IFB271: Andy Shuler Joins Us to Discuss HSAs and ETF Investing

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Dave

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Alright folks, welcome to Investing for Beginners podcast tonight we have episode 271. And we have a special guest, we have Andy Schuler here with us tonight. He's filling in for Andrew. Andrew is traveling across the country. He's around Dallas, Texas right now, he had a bachelor party this past weekend. And he had a lot of fun. And he's driving back with his brother in law, or cross country helping a move.

So with that Andy agreed to fill in for Andrew. So this is my second recording today without Andrew. So it's a little weird, we miss him. And he will be back next week. But we just needed to fill in. And Andy was kind enough to do it today. So Andy, thank you for coming back on the show today and joining us, we appreciate that. And this is gonna be a lot of fun. We're going to talk about some finance and some personal finance and some investing stuff. So I guess first off, let's talk about HSA. This is a an account that I think is an asset that's underutilized. I think you would agree. And maybe you could tell everybody what is an HSA? Like, I don't what is this voodoo Dave's talking about? And yeah, absolutely.

Andy

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You know, first off, thanks for having me. And thanks to Andrew for taking a longer road trip. So I could fill in, always good to get back with you guys. So yeah, HSA, you know, it's an acronym for a health savings account. It's a high deductible health plan, compared to a low deductible health plan that that your employer might provide, you might just hear high deductible and think what the heck can be a benefit of this, to me, and to many, the beauty of the HSA is, it allows you to stash away pre tax money into a savings account, that can then be used, without paying taxes on the way out for a qualified medical expense.

So real life example, if you were to put away $100 per paycheck, and you get halfway through the year, that's $100, tax free going in instead of you know, $75, or whatever your tax rate is, if you were saving it after your check, you have a hiccup have to go to the ER kids are sick, whatever it might be, you can now use those funds without paying any tax on them whatsoever. You know, I think it's an absolutely fantastic plan. And there's a lot of benefits outside of that as well. So

Dave

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this is something that I have actually taken advantage of since my heart attack, I have been using this to pay my hospital bills because I have a high deductible insurance plan. And so this is something that has worked out great for me because it helps me save money on my taxes, like you said, and it also gives me an easy way to keep track of the bills that I'm paying, because I have one place that the money is going into and one place that it's going out of and I have a debit card that has a visa logo on it.

So it's super easy to use. If I had to go buy prescriptions, I could use it for that. So it's super convenient in that regard. Other limits are their qualifications to opening an HSA like, can anybody do it? Or does it have to be with a high deductible type of insurance plan,

Andy

2:53

it does have to be with a high deductible insurance plan. There are annual contribution limits to my memory in 2023. I think it's $7,300 for a married couple, and then 3650 for an individual. I think that's up $100 from last year, you know, similar to what you'll see with some of your other retirement accounts, but the IRAs and 401 K's both will gradually go up from year over year HSA does the same.

Dave

3:18

All right. So let's say that you use the HSA. Like your example, let's say that you are halfway through the year and you use up the money in there to pay for maybe some unexpected medical expense that came up, you can contribute up to $3,600 for the year, let's say at the end of the year, you have $3,600 The next year rolls around, can you start that clock over again? Or is it maxed out at 3600 hours is all I can ever put in this account?

Andy

3:48

Yeah, great question. So it's an annual clock, so it will reset. Now, the key differentiator between an HSA and FSA, a flexible spending account is a flexible spending account has to be used in that calendar year or those expenses have to occur. And those count in that calendar year. You might have a few months, say to the end of March the following year to actually submit your reimbursement of an FSA. But if you do not spend those dollars, they go away forever. You can't get them back in HSA, that money will roll over from year to year. And even if you were to change an employer that HSA money will still ride out in that account until you either withdrawal it or you know spend it for a pre qualified medical expense or some other so can

Dave

4:32

you I guess the next question is, let's say the money is just sitting there. So if you put $3,600 in there, what would be the advantage other than the tax benefit? Is there? Does it make money? Is it like a savings account? Or is it more like an investment account where you can possibly invest the money?

Andy

4:50

This is where we start to get into I think the beauty of the HSA. So, you know he talked about the tax so there's always you know the front end am I going to To save enough on my tax dollars to offset, however much higher my deductible is, you know, you're kind of thinking worst case, or if you have kids, and you might hit your deductible really early on. So that's kind of the first step of it.

The second piece is, what do you actually do with those funds, when they're in there, you can let them sit in cash for you anticipate kind of just burning and churning that money that comes in and goes out. Or if you think it'll stay in there for an extended period of time, you can invest that money. In my past, we've had an HSA with fidelity, and an HSA with anthem fidelity will let you buy individual stocks. I mean, I own apple in my HSA, I've owned literally anything, I mean, any ETF you want to buy, you can buy, you can buy bonds, anything that you can buy in a brokerage on fidelity, I was able to buy in in that HSA, Anthem is a bit more scripted, almost like a 401 K, where it's kind of pared down to to specific mutual funds, they do have some total market, there's some some target date funds, not the most ideal, but certainly will, will get you there better than just sitting in cash and not incurring any sort of interest. So, you know, that's really where you see the huge benefit of HSAs being able to invest those dollars that you save, that's awesome.

Dave

6:13

So that you're aware of, are there any fees involved in any of this like to either keep the money in the account and not use it or to invest in Apple, for example,

Andy

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the fees that that you'll incur, are just fees that you would have for a normal expense ratio, and a specific, you know, mutual fund or an ETF, but you're not going to incur any additional expenses above and beyond just in your HSA?

Dave

6:36

Okay, all right. I guess this may be a dumb question. But if you've put $3,600 in an HSA and you invest all of it, what happens? If you need to pay a bill? Then do you have to liquidate those stocks to pay those bills? Or does it automatically liquidate the stock, if you go to buy a prescription at CVS, for example, you do

Andy

7:00

have to liquidate those stocks to be able to actually have that cash balance, you know, this kind of gets into a little bit of the strategy of it to the way that we manage our HSA in our household is we keep one year's deductible, max out of pocket deductible in cash at all times. And everything else is invested.

So that way we know no matter what those investments are protected, because we kind of have a year of cash just to handle those. What ifs, if we were ever to get hit with an expense that we wouldn't be able to cover with our normal cash flow, to keep us from having to dip into an emergency fund. In essence, it's really kind of a health emergency fund, in essence,

Dave

7:38

but just say, for example, if you have a $7,000 deductible like I do, then putting in the $7,000, in the HSA and cash. And then maybe a few years later, investing that money extra money that you put in there would be kind of the optimal strategy, in essence.

Andy

7:56

Yep, I would agree. And I think, you know, a lot of it comes down to what's your personal risk tolerance? How do your finances look, I mean, if you have a large, maybe excessive emergency fund, that you feel like you can cover those expenses out of pocket, maybe just go ahead and even started investing everything in your HSA from the get go. That's where it gets back to live with that, that personal touch with how you want to manage your finances.

Dave

8:20

Right? And that makes a lot of sense. So as somebody, I guess, depending on when would this be a benefit of somebody, let's take two individuals, let's say somebody is 25, and the other person's 47, for example, the different age groups are going to have different likely different medical needs.

There also may have different health plans, too. And so would it benefit somebody that's maybe a little on the older side, or somebody that's on the younger side? Or does it really it just more about this is my benefit plan for my health insurance, and this is the option that I have, and I can take advantage of it now versus when I'm older. Does that make sense?

Andy

8:59

It does, I think there's different ways to think about it. So the younger you are, you're obviously going to have a longer investing time horizon. So you will receive a massive benefit in that way to be able to best 25 versus 45, I'll take the extra years of investing time horizon at all times. On the other hand, if you're 25, and you have two kids that you might, if you know you're going to hit your deductible, you know, there's no ifs, ands or buts, it's definitely going to get hit.

At that point, you have to do some of the math of am I going to save in my HSA on the taxes, what the difference is a non deductible. So it's just a little bit of like that give and take, you know, someone when they're 45, it's going to be the exact opposite. They're going to have a lower time horizon or a lesser time horizon. And maybe their kids are older, less health expenses, but maybe they're starting to have some of their own health expenses. So it really just it truly is a case by case situation. I think you can make a great case for and against it, no matter what just depends on your specific scenario.

Dave

9:59

Yeah, yeah. That makes a lot of sense. So how would I guess, thinking about this in conjunction with other retirement accounts? Is there? Do you have a preference over this versus an IRA? Or Roth? Or the 401k? Or is this something that maybe like in the evolution of what you should start investing in? Would this be first or fourth? Or second? Or like, how would you kind of think about that? And I guess the hierarchy of, you know, I start here, and then use these next kind of idea. Yeah, I think

Andy

10:30

a lot of times when we think of investing priority, you'll hear people talk about 401k, especially the 401 K match and trying to match out your employer's contributions. So I'm 100% on board with, and then you'll hear the Roth IRA, or sometimes a traditional IRA. And then HSA is third, I'm a massive advocate for the HSA. And I think the HSA can provide a lot of benefits that the Roth IRA can't.

So I put them truthfully, neck and neck. I mean, I think they're both tie for second. Some advantages that your HSA provides over a Roth IRA is, a lot of times you're gonna have an employer contribution, if you have a high deductible plan, between the few employers that I've talked to friends that they're working at, I've seen anywhere from $400 to $800 per person to double that, if you're married for an employer contribution. Yeah. So if you double it, you know, you're at 800 to $1,600. Another massive benefit is you can take these funds out at age 65, for no reason at all, you will pay normal taxes on it. But at that point, it just becomes your typical traditional IRA.

You're basically just deferring those taxes. Now, my all time number one favorite part of the HSA is if you incur an expense today. So I'll give a real life example, this year, we had a $2,000 expense for one of our children, if you pay for that out of pocket, and you save your receipt and have some sort of detail, we just kind of mark it on a Google Sheet explaining what it was for daily paid and just, you know, a receipt, kind of showing the actual charge, you can pull that $2,100 out tomorrow, in five years, 10 years at any point, and never pay taxes.

No. So the beauty of you that is $2,100 for me now will grow tax free, until you know, I absolutely need it, or wants to take it out. And at that point, you can take it out completely tax free. It truly is an amazing tool to be able to hold on to those expenses. If you can really front some of them and pay for them out of pocket. you'll reap massive rewards with your HSA.

Dave

12:36

Oh, that's awesome. I guess that's not a benefit that I guess I had heard of, but I wasn't super familiar with that. But that benefit, but yeah, I can see how that would be awesome. So if you max out your 401 K, can you also contribute to an HSA? Or can you contribute to a Roth like, are they kind of all separate entities? So if you max this one out, you can still max this one out. And you can still max this one out kind of idea?

Andy

13:04

Yep. Yeah, absolutely. Can they have a there's no relation to the other your annual HSA, Max does not tie in in any way to one of your retirement accounts? No, I actually kind of kind of laugh, because I think just the naming of it, you don't even think of it as a retirement account a lot of times to get left behind.

Dave

13:20

Right. Truthfully, when I was working in the bank world, we offered an HSA for a time. And it wasn't something that came up much. But when we did, most people didn't even know that a they can invest in it be that it was even a tax vehicle that they could use to help them reduce their tax liability. Most of them just thought it was something that they could put money into use to pay for medical bills. And that's all they really knew. And so when we would educate them, the the minds were blown, like, Why did anybody talk about this before? Like, is this not something that gets it's not sexy? And it doesn't get a lot of radio play, if you will?

Andy

13:57

Yeah. I mean, it's so true. It's, you know, I'm absolutely personal finance, podcast junkie, backdoor Roth and mega backdoor Ross are talked about all the time. And to your point, that's the flashy, sexy way around it or high income earner, that you cannot contribute to a Roth IRA. But this seems to get seemingly completely locked out. And, you know, $7,300, and if you have an employer given you 500 and 1000 bucks, maybe as a family, I mean, that's a slam dunk. I mean, do it all day, every day.

Dave

14:26

Yeah, exactly. Yeah, I know that I'm going to, you know, keep mine open and keep me on once I paid off my medical bills. I'm just going to use it as an additional retirement account, because it's like you said it's a slam dunk, and it's a no brainer. It's easier.

Andy

14:38

Yeah, absolutely. And, you know, kind of just a takeaway I would have for people listening is just really dive in and understand exactly what your employers are currently offering you. You know, I think there's a lot of tools out there that we might not know about, and one I can speak specifically.

And, you know, I told myself, shame on me. I wish I found it earlier. My employer offers something that's called a dependent care, FSA. A dependent care flexible spending account, that is a flexible spending account. So it, you know, resets back to zero at the end of the year. But you can save up to $5,000 annually if you're married or $2,500 as an individual to offset dependent care expenses. So that could be nursing home expenses that can be in my case, daycare expenses.

And while $5,000 might not be a massive amount to save, when you're thinking about how outrageous daycare is, I'll take $5,000 tax free over $5,000 not tax free, you know, all the time, I just really, you know, would recommend, you know, really dive in and fully understand all your benefits that your employers are offering, because I think they just say, and the DC FSA or two that absolutely get missed, even by myself. Yep,

Dave

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totally agree that, you know, I remember when I first started working for wells, and they handed me this huge packet of like, all the benefits and everything, it was a little overwhelming. And you know, I know, reading through that stuff, it took me a little while. And you know, like you said, there were I'm sure I know, I miss things that were in there. And there are a lot of benefits that our employers will offer us that a lot of us won't take advantage of just because we're not familiar with and don't know.

So hopefully, this conversation about HSAs and F essays can help people learn more about these tools that can help them. I guess, the next thing I guess I'd like to talk about is this is going to be a complete, right turn segue here. But we were talking a few weeks ago about kind of, like how you've kind of changed your investment philosophy, as your life has changed in as the pandemic head, and they kind of coincided in wasn't something we talked about a lot. And so I thought it was kind of interesting, and maybe you could kind of tell your story about what you're doing now, and kind of how it's changed and why it changed.

Andy

16:48

Yeah, you know, my general investing philosophy has certainly changed over the years. And it's, you know, for a multitude of reasons, you know, I think during the pandemic, it's an even before, I'll say, up until and through the pandemic, you know, as, as having stocks, individual stocks, I love falling along health, picking my own individual stocks, you got a thrill from listening to the earnings calls, and seeing how reports would come out.

And it's not that I don't, I still do, but it's, you know, a lot of it's time management, you know, if you have a portfolio of 15 to 20 stocks, that's a, that can be a heavy lift, just in terms of making sure your investment thesis is stay true to what you thought when you invested, you know, one to 510 years ago, however long that is. So, you know, up until probably 2021, I was, I'll say 100% stocks outside of you know, 401k, or where your, your hand was a bit forced into mutual funds or ETFs, that that were your sponsor, or that your employer sponsored.

At that point, you know, things change, as you start to, you know, move to a new city, new job, you know, add children into the family, it's, you just start to realize, hey, times a little, it's not as abundant as it was, you know, working at home was was great, you would save 45 minutes on a commute each way or 30 minutes, or you know, how long that commute was, and, you know, you start to just think about a little bit more of, of where your time is. And, you know, for me personally, it's,

Hey, I cannot manage my 15 to 20 positions, the way I want to, I need to, I need to take the time and pare that down and maybe make a shift into a more ETF focused portfolio. So I mean, I actively put together a plan of, of truly reviewing, reviewing the companies that I was invested in those that I had less conviction in or, you know, maybe I eliminated or even just pared down to a less, you know, not as big of a position. And then I actively track by month, when I was tracking my net worth, what my what my total allocation was just between, you know, a total stock market ETF and individual stocks just to try to manage that risk portfolio a little bit.

Dave

18:54

That makes a lot of sense. How did you go through that process? Like, how did you think about paring down or reducing the individual stocks? But then also, I guess, growing a portfolio, did you grow a portfolio of more index slash ETF funds, mutual funds, I guess more passive investing? Did you take, you know, just throw easy numbers? Did you take this lump sum of money and then transfer that to this lump sum of money in different kinds of investments? Is? Is that kind of what you did?

Andy

19:25

Yeah, that's exactly what it was, you know, what became abundantly clear, as I started going through this as a ad, you weren't paying as close attention as he thought you were. And I found I found some crap in my positions. I mean, there's stuff that I shouldn't have owned for probably six to 12 months that I owned, and it's because like, yep, you weren't paying enough attention. Your thesis was proven out and it was true. So you know, as I would find that I would move some of those funds into just, you know, an sp y or an ETF that I've written quite a bit about on the investing for beginners bloggers. NTU M. Hold, you know, its momentum ETF, but it holds a lot of those very same core earnings or core companies of the s&p 500.

And then at that point to, you know, it was a conscious effort of I am not buying any new individual companies unless I can take on that workload. And I really thought about it from a perspective of, Okay, do I have, you know, four to six hours to kind of allocate on my initial thesis? And then, and that's for a very, very small position? And then do I want to, if I want to add, am I willing to continue to spend, you know, an hour a month or a few hours a quarter, kind of looking into understanding how things are going to like the trends? And if I'm not, that's fine. I mean, burning? Eight 8% just investing in spy, you know, after inflation? That's, I mean, you can certainly get rich.

Dave

20:48

Yeah, you can for sure, it's a heck of a lot better than a savings account? For sure.

Andy

20:53

Yep, that's exactly it, you know, a phrase that I've really started to use quite a bit frequently is don't let perfect be the enemy of good. And just because life isn't 100% optimized. And if you think you can outperform the market, that's fine. But you know, everything's a balance in life, too. And you got to make sure you can actually actually manage what what your workload is.

Dave

21:11

Yeah, absolutely. I think one of the things that gets lost in a lot of this is, what is the time cost slash opportunity cost of this versus this? So is it more important to you to spend time with your family? Or is it more important to you to spend that time allocated to learning about Company B? And how much are you willing to give up to do this versus this, and it's not in time is nothing, none of us can get it back. So the last second that we just spent talking about this has gone forever, we'll never get it back unless we listen to the recording, even and we can't get it back. And so it's a precious resource that I think a lot of us don't really think about, you know, is my time more better spent studying this company? Or is it spending half an hour on Instagram?

There's something to both but I think, understanding what's important to you, and doing what's best for you and for your family. And, you know, I could argue that keeping your portfolio of single individual stocks is probably was probably is probably not at that time, the best thing for your family in the long run. Because the whole point of investing is to, you know, to build your wealth. And if you have companies in your portfolio that are crap, because we can't spend time focusing on them, then you're better served not having those investments to begin with. Yeah,

Andy

22:37

that's it, you know, it's a great framework to really think through what is your time truly worth. And that can be your opportunity cost of like you said, spending time with your family. And it can also just be, you know, I mean, it can truly be like an actual, monetary ROI. You know, I don't remember what it was, but I was listening to a podcast years ago, where they talked about having someone come mow their yard, took them an hour, they would pay this person $50 an hour, but then they could go make 75 to 100, just by investing in their business.

And by spending that time in a better use. And I always have the mindset of optimize, optimize, optimize, I'm never gonna pay someone to mow my yard, I can do that myself, are also on the phone on my phone Sunday mornings before I go shopping coupons, and I'll spend 15 minutes doing that to save, you know, two bucks, you know, it's like, it's, you know, sometimes you reach the seasons of life where you take a step back, and you think about where's my time best allocated to help me be the most effective, and it's roughly do what we want to do with our lives, right for, you know, for the foreseeable

Dave

23:43

future. Yep. I totally agree. And I think one of the things that I took away from our conversation about that this, the idea that you kind of changed how you were investing was, I think, you know, Andrew and I are obviously stock pickers, and that's what we like to do. And we enjoy it. And it's a passion for us. And we think it's a great way to build your wealth. But there are so many different ways to build your wealth in the markets without having to be the next Warren Buffett.

And I think, for whatever reason, that there seems to be like this, I don't know, stigma, or whatever. And maybe it's just among stock picking geeks, that if you're investing in ETFs, that you're not a real investor. And I think that's crap. And I think it's just as hard to find great ETFs as it is to find great individual stocks, because there's so many choices. And so I guess one of the things that I when I think about ETF investing or index investing is how do you find the ones that are going to work for you? Like, how would you give somebody like a step by step process to find this ETF or index fund to help get people started or building a portfolio of those kinds of ideas?

Andy

24:54

Yeah, I think that's a really good question. You know, the process I think, to find ETFs is a little or sale doesn't have as much due diligence as what I'll do when I'm, you know, looking at purchasing an individual stock. And that's probably why I've moved my strategy over to that one website that I've actually fallen in love with over the years is etf.com. It really is. I mean, they have fantastic analysis, all the key metrics, you don't want to see it all show all. I mean, every holding, not just the top 10 that you might find on some websites.

But every holding and the percentage within that ETF, I mean it, it tells you exactly what the specific goal is that ETF and they write, I mean, pretty regular, we'll write articles just talking about new ETFs or just increasing exposure. I mean, I fallen in love with that website, because I think it's really helped me try to narrow in on finding exactly what ETFs I want to invest in.

Dave

25:51

So I guess what would be two or three metrics slash things maybe people should look for if they're this idea of index investing appeals to them, but they don't know where to start? Like, what would be a couple things that they should start off looking for to help them filter through good versus maybe not so good.

Andy

26:09

So if I'm going to, you know, look for, you know, a specific ETF. So when I've talked about in the past, if I want to find a gold miner, ETF, or something focused on gold, there's a lot of different options out there. I mean, there's some that physically track the price of gold. There's some that'll track the gold miners. There's some that'll track multiple companies that all play into the gold industry. So it's really trying to I think when you go in, you need to have an idea of of what ETF, you're looking for, what the goal is. And then before you even get to the website, what am I specifically looking for? When I'm trying to find this ETF? What's the target outcome?

At that point? What I like to do is, I like to look at all look at past returns are always indicative for me, I think one of the largest, most important pieces are what's the expense ratio of that ETF, if the expense ratio, which is what we're paying to the company that's running the ETF, if it's anything over half a percent, I'm out. I mean, just just right off the bat, you can go invest in a Vanguard ETF for point zero 3%. There's a lot of fidelity ETFs that are absolutely zero commission whatsoever. So for me to pay someone half a percent, to get some different exposure, maybe do something a little bit different than I can get someone else to me, I just I don't reap those rewards. Another thing I look for is just kind of credible sources, or like you credible brand name behind it, you know, is it an iShares?

Or is it a Spyder ETF? Just look for some of those brand names that helped me bring me some recognition? When I'm buying an ETF? It's because I want to be hands off. I don't want to if I'm losing sleep over ATF I definitely messed up. Right. So So those are the things I'm looking at, you know, who are in the top holdings? Are there companies I've heard of? Is it a bunch of things I've, you know, brands that I've I've zero exposure to if so that I need to step back, I think and probably learn a little bit more about the industry before I actually am ready to put my money into that. That ETF

Dave

28:10

Yeah, that's those are all great points. And I think people don't realize what kind of breadth and depth of ETFs are out there. If you want to invest in literally almost everything. Like if you're into pickles, and you want to find an ETF that tracks the best pickup companies in the world. I'm sure there's something out there like that. I'm not I don't know, for sure there is I'm just being facetious, but there is airlines, it you know, semiconductors, the cloud Haven companies, gold miners, just about everything. And that's just in the US. So you can step outside of the US.

And there's all kinds of international flavor ETFs as well. And there's bond funds, and it just can go on and on and on. I guess besides expense ratios, what else would be a non starter for you? Like, I know that there are some leveraged ETFs out there. We have talked in the past about the evils of those, and maybe you could kind of touch on that a little bit.

Andy

29:05

Yeah, leveraged ETFs are they're scary one. So I mean, there's some some ETFs you know, like T QQ Q, that's the triple leverage NASDAQ 100. So that's one that was a super hot button during COVID When all the tech stocks were flying. If you didn't invest in it, you're an idiot. Right? Right. But you see the drop off. It's drastic. Now wait. I mean, we always talk about hey, you know, if the stock drops 50% for it to get back to where it was.

That's the double now. So you think about some of that math. It's the same thing with these leveraged ETFs. They're resetting daily. So the ups are not as high and the lows are lower. So you really have to, I mean, you have to be very careful. If you're reading the, I mean, I was stunned because at first when I was reading these and investigating them, just trying to understand why there's so much hype, a lot of a lot of the brokerages will actually put out these are not to be used as a long term investment. I mean, he explicitly says that it's a short term thing. I mean, it's a day traders way to try to leverage up. It's very, very high risk that I mean, to me that is intermediate nonstarter as well. Yeah.

Dave

30:16

I would agree. So I guess maybe we could kind of wrap this up by talking about what do you think are the advantages of maybe an ETF versus an index fund? Or are there any? Are they interchangeable? What's kind of the difference? And how can people utilize those in the same kind of idea?

Andy

30:37

Yeah, I think, you know, a lot of times people will, will use the two words interchangeably, for sure. So, you know, an index fund ETFs, or index funds are ETFs. So, index funds will typically be used in the context of, they're out there to track an index. So the s&p 500, the NASDAQ, the Dow, that's typically the goal, it's to replicate the returns of what an index is. Now, there will be index ETFs, which will do the same thing. But then you also have much more tailored niche ETF. So they've like you mentioned, the airlines.

So there's one that's jets JTS, that will have all your major airline players within that ETF, you know, I will sometimes use those, if I want to learn more about an industry take a little nibble off of an ETF to help get some skin in the game. And I I find that helps me learn better to have just more natural interest. So that's when I'll start to really use, you know, the ETFs versus just a typical SP y or QQ Q type index fund.

Dave

31:44

Okay, that makes a lot of sense. I think one thing that I guess the last thing I'd like to kind of maybe chat a little bit about is I think some people think that you have to do one or the other. And I don't think that people maybe think that you can have a basket of ETFs or indexes that you invest in alongside having exposure to individual stocks. So you can mix and match however you want. I I've read about investors that they may put 50% of their investments in like an sp y type index fund. And that's their base to make sure that they do okay.

And then they'll spend 50% of their money on more fun things are more speculative things, and to keep their interest in the stock market. So I think you know, so you said you still have some individual stocks, as well as the more passive part of your portfolio. How do you I guess, how do you manage that? And how do you plan to manage that going forward?

Andy

32:43

I think that's a that's a really interesting question. I mean, you'll often hear about that debate, where it feels like people are exclusive. Either you're ETFs, mutual funds, index funds, or you're all in on stock picking, you can make great money either way. And you can be very, very successful. Either way. I don't think there's a right or wrong.

The reason we hear so many recommendations to hold 1520 stocks is to be diversified. Having a portion of your investments in index funds is a great diversification. You know, another thing we always talk about is a stick to what you know, I mean, really stay in your lane, if you work. You know, I used to work in oil industry, I knew oil, oil companies pretty well, if those are the companies I want to invest in, you can only invest in those companies, and you can diversify another 90 95% out into a globally diversified index fund that will protect you, and allow you to also stick what you know and potentially outperform. I think it's really important to know what your strengths are, and to create these barriers, basically, to protect yourself.

So I know you talked about speculative stocks. I'm a person that has buckets for everything. So my spinning accounts, I have buckets, my investment accounts. And I have a speculative bucket. And I found that, if I spend allow 5% of my portfolio to be in speculative stocks, that keeps me safe with my 95%. So it's all about finding ways to de risk give yourself an opportunity to still make really solid gains. I mean, that's why we're investing in the first place. This is an income loss hobby for us, hopefully, no, you know, it's I mean, we're all in this for a reason, but it's de risking and just making sure that we have a specific purpose with what each stock is that we're purchasing and what each ETF that we're purchasing is.

Dave

34:38

That's perfect. That's awesome. All right. Well, with that, I think that's a great place to end. So with that, I'm going to go ahead and wrap up our conversation. Andy, thank you very much for joining me today. This was a lot of fun, and I learned a lot I was fun talking to you about HSAs and also the index slash ETF fund idea so that I learned a bunch of stuff from you today. I will actually take notes.

So, thank you for sharing your knowledge with me and with our audience. We really appreciate that. And again, everyone Andrew will be back next week. So without any further ado, I will go ahead and sign us off you guys go out there and invest with a margin of safety, emphasis on the safety. Have a great week and we'll talk to you all next week.

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