Understanding the basics of your workplace savings plan

Quite simply, there's no savings opportunity like it: Your workplace savings plan offers a unique combination of investment choices, convenience, and affordability. Here's more information about how your plan works.

Q. What is a workplace savings plan?

A. As the name implies, it's an employee benefit designed to help you save for retirement. You choose how much of your paycheck to put into your plan account each pay period. And you decide how your money is invested by selecting from the investment options your employer offers. You can put money into the plan before taxes are taken out—or pretax. And your savings are tax deferred—meaning you pay no income taxes on the money you put into your plan, or on any investment earnings, until you withdraw it.

Q. What are the differences between 401(k), 403(b), and 401(a) plans?

A. For starters, they're offered to different groups of employees. 401(k) plans are primarily for employees of public corporations and tax-exempt organizations, though certain public sector employers qualify. 403(b) plans can be offered to employees of public schools and not-for-profit institutions (such as colleges and universities, hospitals, museums, research institutes, and foundations). A 401(a) plan is a little different. Typically, it's funded solely by the employer. With a 401(a), the employer determines the amount of money to be contributed, the requirements employees must meet to receive these contributions, and under what circumstances this money may be made available to employees. One thing all three plans share: They're named after the sections of the Internal Revenue Code that established them.

Q. Why do I need a plan like this?

A. Every day, the prospects grow brighter for a longer, healthier retirement. Yet as the graphic on the next page shows, Social Security, personal savings, and even part-time work probably won't be enough. This makes your retirement savings plan essential if you want to maintain your quality of life after you stop working.

ACTION PLAN

- Learn what a workplace savings plan is.
- Understand the many unique benefits your plan has to offer.
- Get started today.

Q. Why is a workplace savings plan better than saving on my own?

A. There are several key advantages to your retirement savings plan that aren't available with personal savings or investment accounts:

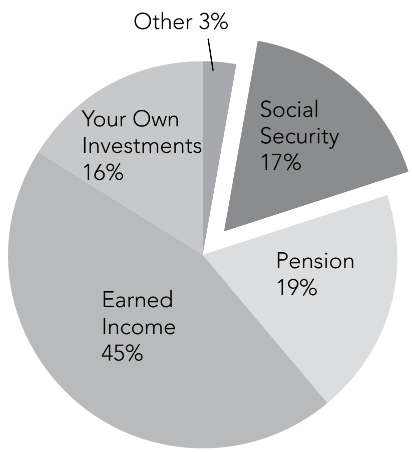
Deferred taxes. The amount you save in your plan each year comes out of your paycheck before you pay current income taxes on it. You continue to put off paying current income taxes on your savings—and any earnings on your savings—until you make withdrawals. At that point, you may be in a lower tax bracket. Because the money comes right out of your paycheck, saving is easy, maybe even painless.

Compounded growth potential. Any earnings on your savings are reinvested right back into your account—where they can produce additional earnings. The longer you keep the money in your account, the harder each dollar can work for you. As many retirement savers have discovered, the effects of long-term compounding can be remarkable. Remember that investing does involve risk. The value of your investment will fluctuate over time and you may gain or lose money.

Fidelity INVESTMENTS

Retirement Income Sources

Social Security benefits typically provide only 17% of the average retiree's income. Today's retirees, therefore, have the increased responsibility of having to create nearly 83% of their own retirement income—often through a combination of personal investments and earned income.



Source: Social Security Administration, **Income of the Aged Chartbook, 2010.** SSA Publication No. 13-11727. Released: March 2012. Shares of aggregate income using the highest quintile, $57,957 per year and higher. Actual data was rounded to whole numbers. Total may not equal 100%. *Other* includes public assistance.

Matching contributions. Your employer may match some or all of the contributions you make to your account, up to IRS or your plan's limits. If so, it's easy money. And you'll want to take full advantage of it right away. See your enrollment materials for details.

Q. What kind of investment choices do I have?

A. It depends on what your plan offers. Most plans offer a broad selection of investment options suited to the whole range of investment styles—from conservative to moderate to aggressive. The options differ in their objectives, so you can choose investments that match your goals. You're also free to change your investments as your personal goals change. See your enrollment materials for the specific choices available to you.

Q. How do I choose the right investments?

A. Your employer and Fidelity can help. We provide the education, guidance, and planning resources you need to understand your investment options, determine your investment strategy, and put it all together. Your plan may also offer all-in-one investment options, which can provide you a complete and professionally managed portfolio with one simple decision.

Q. What happens if there's an emergency and I need my money?

A. Because your plan is intended for long-term retirement savings, the IRS limits access to your account before retirement. However, your plan may allow "hardship withdrawals" in case of unexpected circumstances. According to IRS regulations, your hardship must represent an "immediate and heavy financial need," and there must be no "other resources reasonably available

How does my workplace savings plan work? Actually, it's pretty simple:

You decide how much of your eligible pay you want to put in your plan, up to the plan and IRS limits. Some plans have an auto-enrollment feature to help you get started quickly and easily.

This money goes into your plan before current income taxes are calculated, lowering your current taxable income.

(Some plans also allow after-tax savings.)

You decide how to invest your savings, choosing from your plan's available investment options.

You won't pay income taxes on your original investments, or on any investment growth, until you withdraw from the plan. Most likely, this will be at retirement, when you could be in a lower tax bracket.

You receive the information and access you need to track and manage your investments and your account in the way that's convenient for you.

to handle that financial need." The IRS recognizes six reasons that are deemed to be immediate and heavy financial needs:

- Certain nonreimbursed medical expenses
- The purchase of a primary residence
- Postsecondary tuition for the following year
- To prevent eviction or foreclosure on your home
- Repairs to primary residence for damages from certain natural disasters
- Funeral expenses

Some plans also allow hardship withdrawals for other reasons, as well as loans from your account. Not all plans provide for distribution for all these situations. It is important that you check with your benefits department for your plan's specific rules. Hardship withdrawals are subject to ordinary income tax. You may also owe a 10% early withdrawal penalty if you're under age 59½ when you make a hardship withdrawal.

Q. What happens if I leave my current employer?

A. One of the reasons retirement savings plans have become so popular is that they're portable. Generally speaking, you can take your vested account balance—the percentage of your total balance you're entitled to according to plan rules—from job to job. If you decide to change jobs, you generally have four options for your money:

- You can leave your money in this plan.
- You can roll over your money directly to another eligible employer-sponsored retirement plan.
- You can roll over your money to an IRA.
- You can take a full or partial withdrawal in cash—which has significant tax, and possibly tax-penalty, implications.*

Each of these options may impact your retirement planning differently. So it's always a good idea to ask a tax advisor for help before making a decision.

HERE'S HELP

To **get started** with your retirement savings plan or for more information:

- Contact your plan administrator or human resources representative.
- Visit Fidelity NetBenefits®.
- Call your plan's toll-free number.

The immediate advantage of pretax investing

Putting away money in your tax-deferred workplace savings plan can leave you with more take-home pay than saving in an after-tax account.

	Saving through your retirement savings plan	Saving in a taxable account
Annual salary (hypothetical)	$30,000	$30,000
Pretax plan investment (at $100 a month)	– $1,200	$0
Federal income tax (based on 25% tax rate)	– $7,200	– $7,500
Investment in a taxable account (at $100 a month)	$0	– $1,200
Salary remaining after federal income taxes and $100 monthly investment	$21,600	$21,300
Advantage of saving through the plan	**+$300**	

This hypothetical example is for illustrative purposes only. For plan savings, taxes on original amounts saved and investment earnings are due upon withdrawal, at rates in effect at that time. Pretax contributions are subject to the annual IRS limit.

Before investing in any mutual fund, please carefully consider the investment objectives, risks, charges, and expenses. For this and other information, call or write Fidelity for a free prospectus or, if available, a summary prospectus. Read it carefully before you invest.

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

*The taxable portion of your withdrawal that is eligible for rollover into an individual retirement account (IRA) or another employer's retirement plan is subject to 20% mandatory federal income tax withholding, unless it is directly rolled over to an IRA or another employer plan. (You may owe more or less when you file your income taxes.) If you are under age 59½, the taxable portion of your withdrawal is also subject to a 10% early withdrawal penalty, unless you qualify for an exception to this rule.

Approved for use in Advisor and 401(k) markets. Firm review may apply.

Fidelity Brokerage Services LLC, Member NYSE, SIPC, 900 Salem Street, Smithfield, RI 02917

418690.13.0 1.824790.111 12213-03