

# Preparing for a Comfortable Retirement



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For investors.



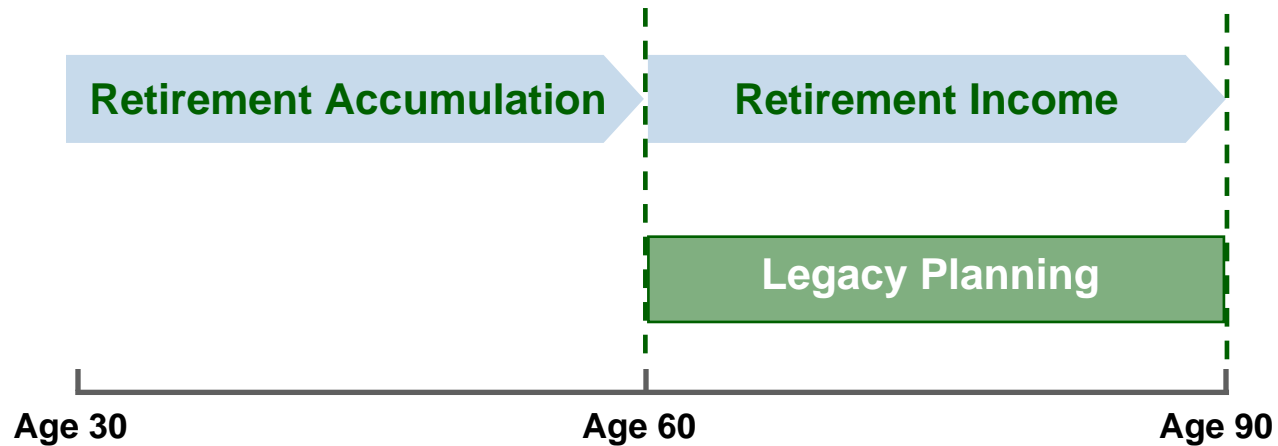
Smart move.®

# Questions to answer about your retirement

- **Will I ever be able to retire in the lifestyle I desire?**
- **How much will I need to sustain my current lifestyle in retirement?**
- **How can I protect what I have – and accumulate more?**
- **How can I avoid running out of money when I retire?**
- **Who can help me get on track?**

# Lifetime retirement planning strategies

83% of investors do not have a written plan<sup>1</sup>



1. Fidelity Investments and TNS Research, August 2007.

## Five major risks retirees face

- Inflation
- Longevity
- Withdrawal rates
- Asset allocation
- Health care costs

# Critical steps toward retirement success

Plan	Invest	Manage
<ul style="list-style-type: none"><li>• How much will you need for retirement?</li><li>• Are you saving enough?</li><li>• Are you on track?</li><li>• What steps should you consider?</li></ul>	<ul style="list-style-type: none"><li>• Do you have the right investment mix?</li><li>• What investments may help you get there?</li><li>• Is your strategy right for your goal?</li></ul>	<ul style="list-style-type: none"><li>• Are your savings keeping pace?</li><li>• Are your investments on strategy?</li><li>• Have your circumstances changed?</li></ul>

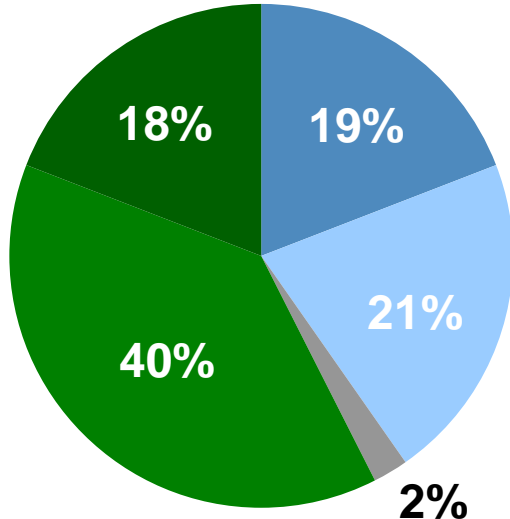
# PLAN: Build a retirement plan

<b>Where are you now?</b>	<b>Where do you want to go?</b>	<b>How do you get there?</b>
<ul style="list-style-type: none"><li>• Accumulated retirement assets</li><li>• Expected pension and Social Security income</li><li>• Current annual savings</li><li>• Current asset mix</li></ul>	<ul style="list-style-type: none"><li>• Retirement income need</li><li>• Retirement assets necessary to produce income need</li></ul>	<ul style="list-style-type: none"><li>• Invest appropriately</li><li>• Reduce income taxes</li><li>• Save more</li><li>• Spend less</li><li>• Retire later</li></ul>

# Examining income sources

**58%** from  
your own sources

- Investments
- Earned Income

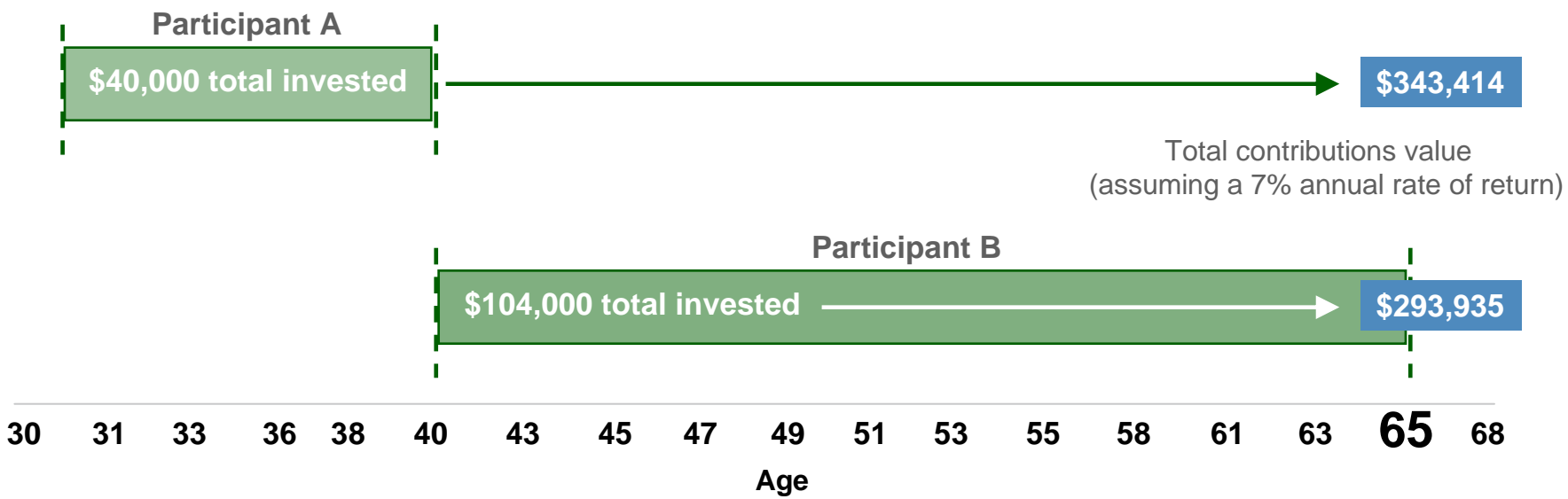


**42%** from  
outside sources

- Social Security
- Pension
- Other

Source: Social Security Administration, May 2006, "Income of the Population 65 or Older" using highest quintile \$44,129 per year and higher – 2004.

# You're in control. The cost of waiting.



Participant A	Participant B
<p><b>Hypothetical pretax contribution of \$4,000 per year from ages 30 to 39.</b>  <b>Total amount contributed = \$40,000.</b>  <b>Total contributions value = \$343,414 (pretax) after 36 years.</b></p>	<p><b>Hypothetical pretax contribution of \$4,000 per year from ages 40 to 65.</b>  <b>Total amount contributed = \$104,000.</b>  <b>Total contributions value = \$293,935 (pretax) after 26 years.</b></p>

This hypothetical is not intended to predict or project investment performance. Your own results will vary. It assumes systematic \$4,000 pretax contributions to a tax-deferred retirement plan account made annually on 1/1 for the number of years indicated above and a 7% annual rate of return. No distributions are taken from the plan account during the entire period. Taxes on distribution, and fees and expenses, are not taken into account. If account fees and expenses were deducted, performance would be lower. Pretax contributions and any earnings will be taxed at the time of distribution and may also be subject to an early withdrawal penalty if distributed before age 59½. Systematic investing does not ensure a profit and does not protect against loss in a declining market.

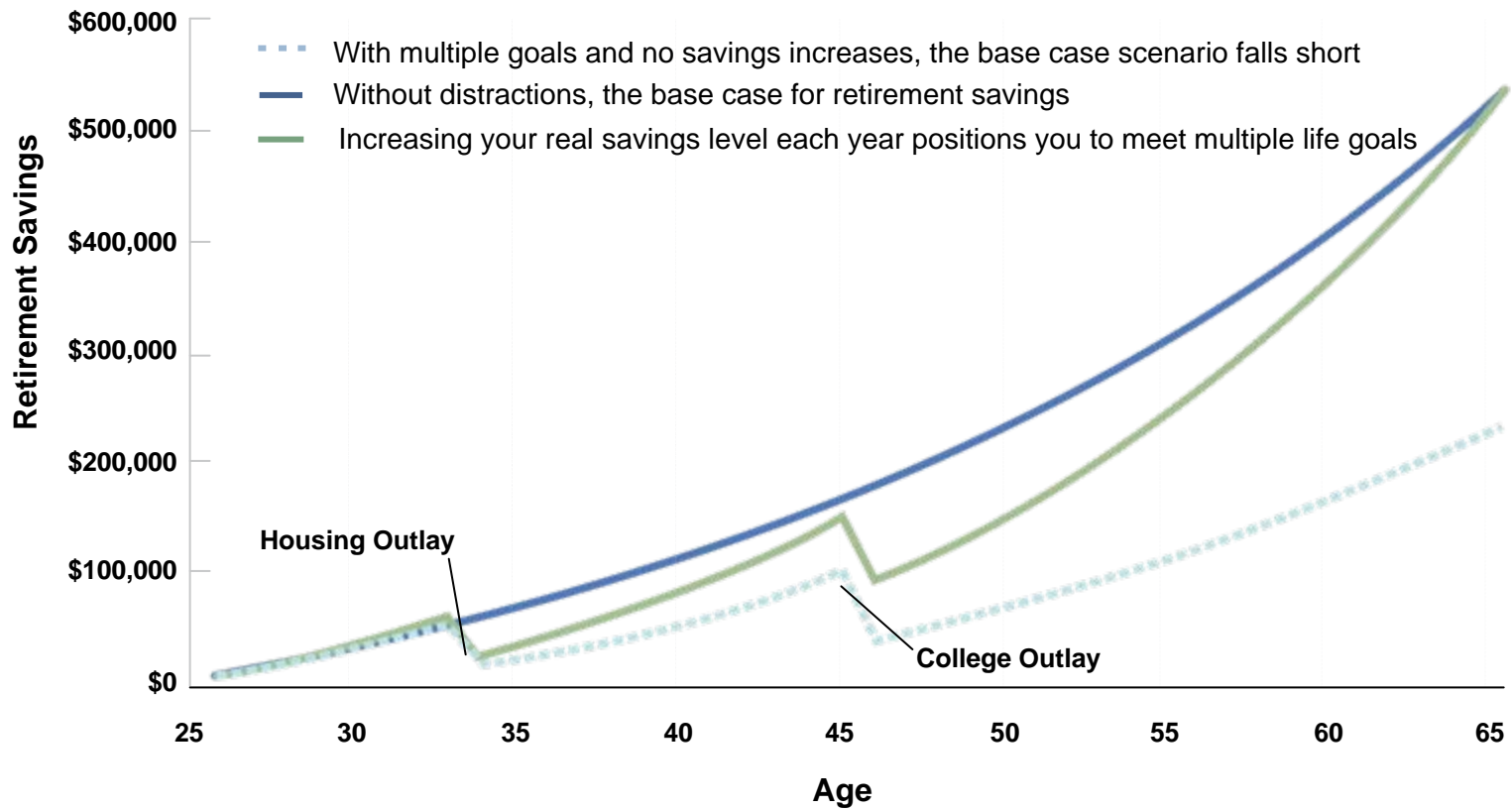
# Playing catch-up

In **[2008]**, the catch-up contribution limit is:**[\$5,000]**

One of the benefits of turning 50 is that you can potentially contribute an additional amount into your 401(k) retirement plan.<sup>1</sup>

1. Please check with your employer to see if catch-up contributions are allowed for your plan.

# Visualizing deflections in your financial path



This is a hypothetical illustration. Savings figures do not reflect the impact of taxes. The hypothetical constant rate of return of 7% that was used to produce this exhibit is not meant to suggest the return of any investment or asset class. All investment returns have been adjusted for a 3% rate of inflation.

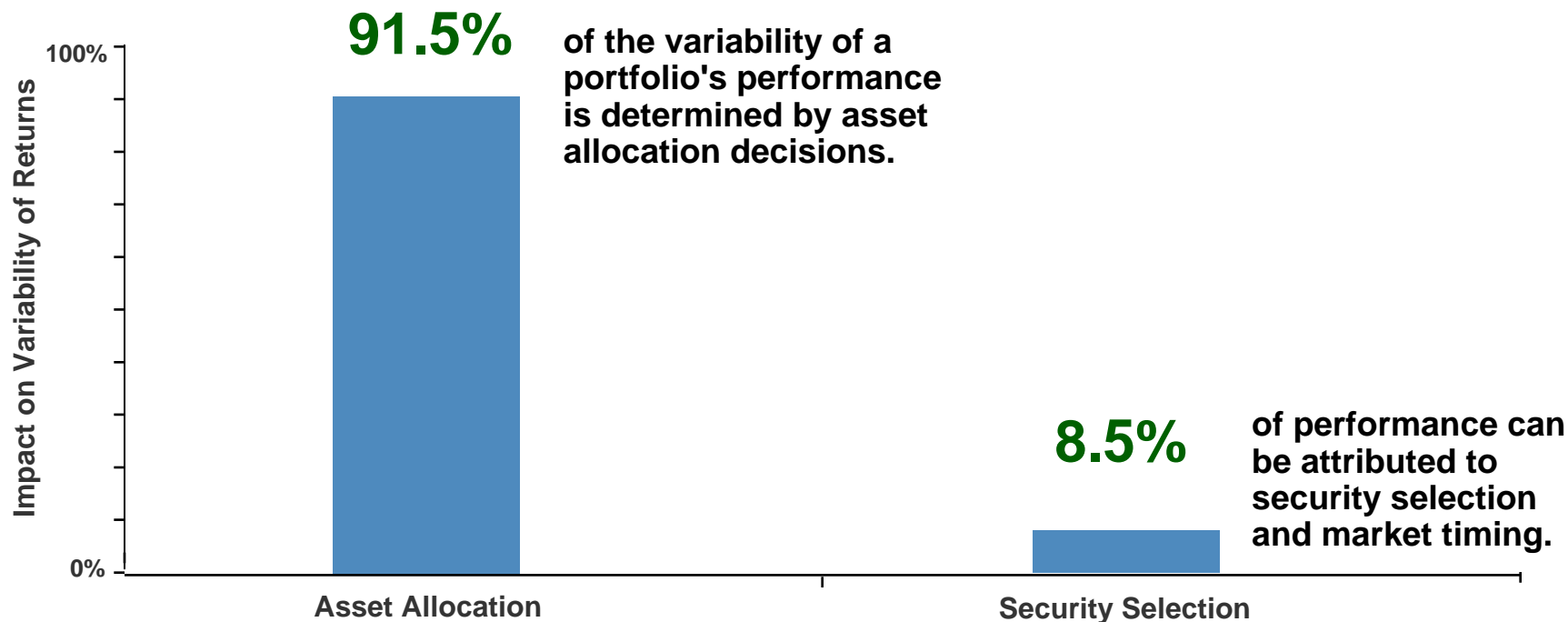
# INVEST: Implement your plan

- **Asset allocation<sup>1</sup>**
- **Maximize your contributions**
- **Reduce taxes**

1. Asset allocation does not ensure a profit or guarantee against a loss.

# Asset allocation: One of your most important investment decisions

## Variability of a portfolio's performance

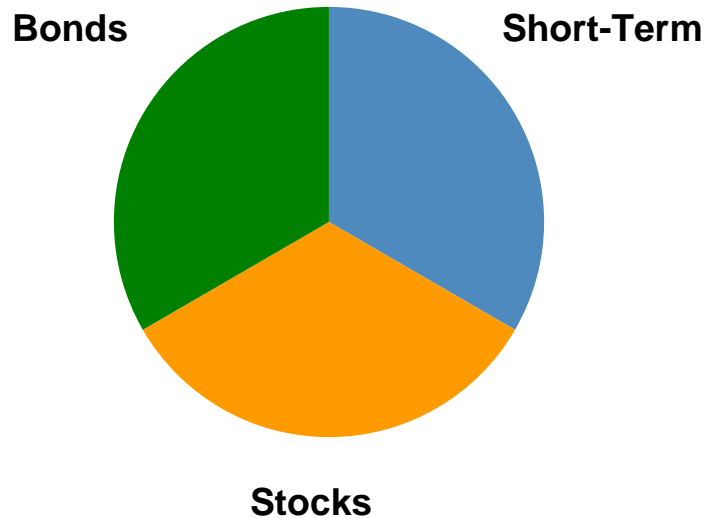


Source: "Determinants of Portfolio Performance," Brinson, Hood, and Beebower, *Financial Analysts Journal*, July–August 1986, and "Determinants of Performance II: An Update," Brinson, Singer, and Beebower, *Financial Analysts Journal*, May–June 1991.

Past performance is no guarantee of future results, and results may vary depending on market conditions and an individual's particular asset allocation and security allocation.

# Determine a target asset mix

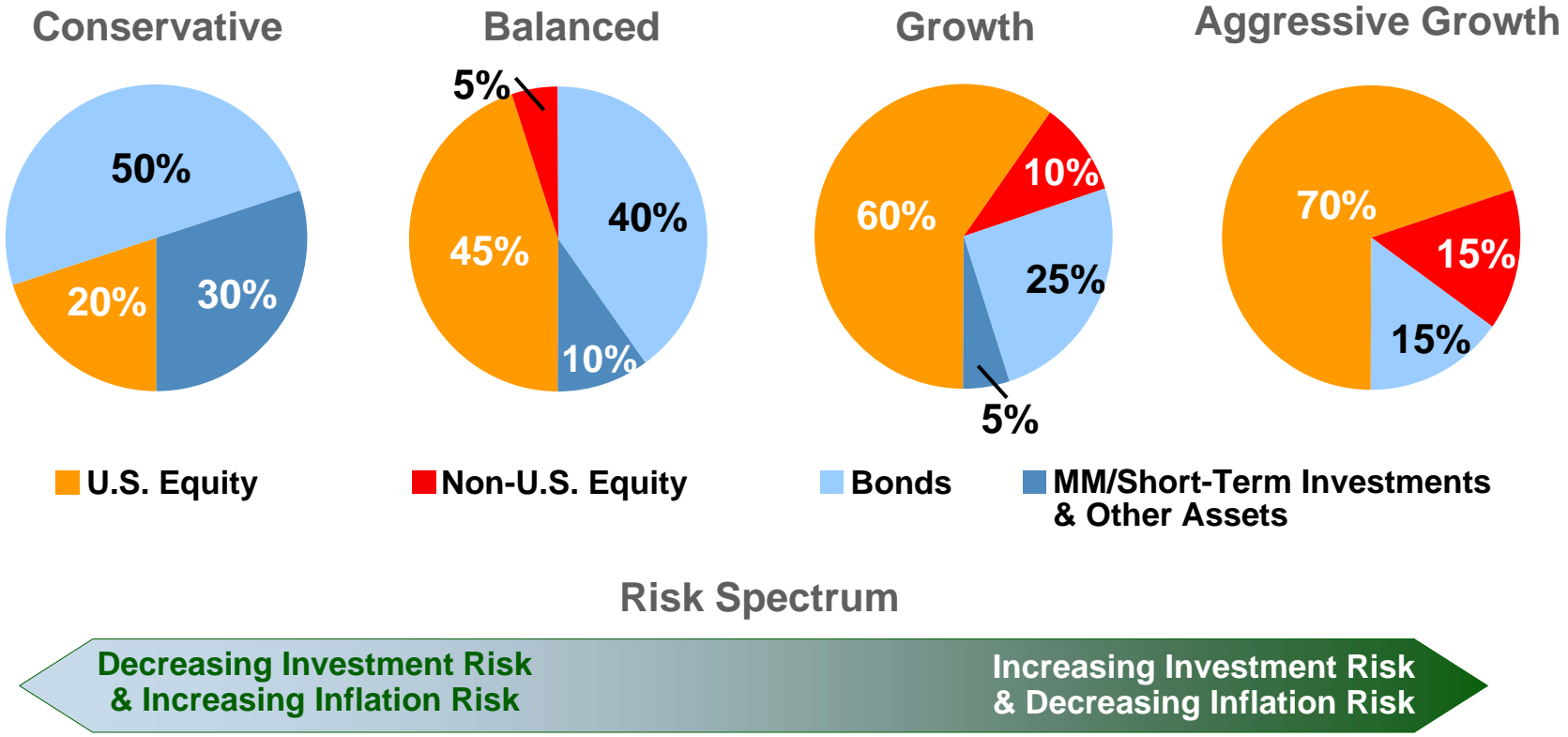
## Target asset mix



## Key factors to consider

- Time horizon
- Risk tolerance
- Financial situation

# Determine a target asset mix

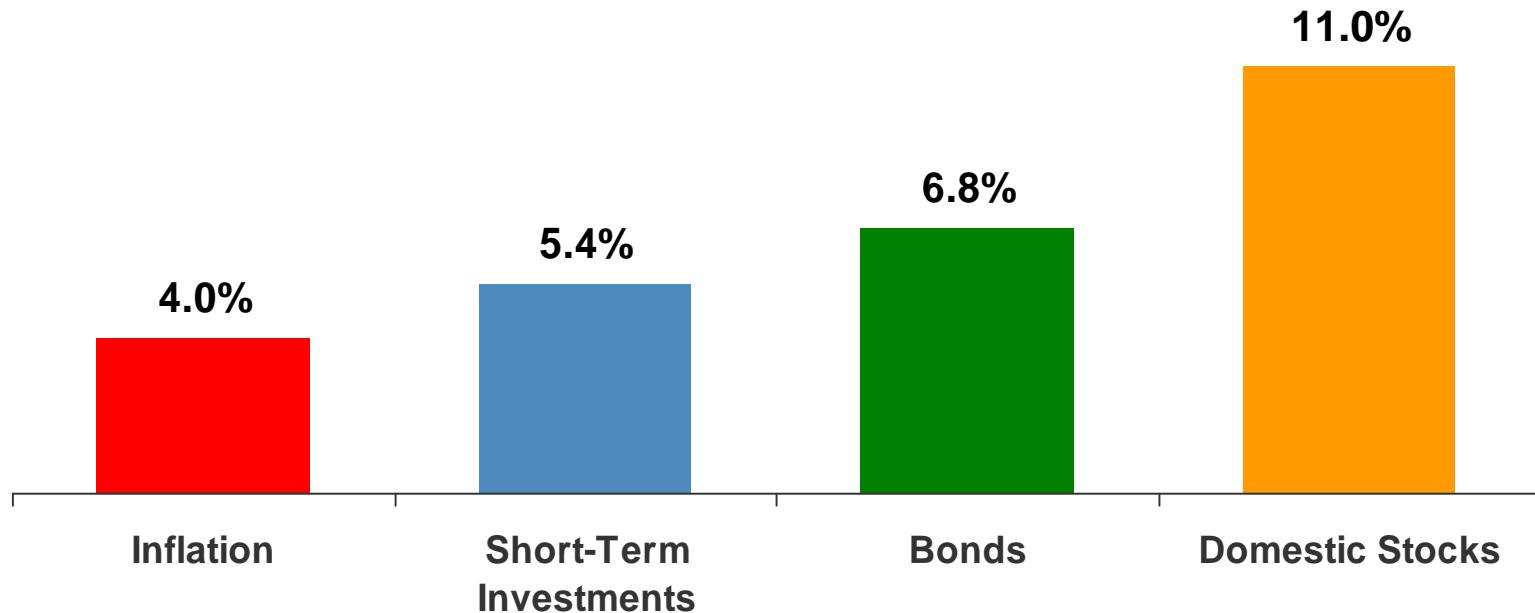


The target asset mixes presented were developed by Strategic Advisers,® Inc., a registered investment advisor and Fidelity Investments company, based on the needs of a typical retirement plan participant. The purpose of the sample target asset mixes is to show how portfolios may be created with different risk and return characteristics to help meet a participant's goals. You should choose your own investments based on your particular objectives and situation. Remember, you may change how your account is invested. Be sure to review your decisions periodically to make sure they are still consistent with your goals. You should also consider any investments you may have outside the plan when making your investment choices. Education on investment alternatives and services do not generally constitute investment advice as defined under the Employee Retirement Income Security Act of 1974, as amended.

**Asset allocation does not ensure a profit or guarantee against loss. For illustrative purposes only.**

# Time is on your side

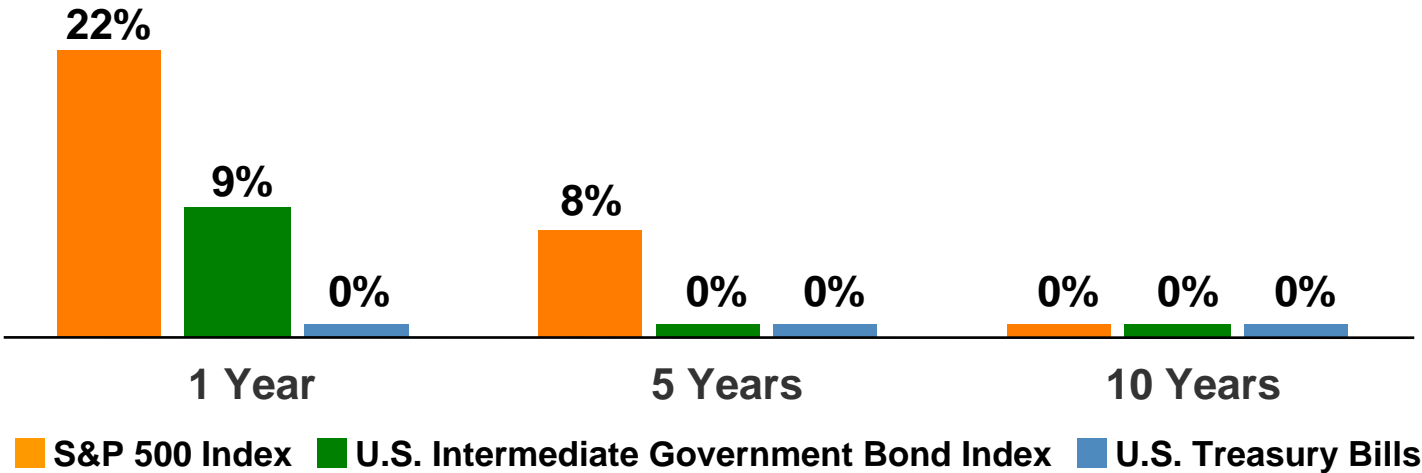
## Average annual return % (1958–2007)



Data Source: Ibbotson Associates 2008 (1958–2007). This chart represents the average annual return percentage for the investment categories shown for the 50-year period of 1958–2007. Past performance is no guarantee of future results. Returns include the reinvestment of dividends and other earnings. This chart is for illustrative purposes only and does not represent actual or implied performance of any investment option. Stocks are represented by the Standard & Poor's 500 Index (S&P 500®). The S&P 500 is a registered service mark of the McGraw-Hill Companies, Inc., and is a widely recognized, unmanaged index of 500 U.S. common stocks. Bonds are represented by the U.S. Intermediate Government Bond Index, which is an unmanaged index that includes the reinvestment of interest income. Short-term instruments are represented by U.S. Treasury bills, which are backed by the full faith and credit of the U.S. government. Inflation is represented by the Consumer Price Index, which monitors the cost of living in the United States. Stock prices are more volatile than those of other securities. Government bonds and corporate bonds have more moderate short-term price fluctuation than stocks but provide lower potential long-term returns. U.S. Treasury bills maintain a stable value (if held to maturity), but returns are generally only slightly above the inflation rate. You cannot invest directly in an index.

# Historical chance of loss

## Historical chance of loss (1958–2007)



Source: Ibbotson Associates, 2008. Rolling 10-year average over the period of 1958–2007. Past performance is no guarantee of future results. The asset class (index) returns used in this calculation reflect the reinvestment of dividends and other earnings. This chart is for illustrative purposes only and does not represent actual or future performance of any investment option. It is not possible to invest directly in a market index. Stocks are represented by the Standard and Poor's 500 Index (S&P 500® Index). The S&P 500 Index is a registered service mark of the McGraw-Hill Companies, Inc., and has been licensed for use by Fidelity Distributors Corporation and its affiliates. It is an unmanaged index of the common stock prices of 500 widely held U.S. stocks that includes the reinvestment of dividends. Bonds are represented by the U.S. Intermediate Government Bond Index, which is an unmanaged index that includes the reinvestment of interest income. Short-term instruments are represented by U.S. Treasury bills, which are backed by the full faith and credit of the U.S. government. Stock prices are more volatile than those of other securities. Government bonds and corporate bonds have more moderate short-term price fluctuations than stocks but provide lower potential long-term returns. U.S. Treasury bills maintain a stable value (if held to maturity), but returns are only slightly above the inflation rate.

# Potential downside of market timing

Hypothetical growth of \$10,000 invested in the S&P 500 from January 1980 – December 2007



The hypothetical example assumes an investment that tracks the returns of the S&P 500<sup>®</sup> Index and includes dividend reinvestment. There is volatility in the market and a sale at any point in time could result in a gain or loss. Your own investment experience will differ, including the possibility of losing money. Past performance is no guarantee of future results. You cannot invest directly in an index. Stock values are more volatile than those of other securities. The S&P 500,<sup>®</sup> a market capitalization-weighted index of common stocks, is a registered service mark of the McGraw-Hill Companies, Inc. and has been licensed for use by Fidelity Distributors Corporation.

Source: FMRCo (MARE) as of 12/31/07.

# Retirement savings vehicles

Employer-matched contributions	Primary tax-advantaged accounts	Other tax-advantaged options
<ul style="list-style-type: none"><li>• Employer-matched contributions to workplace retirement plans (such as 401(k))</li></ul>	<ul style="list-style-type: none"><li>• Unmatched pretax contributions to workplace retirement plans</li><li>• After-tax contributions to Roth IRA or the Roth 401(k) option (if applicable to your plan)</li><li>• Deductible contributions to Traditional IRA</li></ul>	<ul style="list-style-type: none"><li>• After-tax contributions to workplace retirement plans (if applicable to your plan)</li><li>• Nondeductible contributions to Traditional IRA</li></ul>
<p>This is the closest thing to “free”<sup>*</sup> money in the retirement savings universe.</p>	<p>In choosing among these, consider such factors as your eligibility and your beliefs about your current and future income tax rates.</p>	<p>Consider these options if you are ineligible for, or have already maxed out, any of the previously mentioned options.</p>

<sup>\*</sup>Employer contributions are subject to your plan provisions.

**Keep in mind that investing involves risk. The value of your investment will fluctuate over time and you may gain or lose money.**

# MANAGE: Monitor your plan

- **Revisit your plan regularly**
- **Rebalance your assets**

# Management calendar for retirement savings: Some dates to consider

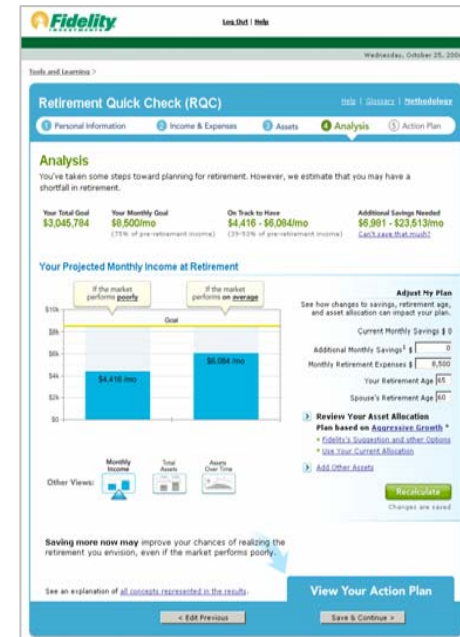
Monthly	Twice a Year	Yearly
<ul style="list-style-type: none"><li>• Check that the amount you're saving matches your target savings rate</li><li>• Review account statements</li></ul>	<ul style="list-style-type: none"><li>• Compare your current asset allocation to your target allocation</li><li>• Make any necessary adjustments by redirecting savings inflows to underweighted asset classes or shift money from one asset class to another</li></ul>	<ul style="list-style-type: none"><li>• Review your overall plan</li><li>• Evaluate savings rate and target allocation; adjust as needed</li><li>• Review retirement plan beneficiary designations</li></ul>

**Life Event:** Review your overall plan in light of any major life changes, whenever they occur.

# Are you on track?

## myPlan<sup>®</sup> Retirement Quick Check tools include:

- Hypothetical illustration of personal income needs at retirement
- Retirement savings scenarios illustrating the potential impact of taking action such as:
  - Increasing contributions
  - Adjusting asset allocation
  - Delaying retirement

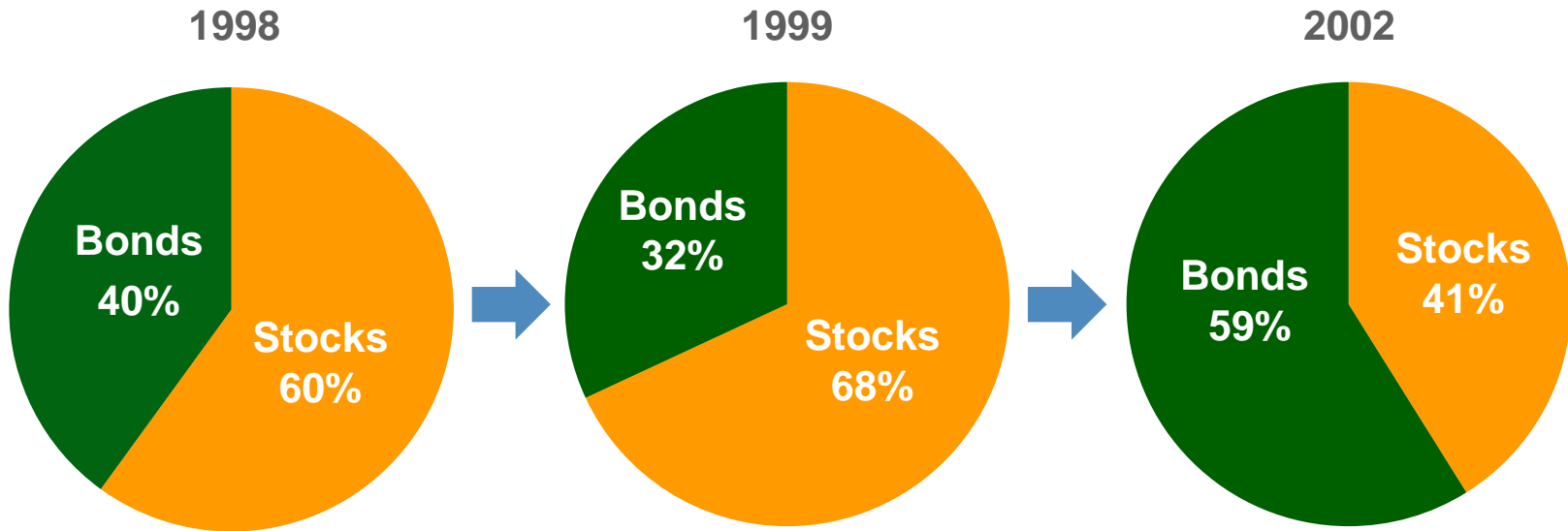


For illustrative purposes only.

The tool's illustrations result from running a minimum of 250 hypothetical market simulations. The market return data used to generate the illustration is intended to provide you with a general idea of how asset mixes have performed historically. Our analysis assumes a level of diversity within each asset class consistent with a market index benchmark that may differ from the diversity of your own portfolio. Please note that the projections do not reflect the impact of any transaction costs or management and servicing fees; if these had been included, the projected account balances would have been lower. **IMPORTANT:** The projections or other information generated by the Retirement Quick Check tool regarding the likelihood of various investment outcomes are hypothetical in nature, do not reflect actual investment results, and are not guarantees of future results. Results may vary with each use and over time.

# Rebalancing your portfolio is important

Because a portfolio's allocation can drift over time



Source: Data from Ibbotson; S&P 500 for index stocks and Lehman Brothers Aggregate Bond Index for bonds. You cannot invest directly in an index.

# Questions to answer about your retirement

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- **How much will I need to sustain my current lifestyle in retirement?**
- **How can I protect what I have – and accumulate more?**
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# Important information

**Before investing, consider the funds' investment objectives, risks, charges, and expenses. Contact your investment professional or visit [netbenefits.com](https://www.netbenefits.com) for a fund prospectus containing this information. Read it carefully before you make your investment choices.**

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