Fidelity INVESTMENTS
Smart move.

INSIDE > Understanding your workplace savings plan—and sticking to it

WINTER 2005

Connect
WITH YOUR FINANCIAL FUTURE.

FIVE SMART MOVES TO HELP GET YOU CLOSER TO RETIREMENT READINESS

Follow these simple steps to help **realize your dream**

Whether you're 20 years from retirement or counting the days, you probably have a retirement dream. You could get closer to that dream in just five basic steps. What's more, Fidelity can help make the process simple.

1 Participate. If you haven't begun to participate in a retirement savings plan, it's not too late.

- Money you invest in your retirement plan will be well spent.
- Its potential growth over time may surprise you.

2 Contribute. It's a good idea to list retirement savings among the financial responsibilities you take care of every month. After all, investing your hard-earned dollars toward a goal as important as your retirement shouldn't be something you do only when you have money left over. Find more money to stash away, and you'll thank yourself later.

3 Allocate. The way you divide your savings among different classes—stocks, bonds, and short-term investments—can affect the amount of income you might potentially earn. You should choose a mix that works best for you. Consider your

- Personal goals
- Retirement timetable
- Tolerance for risk.

4 Stay on track. Keep investing dollars in your plan, even as your life situation changes. And it's a good idea to stay involved in the process. An annual review with a Fidelity representative can help you stick to your goals.

5 Income plan. When you retire, consider turning your retirement savings into income. It's important to have a plan that makes sure your savings will create enough monthly income to account for

- Regular living expenses
- Inflation
- Rising health care costs
- A likely longer and more active life span.

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ALL PHOTOS: GETTY IMAGES

Social Security covers only **19%** of an average retiree's income.[1]

>RETIRE READY

Investing for your retirement is a great way to take care of yourself. And it's easy to do if you stick to a plan of saving regularly. **Here are some tips.**

- An automatic investment plan is a great way to build in savings discipline.
- Thanks to compounding, the money you save can earn more money over time, so the sooner you get started the better.
- Even small amounts set aside can add up.

>To find out more about retirement planning, call Fidelity at **800-343-0860** or your employer's toll-free number, or go online to **www.fidelity.com/atwork**.

PARTICIPATE

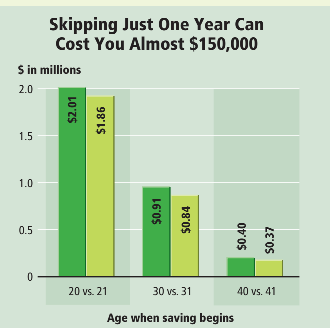
Start Small—But **Start Now**

"Someday" you might have a sizable sum of money left over after you pay your monthly bills and save for important goals like college for the kids.

But if you are waiting for that "someday" to roll around before you start setting aside money for retirement, you could be making a costly mistake. Even small amounts, saved regularly, can add up when time is on your side.

In fact, you may be surprised at how fast your savings can grow when you take advantage of compounding and tax-deferred growth. Find out how easy it is to enroll—and don't wait for "someday" to start building toward a secure retirement.

The example below shows how skipping just one year can affect your retirement savings.



Assumptions: This hypothetical example assumes annual $3,000 workplace savings contributions are made on January 1 each year beginning at the specified age and continuing until age 70. Assumes annual rate of return of 8%. Assumes annual tax-deferred compounding in a workplace savings plan. Final account balances are prior to any distributions, and taxes may be due upon distribution. This hypothetical example is for illustrative purposes only and does not represent the performance of any security. Investing in this manner does not ensure a profit or guarantee against loss in declining markets.

ALLOCATE

Choosing the **Right Mix of Investments**

Once you've decided to contribute dollars toward your retirement, the next step is to figure out where you want to invest them. This is called asset allocation.

Your goal should be to keep your investment mix in line with your retirement savings plan and life situation.

In general, younger people may consider starting with a more aggressive asset mix, and those approaching retirement may want to shift toward less risky investments.

The best way to make sure that your portfolio continues to match your goals, risk tolerance, and retirement timetable is to keep tabs on it regularly. Monitoring your portfolio can help you maintain the investment mix that's right for you.

Every quarter:

Take a look at your account statements.

- Is your portfolio providing a return that's in line with your goal?
- Does the amount you are saving match your goal? Are you putting away enough?

Every year:

Review your retirement plan.

- Is your investment strategy in sync with your life situation?
- Are the investments in your portfolio still a good match for your goal?
- Or do you need to rebalance your asset mix to stay on track?

> When it's time to review your plan, you can turn to Fidelity by calling **800-343-0860** or your employer's toll-free number, or by going online to **www.fidelity.com/atwork**.

INCOME PLAN

Funding Your Future Requires a Plan

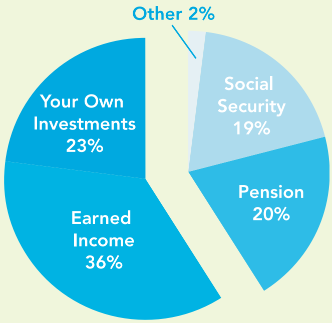
When you step away from your career and retire, many parts of your life will likely change. One aspect that will remain constant, however, is the need to pay expenses each month. When you find yourself getting closer to your retirement age, developing an income plan to meet those expenses is a necessary exercise. Building a plan will answer several key questions:

- When can I retire?
- How much will I be able to spend each month?
- How long will my retirement savings last?
- How much will be left after I'm gone for the people who care about me?

The monthly check you may get from Social Security and any pension benefits you may have are important components of your income plan. But don't stop there. According to the Social Security Administration, pension and Social Security benefits will amount to only 39% of the average retirees' income—that means you could be responsible for about 60%.[1] Another factor to consider in developing a plan that will support your lifestyle is that Americans are living longer.

Fidelity can help you put together an income plan that will account for these factors and help you avoid the retirement risks (see sidebar, right).*

Pension and Social Security benefits typically provide only 39% of the average retiree's income. Today's retirees must therefore create nearly 60% of their own retirement income—often through a combination of personal investments and earned income.[1]



DID YOU KNOW?

More of the responsibility for meeting income needs and health care expenses in retirement is shifting to individual Americans. A well-thought-out retirement income plan will help you

- Realistically estimate your expenses
- Set income goals to cover those expenses
- Establish an investment strategy with the potential for long-term growth
- Stay on track to help you live the retirement you've always envisioned
- Minimize **retirement risks** by
  1. Accounting for inflation
  2. Creating an appropriate investment mix
  3. Setting a suitable withdrawal rate
  4. Planning for health care and other retirement expenses
  5. Estimating how long you are likely to live

> Fidelity can help you with setting your income plan goals.* Find out how by calling **800-343-0860** or your employer's toll-free number, or by going online to **www.fidelity.com/atwork**.

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No later than January 31, 2006, Retirement Income Planner, an educational tool, is expected to be modified and offered for use by Strategic Advisers, Inc., a registered investment adviser and Fidelity Investments company.

STAY ON TRACK

Understand Where You Are—
Know Where You're Going

Everyday life can be hectic at times, and it's easy to lose focus on what you'll do when you decide to retire. That's why it's important to have a retirement plan in place and to stick with it as your life changes. How? That's the easy part.

- ☑ Save regularly.
- ☑ If you receive a windfall or pay increase, invest at least some of it toward your retirement. You'll never miss that extra money, and you'll feel good about what it's doing for your future.
- ☑ If you have any old 401(k) or 403(b) plans, think about consolidating them. You'll simplify your life by having one statement to read and one place to call to manage your savings.
- ☑ Each year, call, go online, or sit down and talk with Fidelity about your investment mix to be sure that it's still in line with your plan.

Reaching your retirement goals takes some planning. By saving regularly and keeping tabs on your portfolio, you can stay on track.

> If you need help planning for your financial future, turn to Fidelity by calling **800-343-0860** or your employer's toll-free number, or by going online to **www.fidelity.com/atwork**.

CONTRIBUTE

Investing in Your Future
Helps Make It Brighter

Every day we spend our money on the things that matter to us, like supporting our families. These are dollars well spent. Now stop and think about your retirement and how important it will be to you. Are you investing in your own future? Could you be investing a little more?

Unfortunately, too many Americans are finding that they haven't put enough away. Here's a look at responses to a new poll of American workers:[2]

- 55% said they had not saved enough to retire when they expected.
- 35% said they started saving for retirement too late in life.
- 34% said they had to continue working to maintain health care coverage.

Sticking to your retirement timetable can be easier if you participate in an employer's retirement plan that automatically puts your money aside. The more you contribute—and the sooner you start—the greater these benefits can be. But even small contributions can add up, and it's never too late to start saving.

Consider making saving a priority by taking full advantage of tax-deferred plans. Here are the pretax contribution limits set by the government.

401(k), 403(b), and 457 Plans (Pretax Limits)	
2005	$14,000
2006	$15,000*

*Annual contribution amount indexed for inflation thereafter in $500 increments.

> *CONNECT* WANTS TO HEAR FROM YOU

Tell us how you are planning and saving for retirement, and we may share your story in a future edition of *Connect*! E-mail us today at **Connect@fmr.com**.

1. Source: Social Security Administration, Office of Policy, Income of the Aged Chartbook, 2001 (released in 2003). The chart is for illustrative purposes only.

2. The survey was conducted for Fidelity Investments by Richard Day Research, Inc., 2005.

Fidelity Investments Institutional Services Company, Inc.
82 Devonshire Street, Boston MA 02109

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