate in, and when we're investing, I think you have to think of it both ways, but this is a time when basically, the message is that inflation is going to be transitory [00:26:31] or that even these hot prints of inflation are going to be transitory. So what's going to happen in the meantime? What's going to happen is things like materials costs have gone up. And companies may have to slowly pass those costs through to their consumers, which [00:26:46] if we think about that, just as consumers, not even investors. We think about that. And say, oh man, everything's going to start to cost more, but one of the other things that is hopefully going to continue happening is that wages go up. So all Some of the things we buy [00:27:01] cost more hopefully people start making more money and we can absorb some of those costs so then it's it becomes, okay, as an investor, how do I participate in the inflation movement? And [00:27:16] interestingly if you look at a chart of the S&P 500 over different periods of time, particularly when CPI, which is a broad measure of inflation, when CPI is between 1 and 3%, the market still tends [00:27:31] to go up or it's I should say, it's still, can go up. So, inflation is not a bad thing, it's not something where suddenly it gets above 2%, and that means the market goes down. It means the FED raises rates and means that, everything turns bad. That is not how it works. [00:27:46] So there's there's a kind of a sweet spot where even if we have higher inflationary pressures than we've seen for a while. It doesn't mean that bad things are going to happen to the stock market. And in fact, stocks tend to follow with inflation. For periods of time. [00:28:01] You also can look at certain sectors of the market. You can look at the materials sector, which is literally, raw materials that go into making goods and as prices of those rise, if you are invested in those materials, the prices [00:28:16] of them rise you benefit and you follow that inflationary trade up. We also call things real assets pretty often. We talked about real estate before. Real estate is a great example of a real asset whereas inflation. real estate tends to do [00:28:31] well in that environment. So it's not necessarily about saying, oh gosh, inflation is coming, I have to protect myself, it's more about, okay, inflation is coming or inflation. Is here. What can I buy or what can I shift my investments into [00:28:46] that are going to participate better in that inflation story.

Farnoosh: I've often heard too that gold is a great place to hide when there is inflation. And there's also a long time ago, I did a story on Treasury Inflation Protected Securities [00:29:01] tips. You can sprinkle your portfolio at some of these assets to hedge against inflation. If you don't want to look at, if you don't want to shift a lot around, we just kind of want to add to your portfolio in a way to shield it a little bit better from [00:29:16] inflation pressure with perhaps some of the Holdings that you have for that are not going to be moving in the same direction.

Liz Young: Yeah. So I'm going to take gold quickly first because I have mixed emotions about that gold. And the reason I have mixed emotions about gold [00:29:31] is because gold doesn't always do what we think it's supposed to do over certain time frames. And it gets really difficult for investors, especially new investors to set the right expectations, for how gold is going to behave in their portfolio. Now, if you want [00:29:46] to use gold as a store of value or you want to use it as I guess, an inflation hedge or something, that I would consider more of a cyclical component, something that's going to follow in economic expansion. That's fine [00:30:01] but that's a longer-term horizon. Okay? So then that's where you have to hold gold for a longer period of time if you're using gold because you're thinking of it as something that's going to protect you in a big market, pull back. [00:30:16] A lot of times, it's thought of as like the safety trade, that's a shorter term time Horizon. And that's something that you buy gold. If you're really scared, if we're going into recession, you buy gold, and that's kind of a, you rotate into it and then you rotate back out of it. So, You have to get the timing [00:30:31] right in order to get the expectations right and that can be a really tricky thing. What I would rather have newer investors do is buy a portfolio of real assets. Gold is one of those things that has a variety [00:30:46] of different things in it so it might have other precious metals such as silver and copper that are very cyclical metals. It probably has other materials in it. It might have Lumber in it, it might have steel. It might have all the other kind of commodity, Ready type things that might have [00:31:01] agricultural products in it. These would typically be thought of as alternative Investments, but maybe Commodities Investments, precious metals Investments, things that are more Diversified basket of those types of items. So I'd [00:31:16] rather people do that because gold can be really frustrating on a daily and a weekly and even a monthly.

Farnoosh: Yeah. And then you're really just trading. And that's a full-time job and you can hire someone but then they're eating fees and yeah. So I like that advice.

Liz Young: But as far as [00:31:31] tips, treasury, inflation-protected Securities. That is absolutely an option especially in an inflationary environment, so that's something. I mean, it's a, it's a lower-risk option than investing in, you know, the more volatile commodity space [00:31:46] but it is another thing that you could put in your portfolio as an inflation, participation tool.

Farnoosh: okay. A couple more questions. I promised we were going to get to this meme. Question Teresa says, I have been researching Stocks particularly [00:32:01] the meme stock craze. I have two different diversified retirement plans, a Roth and a 401k, that I automatically contribute to every paycheck. Great work, Teresa. She has a little bit of money, quote unquote left over [00:32:16] or what she calls fun money every month that's about 400 dollars and she's kind of at a Crossroads. Do I take a Buffett approach and pick companies with high ratings and kind of open up what sounds to be like a brokerage account? Or do [00:32:31] I open up that same brokerage account but instead pour the money into these meme stocks these, you know, well GameStop's of, you know, all those, would you ever do the meme Stock Investing with fun money or am I better off, in the long run to [00:32:46] take this slow approach with every dime? I invest? I feel like, how important is this $400 to you, right? Because you're talking about gambling, versus investing. Is that fair to say like the Buffet approach is more of [00:33:01] this long-term investment approach has diversified is it's all the things that she's already doing with the 401K. But she's recreating it herself with a brokerage account though, to invest in a few stocks that she hears about on Twitter. I'm not [00:33:16] so sure that's the same approach. It feels that just to me feels like a game, but I'm curious to hear what your opinion is.

Liz Young: Yeah, I mean, I don't and again, I don't know how how much of that $400? Hours if we're looking at a foreign dollar [00:33:31] amount, how much is that of the overall kind of assets, right? So that matters it. Regardless, I would say you don't use all of it for me in the stocks. I think I think it's okay to play around the margin in some of [00:33:46] those interesting. How would I call hot dot Investments. Because you can actually learn quite a bit, sometimes it can be fun right to watch what happens on TV and then see what happens in the portfolio. But that’s stuff that [00:34:01] I would only do that with money, that you would not be really upset losing let’s put it that way, right? Those are not stocks that are trading on a lot of fundamental value right now. And what I mean by that is you evaluate fundamental value [00:34:16] and you try to look out into the future and say, okay, where does this company deserve to be trading? Where does what's the strength in the company, what's their competitive positioning? Like what's the growth potential in the company? That's fundamental investing. What's happening in the meme craze [00:34:31] is momentum investing. Both of which are perfectly fine. There's nothing wrong with momentum investing. It's a little riskier because it's more about basically how the chart is moving at the time and the popularity [00:34:46] of the investment and just kind of the wind at its back, and you have to be able to be nimble, and you have to be able to get out of it, just as quickly as you got in, in order to avoid that risk, and you have to also be watching it to know what the timing is [00:35:01] right and try to get the timing, right. So it can be really tricky, it can be really frustrating. It can be tremendously rewarding as well, but it's also a lot riskier in a lot more volatile. So I would always do it around the periphery, but I'm not saying no and, you know, there's been a lot of [00:35:16] people upset about the meme stock craze. I'm not upset about it. I mean, it look, it it's not illegal and it's gotten a lot of people interested in the market. And I think that that's actually broughtly a benefit, right? I [00:35:31] love that people are more interested in the market and I welcome new investors to the market. It's just that everybody has a right to participate in the market. But everybody also has a right to gain or lose based on their own participation in the market. So [00:35:46] don't forget that loss is definitely possible.

Farnoosh: Alright, last question. How should I invest if I'm self-employed? This is Lara Michelle. I mean we've talked a lot about some of these vehicles outside of the 401K, like the IRAs of the world and I think those are perfect for the self-employed. I mean I can speak to this [00:36:05] personally Lara. I for since the year, one of incorporating I opened up a SEP IRA, a simplified employee pension it works similarly to a traditional IRA in that your contributions reduce your taxable income today, but as a self-employed person, you can contribute much, much more than a IRA, a traditional IRA. I think bully the traditional IRA is $6,500 a limit this year and the SEP is like well over 50,000 55,000. It's like 57 or 58. It changes every year, but great way to save on taxes it's a fantastic way to continue to invest for retirement. And that's where I would start. That's where I would start. And that's our show. Liz Young. Thank you so much for joining us. We should do this again because I know there are many questions that we did not get to but we will continue to dedicate to this because like you said, [00:38:47] a lot of people are interested in investing now more than ever, which is great. But that also means we have to keep the education continuing.

Liz Young: Yeah, absolutely. Happy to do it again.
Farnoosh: Thanks so much and everybody check out. SoFI.com/SoMoney - If you're interested in opening up an investigation count today, like you learn more at SoFI.com/SoMoney.