Fidelity Investments

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with your financial future™

find your inner investor

a message from Jeffrey Lagarce,

Executive Vice President, Fidelity Investments Tax-Exempt Services Company

Having recently joined the organization, I am excited about the opportunity I have to help you prepare for your future financial goals. Like me, you've probably heard stories about youngsters who start a business, invest in the market, and make their first million before they're 18. They're interesting tales, but most of us aren't born knowing how to build wealth. It takes time, planning, and a sound understanding of investment concepts.

That's the point of this issue of *Connect*: to help reinforce the basics of investing and demonstrate how they can be the foundation on which you build strategies for each of your goals. If there are investment topics you'd like to see in future issues, take a moment to let us know at **www.fidelity.com/atwork/connect**.

connect with us

Reflect on *Connect*—tell us what you like about the newsletter and what topics you'd like to see in future issues. Visit **www.fidelity.com/atwork/connect** to complete a short survey. Then keep reading to see your ideas in action.

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investing basics: the what, why, and how

Financial experts agree: Two of the most important investment concepts for individuals to understand are asset allocation and diversification. These two time-tested strategies may work hand in hand to help you assemble a mix of investments that fits your needs.

Asset Allocation

What? Asset allocation is the way you divide your savings among the major investment categories, or "asset classes"—stocks, bonds, and short-term investments.

Why? Your asset allocation can directly affect the potential amount you may earn from the money you invest and the risk you may lose some of your money.

How? Choose a mix of investments that's appropriate for your goals, risk tolerance, and time horizon. For example, if retirement is only a few years away, you may find it appropriate to increase the percentage of money you "allocate" to bonds, which may be less risky than stocks.

Diversification

What? Diversification involves selecting a variety of investments within each asset class that may perform differently to help reduce risk—a variety of stock investments, for example.

▸*continued on page 2*

INVESTING INSIGHTS

becoming a big-picture investor: three ways to sharpen your focus

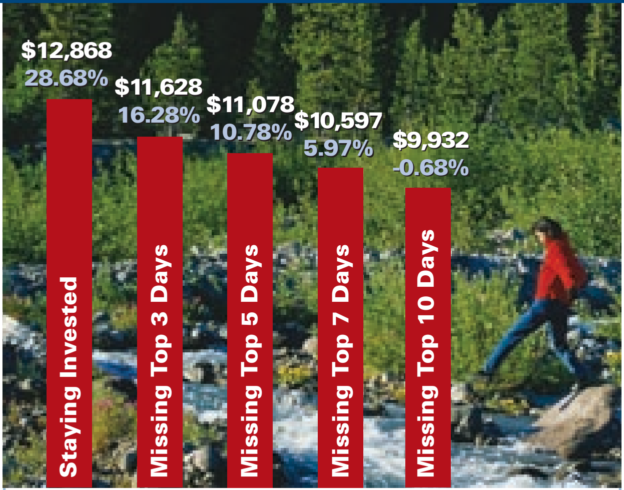
Even experienced investors sometimes get caught up in daily market moves and lose track of their long-term goals and strategies. These tips may help you concentrate on what matters most to you.

1 Invest with a clear goal in mind. One study found that investors who have estimated how much money they'll need to retire (80% of your current income, for example) are twice as likely to be confident they'll reach their goal as those who have no specific goal.[1] If you'd like to calculate your retirement goal, go to the Savings Action Center at **www.fidelity.com/atwork/challenge** and use the Retirement Planning Calculator (click "How Much Will You Need?"). Then you can regularly track your progress while pursuing your goal and modify your financial plan accordingly.

2 Take advantage of tax benefits. Your retirement savings plan, as well as some other investment vehicles such as traditional IRAs, lets you defer (delay) paying income taxes on earnings until you withdraw them, when you may be in a lower tax bracket.[2] That leaves more of your money invested to potentially accumulate additional earnings for long-term goals. And don't forget that your retirement savings plan lets you make pretax contributions.

3 Make time—not timing—your ally. Buying or selling an investment based on what you think the market will do next can be costly. For example, if you sell an investment because you think it may decline in value and your timing is off, you could potentially miss the market's best days (see chart). A better approach may be a buy-and-hold investment strategy.

[1]*Source: Employee Benefit Research Institute, 2003.*
[2]*Be sure you understand the tax consequences of any withdrawal or distribution before you initiate one.*



missing the market's best days

Here's a look at how jumping in and out of the stock market could be costly. This hypothetical illustration shows that an investor who kept $10,000 invested in the stock market throughout 2003 would have realized a 28.68% gain. But the investor would have lost money if he or she missed 10 or more of the market's top days.

Source: Standard & Poor's, 2003. Past performance is no guarantee of future results. Returns include the reinvestment of dividends and other earnings. This example is for illustrative purposes only and does not represent actual or future performance of any investment option, and an investment cannot be made in any index. 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. Stock prices are more volatile than those of other securities.

investing basics ▸ *from page 1*

Why? Investments in different asset classes, industries, or parts of the world may not react the same to economic changes or other developments. By diversifying, you create the possibility that one investment may rise in value when another falls.

How? Consider reading up on your investments to see if you have a variety from different categories. Visit NetBenefits℠ to view the investment options available in your plan, or call a Fidelity Retirement Services Specialist at the toll-free number on your statement or **1-800-343-0860** to discuss your investment mix.

INCOME PLANNING POINTERS

dealing with the reality of inflation as retirement nears

Despite today's relatively low rates of inflation, increases in prices of goods and services still eat away at the purchasing power of your money over time. Even when inflation is increasing at an annual rate of only 2%, one dollar has the purchasing power of 98 cents after one year and 82 cents after 10 years.

Now imagine how inflation might increase your future living costs and reduce the purchasing power of your money after you retire. If inflation matched the U.S. historical average of 3%, your expenses could more than double in 25 years.[1] What can you do? Consider investments with the potential to outpace inflation, even after you retire.

If you are about one year from retirement and need help with retirement income planning, call **1-800-557-1900** to speak with a Fidelity Income Planning Consultant or visit the Retirement Income Planner tool on NetBenefits℠.[2]

[1]Source: Department of Labor. Historical average is for period from 1926 to 2003. Actual inflation rates may be more or less than this hypothetical example.
[2]The Retirement Income Planner tool is a service of the following Fidelity entities:
•Strategic Advisers, Inc., a registered investment adviser
•Fidelity Brokerage Services, Member NYSE, SIPC and a broker-dealer offering retail brokerage products and services and the FundsNetwork program; 100 Summer Street, Boston, MA 02110
•Fidelity Investments Institutional Services Company, Inc., a broker-dealer offering institutional products and services; 82 Devonshire Street, Boston, MA 02109

dollar cost averaging? yes, it's worth understanding

Contributing regularly to your retirement plan lets you take advantage of an investment strategy called dollar cost averaging: investing a fixed amount on a periodic basis. As a result, you buy more shares in a mutual fund (or other variable investment option) when prices fall and fewer shares when prices rise. As this example shows, the average price paid over time may be less than the average share price, saving you money. Dollar cost averaging doesn't ensure a profit or protect against loss. For the strategy to be effective, you will need to continue making purchases during periods of low price levels.

Pay period:	Contribution:	Price per share:	Shares bought:
A	$200	$11	18.18
B	$200	$9	22.22
C	$200	$8	25.00
D	$200	$9	22.22
E	$200	$10	20.00
F	$200	$12	16.67
Total:	$1,200	$59	124.29

Average share price: $59 ÷ 6 pay periods = $9.83
Average price paid: $1,200 ÷ 124.29 = $9.65

Visit the Asset Allocation Planner to help determine your investment style and what investment mix might be appropriate for you. You can find this tool and other helpful resources by going to **www.fidelity.com/atwork** and clicking on the Tools and Calculators tab. You'll also find a handy Glossary with more definitions of key investment concepts.

While asset allocation and diversification are important strategies, neither ensures a profit or guarantees against loss.

▶**Quick Tip: Including investments from markets outside the U.S. is one route to diversification. To explore international investing, you can obtain a special report at www.fidelity.com/atwork (choose the Building Wealth section in LifeStage Planning and then click "Plan for Success"). International investments may be riskier than domestic investments and involve currency and liquidity risks.**

MONEY TALKS

"In real estate, they speak of location, location, location. The investment equivalent is persistence, persistence, persistence."

– Peter Tanous, financial author

ASK US

questions about investing? turn to a specialist

While you alone decide which investments to hold in your plan account, you can always reach a trained Fidelity Retirement Services Specialist when you have questions about managing your account. Here's a sampling of common ones we hear:

How should I invest my plan contributions to earn the best returns? No one can predict what returns investments will produce. To determine which investments are best for you, you may want to consider how many years you are from retirement, your willingness to accept investment risk, and how much more you need to save. You can ask a Fidelity Retirement Services Specialist for information about specific investments and their risk/return potential.

How do fees and expenses affect the performance of a mutual fund? Fees and expenses, which are listed in each fund's prospectus, reduce a fund's returns. However, a fund's cost is only one consideration. You may want to relate the cost to the fund's historical performance, as well as consider its investment objective and strategy. A low-cost fund may not help you reach your goals if its investment objectives are not consistent with your own.

For help with your questions, call Fidelity at **1-800-343-0860** or the toll-free number on your statement.

Please consider the mutual funds' investment objectives, risks, charges, and expenses before investing. For this and other information on any mutual fund available through the plan, call or write Fidelity for a free prospectus. Read it carefully before you invest.

RETIREMENT RESOURCES

set a steady course toward your goals with e-Learning Workshops

If you think learning about saving and investing has to be difficult, you're in for a surprise when you take one of the three e-Learning Workshops offered by the NetBenefits℠ Planning Center at **www.fidelity.com/atwork**.

The **Savings Planning Workshop** gives you information and tools to help build your retirement plan and work toward other goals, such as saving for college.

The **Investment Strategy Workshop** helps you learn how to create your asset allocation strategy, research mutual funds, and learn to rebalance your investment mix when your needs change.

The **Mutual Fund Investing Workshop** gives you tools to evaluate your investment options and takes an in-depth look at portfolio management strategies.

The workshops are free and they're always open, letting you decide when to participate and set the pace that's right for you. To see how easy and convenient gaining knowledge can be, why not log on to NetBenefits and try out a workshop today?

Please consider the mutual funds' investment objectives, risks, charges, and expenses before investing. For this and other information on any mutual fund available through the plan, call or write Fidelity for a free prospectus. Read it carefully before you invest.

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