

DETAILED METHODOLOGY

Fidelity Retirement Planner
Retirement Analysis

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RETIREMENT ANALYSIS

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1. OVERVIEW

The primary objective of the Retirement Analysis (the “Tool”) is to provide you with education about your current savings, estimated future contributions, and the potential impact they may have on your estimated income in retirement. The Tool allows you to explore hypothetical what-if scenarios to potentially improve your retirement planning strategy. This analysis is provided to you by your advisor for informational purposes only.

Each Tool session is a one-time, nondiscretionary service, which means that it is up to you to implement your planning strategy if, and as, you choose. We suggest that you revisit the Tool periodically and, in particular, when your financial circumstances change. Please consult your tax advisor or investment professional, if applicable.

IMPORTANT: The projections or other information generated by the 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.

Limitations of the Tool

The Tool does not make predictions of future market conditions, or predict or project the performance of actual investments or actual holdings in your selected accounts. Instead, the Tool uses historical returns (based on indexes, not actual holdings in your accounts) to estimate potential income in retirement. Past performance is no guarantee of future results. Also, it is not possible to invest directly in an index. Performance returns for actual investments will generally be reduced by fees and expenses not reflected in the hypothetical illustrations.

All calculations and results are purely hypothetical in nature and will not affect your actual accounts. You are responsible for your own investment and planning decisions, and you may accept, reject, or modify any results obtained through the Tool.

Your advisor may incorporate certain personal or financial information into the Tool, which you and/or your workplace savings plan sponsor or a third party, such as another financial institution, have previously provided to Fidelity or its affiliates. You should verify the continued accuracy of any such information.

Keep in mind that the illustrations reflected in the Tool are current as of the date provided, based in part on data obtained from multiple sources, including third-party sources. Any results provided are based on certain quotes and other pricing data that the Tool obtains from third parties on a periodic basis. Results are also based on the value of your accounts and other income sources.

The estimate of potential Social Security income is based, in large part, on your reported earned income. Because these values change over time, your results may change if you use the Tool more than once. If you model changes to your plan but do not implement those changes soon after leaving the Tool, you should recalculate your Retirement Analysis if you decide to put your modeled changes into action. It is important to remember that the asset and income amounts that the Tool calculates are approximate, as is much of the information entered into the Tool. Much of this information is based on what you know today, but also reflects assumptions regarding how the situation may change in the future. These assumptions cover future market returns, inflation, income, asset growth, tax assumptions, and certain assumptions about your personal situation.

The Tool may overstate or understate the impact of taxation on your withdrawals as a result of the Tool's assumptions. For example, the Tool treats initial non-Roth after-tax balances in tax-deferred accounts as subject to ordinary income tax upon withdrawal, thereby overstating taxes and understating available income. Additional details are available below.

Who Should Not Use the Tool

The Tool takes into account certain tax rules that are primarily based on the assumption that a person has only a U.S. tax liability. It also assumes that information about any spousal relationship will continue until the death of that person.

There may be situations where you should consider creating separate plans for each individual. The Tool assumes that you and the “spouse/planning partner” can file a federal tax return as “Married Filing Jointly.” It also assumes that you and the “spouse/planning partner” qualify for certain Social Security benefits, transfer-tax marital deductions, and other benefits to which only individuals qualifying as “spouses” under federal tax or other laws may be entitled. These assumptions may not be appropriate in the context of planning with “planning partners,” and the Tool results may therefore not be appropriate if “planning partner” rather than “spouse” information is entered. The following tax circumstances are some, but not all, of the reasons you may want to consult your tax advisor before using the Tool. The outputs may not be applicable if you:

- Have a significant amount of margin debt
- Have a foreign tax liability
- Are subject to alternative minimum tax (AMT)
- Are in court/legal proceedings (divorce, probate, etc.) where final asset amounts are in question

2. USER PROFILE INFORMATION

The Tool leverages user profile data for display purposes and for inputs into calculations and analysis. The data may originate from recordkeeping systems and/or be manually entered by the user. New users will have certain data input fields (see below) prefilled. All data inputs should be validated for accuracy and completeness.

Time Horizon Data

The Tool defines your retirement time horizon as the years between your retirement age and your planning age. If you are planning with a spouse or planning partner, retirement starts in the earlier retirement year and continues until the later planning year. If one of you is not working, but you don't consider your household retired, you should select the "Neither" option when prompted for retirement status.

- **Retirement Age:** For new Tool users, the Retirement Age field is prefilled with the age the user is eligible for a full Social Security benefit (referred to as a person's "Full Retirement Age" by the Social Security Administration).
- **Planning Age:** Fidelity estimates longevity using date of birth, gender, and the Retirement Plans (RP) mortality tables most recently published by the Society of Actuaries. These tables are based on the mortality experience of U.S. pension plans. Among the most recent set of tables, identified as RP-2014, we use the Healthy Annuitants table, updated periodically to reflect mortality rate improvements. Our longevity estimates are not tailored to a specific individual or situation, do not reflect additional factors that could increase or decrease your life expectancy (such as your health, lifestyle, and family history), and should not be considered definitive.

If you provided gender information, we use it for you and your spouse/planning partner (if applicable) to estimate the appropriate longevity. We ask for your gender to estimate your life expectancy. Life expectancy calculations are based on sex assigned at birth. To be conservative, for all genders other than male, we assume a longer lifespan and use a planning age for females, who generally live longer than males. If the gender you provided does not match the sex assigned to you at birth, your planning age may be conservative.

Your "planning age" (or above-average lifespan) is the age to which you have an estimated 25% chance of surviving (that is, there is a 75% chance that you will die before this age).

Expenses

The amount that you've selected for your expenses plays an important role in the analysis of the Tool. The Tool's analysis is based primarily on your ability to cover your expense amount throughout your plan's time horizon. Expenses can be entered at the estimated level, or at the expense category level using detailed expenses. For users more than five years from retirement, there may be an option within the Tool to use the default expense amount described in the next section. Unless you're using detailed expenses, the Tool will assume 15% of the amount of your total retirement expenses are health care expenses. Further, the Tool will assume the amount you enter remains constant throughout your plan, changing only for cost-of-living adjustments (COLA) based on the Tool's general inflation rate of 2.5% for non-health care expenses and the inflation rate for health care expenses as described under "Health Care Expense Inflation Assumption." If you expect your expenses to fluctuate throughout your retirement, you can model the variance using the detailed expenses.

Default Expense Amount Calculation:

Step 1: Determine an expense amount that replaces 85% of the user's estimated preretirement earned income. We take your current income (which includes salary, commission, and bonus, as applicable) and grow it at a rate of 1.5% over inflation from now until retirement. The value at retirement is multiplied by 85% and taxes are subtracted. This value is reverted to today's dollars and divided by 12 to get the monthly value of estimated expenses at retirement.

Step 2: Apply an adjustment factor to the value calculated in Step 1. Adjustment factors are based on household income, and use an assumption that spending patterns in retirement vary by preretirement income. For example, households with significantly higher preretirement income may not need to replace 85% of their income, and in this case, the adjustment factor would reduce their target to a rate below 85%. The Tool provides the ability to reduce or increase this amount based on your expected spending habits in retirement.

Estimating Long-Term Care Costs

The provided default length of a long-term care event is 4 years. This duration represents the amount of time people will need long-term care on average, and it assumes the individual's sex assigned at birth is female for a conservative estimate. Greater longevity can lead to a need for more long-term care. As such females, who generally have a greater longevity than males, typically need more long-term care than males.

In addition, we pre-populated the estimated cost of one year's worth of long-term care using the Genworth Cost of Care survey's national median cost of one year in a nursing home private room. There are other flavors of long-term care such as assisted living or home health care. We used the median cost of a private room in a nursing home for a conservative estimate, as private rooms in nursing homes tend to have higher costs.

You may never incur the cost of a private room in a nursing home, or you may incur other long-term care costs in addition to nursing home private room costs. You may also incur costs for a period longer or shorter than 4 years. The estimates are educational only and intended to help get you started as you determine what estimated costs you want included for retirement planning purposes.

While reasonable efforts are made to use and maintain the most current Genworth Cost of Care survey data, there may be a delay between when new data is released and when the Tool is updated to reflect it.

Estimating Other Health Care Expenses

Fidelity obtains its estimates for health care expenses from government sources, proprietary research, and industry leaders who make their data available to the public. While reasonable efforts are made to use and maintain the most current data, there may be a delay between when new data is released and when the Tool is updated to reflect it.

- **Medical Insurance:** If you are planning as an individual, we assume you receive COBRA coverage (which we calculate using national averages as total employer and employee health insurance premiums plus a 2% administrative fee) for 18 months, then Public Marketplace coverage for the remaining years prior to enrolling in Medicare.

If you are planning with a partner, we assume the first individual to retire joins their still-working partner's employer plan, then, at

the working partner's retirement, both go on COBRA for 18 months, followed by Public Marketplace coverage until each respective partner's Medicare enrollment.

- **Dental and Vision Premiums:** This is the sum of estimated dental and vision insurance premiums for retirees.
- **Medicare Premiums and Expenses:** This number represents the sum of Medicare Part A and Part B premiums.

We assume you are not eligible for Medicare before age 65.

We assume Part A premiums are \$0, as most individuals qualify for premium-free Part A. Qualification for premium-free Part A is generally determined based on you or your (current or former) spouse having paid Medicare taxes for 40 quarters.

If you are planning as an individual, we assume Medicare begins at age 65 if you retire at or before 65 or at your retirement if you retire after age 65.

If you are planning with a partner, you and your partner's Medicare start ages will vary depending on your current ages and when you each plan to retire.

We assume you (and/or your planning partner) are eligible for a Medicare Special Enrollment Period (SEP) if you retire after age 65.

- **Medicare Supplemental (Medigap) Premiums:** This number represents national average Medigap premiums for both male and female individuals at age 65, and costs begin at Medicare enrollment.
- **Other (e.g., out-of-pocket prescription costs):** In retirement, before Medicare years, this number represents an estimate of your annual out-of-pocket costs when you are covered by either an employer group plan or a Public Marketplace plan.
After Medicare enrollment, this number is the sum of national average Medicare Part D premiums and the national average annual out-of-pocket spending by those enrolled in Part D.
- **Long-Term Care Insurance Premiums:** We assume costs begin in the current year.
This represents the national average LTC insurance premiums you may expect to pay based on a \$200 daily maximum benefit.
The premiums displayed are averaged across male and female. Typically, premiums tend to be higher for females.
Premium estimates are adjusted according to age. In general, premiums tend to increase as age increases.

Health Care Expense Inflation Assumption

The Tool makes the following inflation assumption and does not allow you to change this inflation rate.

- **Health Care Costs:** The default inflation rate of health care costs is a schedule of rates, which start at 4.9% for some time and slowly decrease to general inflation, based on Fidelity research.

Income Sources

Income sources are used within the Tool for the purpose of analyzing your retirement goal. The amounts may be entered manually, and all inputs should be validated. Your advisor is not able to verify the accuracy, timeliness, or completeness of the data reflected for any retirement income sources.

Earned Income

Earned income in the Tool is divided between Salary, Bonus, and Commission. Earned income data entered into the Tool is used for estimating retirement income, and for default value for estimates of

tax rates and retirement expenses. Once you have used the Tool, your earned income data is saved and will no longer be prefilled. If your earned income changes, you should update the Tool.

Salary Growth Rate

The Tool defaults to a salary growth rate that equals the Tool's inflation rate plus 1.5%. The salary growth rate is applied to your salary plus any applicable bonus and commissions you enter. This figure is derived from data from the U.S. Department of Labor and the U.S. Census Bureau. Please see the "Dollar Values: Future vs. Current" section for additional details on the current inflation rate used in the Tool.

Social Security Benefits

The Social Security retirement benefit estimate is based on your date of birth, the most recent earned income amount you provided, the retirement age and Social Security start age you enter (the Old Age and Survivor's Insurance [OASI] program retirement benefits' commencement age may be no earlier than age 62 and no later than age 70). The feature uses rules from the Social Security Administration (SSA), annual employment data, and Fidelity's assumptions. If you experience a different earning history, or the future national average wage growth and inflation are different from what the feature assumes, the Social Security benefit may be different. You can override your estimated Social Security benefit (e.g., if you have obtained an estimate of benefits directly from the SSA) and can also choose to omit Social Security from your plan.

If the retirement age is not provided, we use the lesser of your current age and age 60 as your retirement age and the Social Security start age you provide to estimate and project your benefit.

Surviving spouses can start taking early Social Security by the age of 60. Surviving spouses who are also disabled can begin taking early Social Security by the age of 50, but only if the recipient qualifies for disability payments. Social Security Retirement Benefit inputs are not automatically adjusted by annual COLA updates made by the Social Security Administration. You should revisit the experience annually to evaluate if adjustments to your Social Security Retirement Benefit are necessary. Social Security Retirement Benefits are assumed to grow at the 2.5% inflation rate in the retirement projection starting this year.

Notes:

- If the anticipated Social Security start age you enter is older than the Full Retirement Age as defined by the SSA, the Full Retirement Benefit is adjusted upward to acknowledge a delayed benefit start date. Benefits can be deferred up to age 70 for individuals with Full Retirement Ages of 65, 66, or 67. Up to age 70, the later a benefit start date is from the Full Retirement Age, the greater the benefit. Deferring benefits beyond age 70, however, will not increase the benefit anymore.
- If you earn income while receiving Social Security benefits and you are under your Full Retirement Age, your benefits may be temporarily reduced. After you reach your Full Retirement Age, earned income should not reduce your benefits. For more information, visit the SSA website at www.ssa.gov. Please consult your tax advisor if you have any questions regarding the taxability of Social Security income. See also "3. Tax Calculations and Assumptions" for additional details on material tax assumptions related to Social Security income and how the feature calculates estimated income taxes on Social Security income.

Work in Retirement/Recurring Income Source

The Tool assumes all such income is taxed at ordinary income tax rates in the year it is earned. This income, after taxes are withheld, is assumed to be invested in a hypothetical taxable account and made available to pay retirement expenses (see “4. Monte Carlo Simulations” for information as to how this income is assumed to be invested).

One-Time Event

The One-Time Event income source within the Tool is used to model an amount that you are expecting to receive as a lump sum (e.g., inheritance, proceeds from the sale of real estate). The Tool provides the ability to designate whether the amount will be taxed in the year it is received, or if withdrawals will be tax free. There is also the option to specify an annual growth rate for the entered amount. If a growth rate is entered, the amount will be compounded annually until the specified age, and will not be reduced for inflation. If the growth rate is not entered, the income amount at the specified age will equal the current balance. This income is assumed to be invested in a hypothetical taxable account and made available to pay retirement expenses.

Defined Benefit Pension Plans

Any defined benefit pension plan that has been entered into the Tool manually will be included as retirement income. The benefit listed initially defaults to the amount you would receive if your plan sponsor continued the plan under current provisions until retirement, you were fully vested, worked at the company offering the benefit until the plan's normal retirement age, and received a salary increase each year of 3%. This may not reflect your actual experience.

For Single Life Annuity and Joint and Survivor pension options, the Tool assumes the benefit will continue for your or your survivor's life. Please consult your tax advisor if you have any questions regarding the taxability of your pension benefit. See “3. Tax Calculations and Assumptions” for additional details on material tax assumptions related to pension benefits and how the Tool calculates estimated income taxes on pension benefits.

For purposes of estimating the effect of federal, state, and local income taxes, the Tool uses the following assumptions for qualified and nonqualified defined benefit pension plans:

- All pensions are assumed to be fully taxable upon distribution.
- FICA tax withholding on nonqualified pension plan payments is not reflected. FICA tax is normally withheld on nonqualified pension plan payments, so if you are receiving or might receive nonqualified plan payments, the Tool might overstate net amounts available for your retirement income.
- Any lump-sum values reflected will be treated as having been rolled over from a qualified plan to an Individual Retirement Account (IRA) for purposes of estimating your retirement income in the Tool, notwithstanding that the lump sum may be a non-qualified pension plan payment. Payments under nonqualified pension plans cannot be rolled over to a tax-deferred account.

Estimates of future pension benefits are not adjusted for the Tool's inflation rate. Any lump-sum values reflected will be treated as an account in the “Asset Allocation” section for purposes of calculating your retirement income in the Tool. Please consult your tax advisor if you have any questions regarding the taxability of your pension benefit.

Income Annuities

Certain income annuities you currently hold may be automatically assigned to your retirement goal and hypothetical future income amounts illustrated in your analysis. Income received from other income annuities you currently hold must be manually entered by you.

It is important to note that when an income annuity you currently hold is assigned to your retirement goal (by you or the Tool), the Tool makes certain assumptions that may not be accurate for your specific annuity contract. This may have a significant impact on the analysis the Tool conducts and the results it displays about your retirement preparedness. For example:

- In illustrating future income payments from an annuity that is currently paying or will pay income entirely on a fixed basis (as opposed to variable), the Tool does not factor in a COLA. Instead, the Tool assumes that future payments will equal the last payment received, or if payments have not yet started, the first expected payment. To the extent that your annuity has a COLA, this will result in the Tool underestimating the amount of income you may receive.
- In illustrating future income payments from an annuity that is making payments entirely on a variable basis, the Tool takes the last payment made and estimates future payments by comparing (i) the performance of an asset mix similar to the current asset mix of the accounts assigned to your retirement goal or of another asset mix that you select for modeling purposes (see “4. Monte Carlo Simulations” below for more details), to (ii) a 3.5% annuity benchmark rate of return. The Tool illustrates annuity income as (i) increasing from one income annuity date to the next if the annualized asset mix return is greater than the assumed 3.5% benchmark rate of return, and (ii) decreasing if the annualized asset mix return is less than the assumed 3.5% benchmark rate of return. The Tool assumes that your annuity has a 3.5% benchmark rate of return and a 0.6% annual annuity charge. Your annuity contract's actual benchmark rate of return and annuity charge may be higher, and, if so, the Tool's income projections will be overstated. Finally, the asset mix the Tool assumes for modeling purposes (see above) may differ significantly from the asset mix of the fund you have actually chosen within your annuity; in fact, it may not be possible to select a fund within your annuity contract that has an asset mix similar to the asset mix the Tool uses for modeling purposes.
- In illustrating future income payments from an annuity that is making payments on a combination fixed and variable basis, the Tool takes the last payments made and assumes all future payments will be based entirely on a variable basis, using the above methodology. This may result in the Tool significantly understating or overstating your potential future income.
- For all income annuities, the Tool does not factor in any guarantee periods or other death benefits; instead, the Tool assumes no income or assets are payable to beneficiaries other than your spouse at the end of your plan. To the extent that your annuity has a guarantee period or other death benefit, this may result in the Tool underestimating the amount of assets left at the end of your plan.

For details on the features and terms of your annuity, please refer to your annuity contract.

Deferred Annuities

The Tool automatically designates a deferred annuity, depending upon its specifics, as either “Assigned” or “Unassigned” to your retirement goal in your Planning Profile. You have the option of changing the Tool’s default assignment.

It is important to note that when a deferred annuity is assigned to your retirement goal, the Tool’s analysis does not take into account the annuity’s:

- Insurance features—for example, guaranteed rates of return, guaranteed living benefits (i.e., guaranteed accumulation benefit or guaranteed withdrawal benefit), and guaranteed death benefits; or
- Fees—for example, mortality and expense risk fees, surrender charges, and market value adjustments.

This may have a significant impact on the analysis the Tool conducts and the results it displays about your retirement preparedness. For example:

- The Tool may illustrate withdrawals from your annuity that would have adverse consequences, such as surrender charges and reductions in a guaranteed withdrawal amount or guaranteed accumulation amount. The Tool will not factor in these consequences nor will the Tool’s output disclose them to you.
- By not taking into account a guaranteed withdrawal benefit of a deferred variable annuity (to the extent applicable), the Tool may show income stopping from the annuity when the contract value is depleted, when in fact it would continue.
- By not taking into account a guaranteed death benefit (to the extent applicable), the Tool may underestimate the amount of assets left at the end of your plan.
- The Tool will not recognize if you have already started taking guaranteed withdrawals, and will not draw down the account balance in its projections in anticipation of future guaranteed withdrawals. If you are currently taking or planning to take annual withdrawals from an annuity (or if you plan to annuitize an annuity), instead of assigning the annuity as an account to your retirement goal in your Planning Profile, you may want to manually add the income in the Tool under “Additional Income Sources”—if you do so, you should select “Fixed Income Annuity.” Keep in mind that the Tool’s analysis will treat the income as a fixed payment that will not change, and will not take into account the living/death benefit features or surrender charges.
- The Tool will classify fixed deferred annuity assets as bonds, and will not recognize in its analysis your annuity’s guaranteed rate of return or guarantee period (meaning it will classify a fixed deferred annuity’s assets as bonds in perpetuity). This may result in the Tool significantly overestimating or underestimating your potential future contract value.

For details on the features and terms of your annuity, please refer to your annuity contract.

The Tool will generally include all accounts held at Fidelity, aggregated with Fidelity, and/or manually created. Some accounts may be ineligible to be assigned to certain goal types in the Tool. Additionally, there are some account types that will display in the Tool but not be eligible to be assigned to any goal type due to the complicated or uncertain nature of these accounts. Accounts specifically designated as crypto accounts are fully excluded from the Tool; holdings with crypto exposure in accounts otherwise included are factored into the analysis. See “5. Asset Mix for Simulations” for more information on treatment of holdings with crypto exposure.

Unsettled Transactions, Margin Balances, and Short Positions

NOTICE: Unsettled transactions, margin balances, and short positions affect account balances, holdings data, and analytical information presented. Please consult your account statement and any statements from the respective financial institution for accounts included in the Tool.

Unsettled transactions pending in any of your selected accounts, margin balances, and short positions at the time of your Tool interaction may materially impact the value of that account included in your analysis. For an unsettled equity purchase, the value may be materially overstated (and the investment risk understated due to cash remaining in the account), and for an unsettled equity sale, the value may be materially understated (and the investment risk overstated). Depending on the size and scope of such balances or transactions, you may want to exclude the affected account(s) from your analysis or, if included, consider the reliability of the Tool’s results.

Authorized Accounts

Accounts that have been authorized to be associated with your Social Security number will also appear in the Tool. An authorized account is an account for which you have been provided inquiry (or higher) authorization by the account owner. The person who has provided authorization to you is either an individual (not a corporation, trust, or other entity) or an owner, trustee, custodian, fiduciary, or a joint or beneficial owner of a Fidelity mutual fund or brokerage account otherwise accessible through Fidelity.

Note: It may not be appropriate to include an authorized account in your retirement income plan if you have no ownership interest in that account. For security purposes, accounts held by a spouse are not automatically included.

Full View® Accounts

The Full View service is provided by Fidelity for your convenience. Fidelity controls which account types offered by the Full View service will be used with the Tool. The supported types may change over time. Fidelity does not audit, confirm, or verify the information you provide through Full View. You are responsible for checking and updating this information for accuracy, timeliness, and completeness.

Manually Entered/Other Accounts

The Tool will display accounts and other income sources you have manually entered during a previous planning Tool interaction, and also allows you to manually add an account or other income source, and, as appropriate, assign the account to your retirement income goal, provide general asset allocation information, assign a balance or market value (as appropriate) to the account or other income source, and include it in your analysis. Note that manually added account balances do not automatically update. You should review these balances with each Tool use to ensure that the most up-to-date values and information are used in your analysis.

Equity Compensation

The Tool can illustrate various types of equity compensation awards that may be included as part of a user’s plan. The equity compensation awards supported generally include option awards (Incentive Stock Options, Nonqualified Stock Options and Stock Appreciation Rights) and share awards (Restricted Share Awards, Restricted Share Units and Performance Share Units). The Tool does not currently support qualifying disposition of Incentive Stock Options or Internal Revenue Code (IRC) Section 83(b) elections on Restricted Share Awards. Users planning a qualifying disposition or an IRC Section 83(b) election should consider the impact of such

decisions on the results presented. All projected, hypothetical income generated from equity compensation awards is treated as wage income and taxed upon receipt in accordance with the tax treatment of other income sources. (See “3. Tax Calculations and Assumptions” below.) The Tool does not consider these assets as a potential income source until an “income event” occurs. An “income event” occurs at the time the underlying equity award of shares is sold. This sale is assumed to take place simultaneously with the exercise of an option or the vesting of shares. At the time of the income event, the proceeds (if any) from the sale of the shares associated with the exercise of an option or as shares vested are treated as income to the plan and then become available to pay expenses. If this income is not immediately used to pay expenses, it is assumed to be invested consistent with the goal-level asset allocation of the overall plan. Options are exercised (and underlying shares assumed to be sold) on a date between the last vesting date and the expiration of the option as selected by the user; the hypothetical income which flows to the plan is equal to the in the money value given the simulated underlying security price and the provided strike/grant price (i.e., a cashless exercise is assumed). Share awards vest (and are simultaneously assumed to be sold) according to the provided vesting schedule and income flows to the plan with each vesting period. Any expenses which may be incurred in connection with the sale of the underlying security are not considered by the Tool. In order to project the potential value of the income source at the time of an income event, the Tool uses Monte Carlo analysis to simulate the potential values of the underlying security upon which these equity compensation awards derive their value. To accomplish this, the Tool considers the current market price of the security, the volatility of the stock based on the previous year of returns, and the trailing 12-month dividend yield. Given the security specific volatility, a stream of 250 random total annual returns are generated; the dividend yield is then subtracted from these annual returns to arrive at the price return which drives the price appreciation of the underlying security from which the equity compensation values are derived. If the volatility or dividend rate is unavailable, market average defaults are used. From here, the price of the underlying security can be projected and compared against the facts of the equity compensation in order to determine the actual income flow, if any, at the time of the anticipated sale.

Nonqualified Deferred Compensation Plans

If you participate in any defined contribution nonqualified deferred compensation plans recordkept at Fidelity, the Tool automatically includes any notional amounts or positions credited to you under the plan. Any planned distribution election(s) you have made in your nonqualified deferred compensation plan may be reflected in the yearly cash flow chart and table in the Tool. All distributions from nonqualified plans are assumed to be fully taxable as ordinary income. The Tool assumes notional investment returns are applied to your deferred balances based on your account asset mix.

No specific plan rules for notional investment returns (such as fixed return rates) are considered. If the asset mix for the nonqualified deferred compensation plan is not known, then the Tool will assume a balanced asset allocation. The Tool also assumes FICA taxes are not due at retirement (or at any time of distribution), but are paid on an ongoing basis, at the time of deferral. The Tool only projects existing recordkept deferrals and not expected future deferrals. For distribution modeling, if data/distribution event is missing, we default to your entered retirement date. For deferrals made with your previous employer, the Tool allows retirement age

and date-based trigger events for distribution. If the distribution schedule is not known to us, we will make a simplifying assumption of a five-year distribution schedule with a systematic withdrawal plan. Distributions made are treated as income and then become available to pay expenses. If this income is not immediately used to pay expenses, it is assumed to be invested consistent with the goal-level asset allocation of the overall plan.

For manually entered nonqualified deferred accounts, the Tool uses any account balances you enter in the Tool for yourself and/or from your employer. If you do not enter contributions, a value of \$0 is used for contributions. No contribution limits are applied.

Unique plan-specific rules for distribution payouts are not considered in our projections. The Tool processes annual payouts and will not prorate partial payments for payments made in the middle of the year.

The Tool does not handle any early distributions for nonqualified plans, such as due to an unforeseeable emergency. The acceleration of the time or schedule of any payment under a nonqualified plan is generally prohibited.

Updating Account Data

In the Tool, market values, account balances, and account positions for employer-sponsored workplace savings plans [e.g., 401(k), 403(b), and 457(b) plans] and personal investing accounts you hold at Fidelity will be automatically updated. You are responsible for updating the data for any other accounts or income sources.

Contribution Limit Handler

When considering your retirement plan strategy and, more specifically, when deciding how much to contribute to a retirement account, consider plan rules, IRS limits, your individual situation, and any other future sources of income. Keep in mind that generally, you can increase or decrease the amount of your contribution according to plan rules and IRS limits. You can request that contributions be stopped at any time. Employer contributions, if applicable, are subject to the plan’s vesting schedule. Please see your plan rules for specific details on any nonqualified deferred compensation plans.

Each retirement account type has a set dollar-amount contribution limit, as specified below. You cannot contribute more than an account’s contribution limit, as established by the Internal Revenue Code (IRC) and your plan’s rules, if applicable. To address this, the Tool uses annual IRC contribution limits to check that all contributions are within the specified limit for that account. Limits used within the Tool may be subject to change by the IRS. Limit changes will be incorporated into the Tool; however, due to timing issues, there may be instances when Tool limits and IRS limits differ. The Tool may also apply plan limits or contribution information applicable to your plan, if such information has been supplied by your workplace plan sponsor. Please consult your tax advisor for assistance. Tax-advantaged account assumptions are included below.

Account Contributions

The Tool applies IRC annual contribution limitations based on the type of account (see below for applicable contribution limits). The Tool considers any IRC limits that may apply to amounts you indicated that your employer will contribute to the plan on your behalf. IRC limits on after-tax employee contributions to employer-sponsored accounts are also considered by the Tool. Contributions are assumed to stop at the indicated retirement age or when no longer permitted, whichever occurs earlier.

Contribution Limits for 401(k), 403(b), 401(a), and 457(b) plans

- If you are age 50 or older, the Tool considers catch-up contributions allowed under the Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA) for applicable accounts. The Tool considers the additional catch-up provision for those ages 60–63 under the SECURE Act 2.0 of 2022. The Tool does not consider that catch-up contributions for high earners are required to be Roth contributions for taxable years beginning after December 31, 2025. Additionally, the Tool does not consider the last three years' contributions to 457(b) plan accounts or 15+ years-of-service contributions to 403(b) plan accounts. Employee elective deferral limits, including employee 401(k), 401(a), Roth 457(b), and 403(b) contributions, are as follows (if you are contributing to multiple 401(k), 401(a), and 403(b) plans, the Tool aggregates your contributions and applies a single limit):

Tax Year	If You're under Age 50	If You're Age 50–59 or older than 63	If You're Age 60–63
2026	\$24,500	\$32,500	\$35,750

- Employer/employee combined contribution limits cannot exceed the lesser of 100% of compensation (which is defined as Earned Income in the Tool) or \$72,000 in 2026, indexed for inflation thereafter. For purposes of the nonelective contribution, annual compensation for 401(k) and 403(b) plans is limited to \$360,000 in 2026. This limit also applies to the determination of the accrued benefit in a defined benefit plan.
- Note that if your 401(k) plan includes a retirement medical benefit account (RMBA), the Tool does not distinguish these assets and assumes all assets to be regular plan contributions.
- Note that if your 401(k) plan includes a Cash Balance plan, the Tool does not distinguish these assets and assumes all assets are subject to investment returns related to the associated asset allocations, with no fixed returns or credited amounts.
- Note that if your 401(k) plan includes an emergency savings account balance, the Tool does not distinguish between these assets and assumes all assets are subject to investment returns related to the associated asset allocations.
- The Tool assumes potential cost-of-living increases to applicable contribution limits after 2026, which will be indexed for inflation in \$500 increments. These contribution limits are inflation adjusted in accordance with specific rules outlined by the IRC, assuming the Tool's default inflation rate.
- **WARNING:** While the Tool's analysis is based on contribution amounts and, where applicable, employer contribution limits that you enter yourself (excluding pensions), please remember that the outcome of the Tool is less meaningful if you enter unrealistic contribution amounts. The Tool will not permit modeling of contribution amounts in excess of IRC limits applicable to the selected account or, to the extent provided by your workplace plan sponsor, applicable plan limits.
- All contributions, whether made by you or your employer, to all tax-advantaged accounts are assumed to be immediately owned by you (immediate vesting).
- All employer contributions are assumed to be pretax.

Contribution Limits for Health Savings Accounts and IRAs

Traditional and Roth IRA Annual Contribution Limits

Tax Year	If You're under Age 50	If You're Age 50 or Older
2026	\$7,500	\$8,600

For IRAs, the Tool assumes potential cost-of-living increases to applicable contribution limits after 2026, which will be indexed for inflation in \$500 increments. Catch-up contribution limits for those age 50 or older will be indexed for inflation in \$100 increments.

Health Savings Account (HSA) Contribution Limits

Tax Year	If You're under Age 55	If You're Age 55 or Older
2026	\$8,750 (family)	\$9,750 (family)
2026	\$4,400 (single)	\$5,400 (single)

For HSAs, contributions are pretax and permitted until you enroll in Medicare. The Tool assumes that if you work beyond the age of 65 you are eligible to remain on your employer's HSA-eligible health plan, enabling you to defer enrollment into Medicare and continue making HSA contributions. The Tool assumes potential cost-of-living increases to applicable contribution limits after 2026. For calculation purposes, unless provided by you, the Tool will assume the family limit as the maximum allowed contribution, which may not be permitted if your HSA is for single coverage.

3. TAX CALCULATIONS AND ASSUMPTIONS

Taxes can play an important role in how money grows over time. Given the same investments in the same proportions, assets in tax-advantaged accounts have the potential to grow faster than assets in taxable accounts, as the earnings in tax-advantaged accounts are not taxed until withdrawal, and in some cases, not at all. However, while distributions from tax-advantaged accounts are often taxed at ordinary income tax rates, earnings on taxable accounts may be taxed at lower rates applicable to long-term capital gains, qualified dividends, and certain other types of income.

The Tool estimates federal, state, and local individual income taxes on, among other things, investment earnings, distributions from tax-exempt and tax-deferred retirement plans, Social Security, and any earned income or salary. It does not calculate actual tax liabilities or benefits and, therefore, should not be used for tax-planning or tax-reporting purposes. Rather, the tax calculations for any particular year are estimates based on information provided by you, tax rate data supplied by third parties, and projected inflation adjustments to tax brackets, among other things. Any tax estimates and tax information provided are not, and should not be construed as, legal or tax advice. While reasonable efforts are made to use and maintain the most current rates, income tax brackets, and other tax rules for estimating taxes, there may be a delay between when new actual tax rates, brackets, and other rules become effective and when the Tool is updated to reflect them. Current rates, income tax brackets, and other tax rules are modeled and adjusted for inflation as appropriate, for your planning period. The Tool does not model the expiration of any tax laws. For tax reporting, you should rely on the official tax forms mailed to you each year and your tax advisor's calculations for tax-reporting purposes. Consult your tax advisor regarding questions specific to your tax situation.

The Tool makes certain tax assumptions based on the types of income, accounts, or other information entered. For each year of the projection of your financial plan, the Tool estimates your effective tax rate based on projected taxable income. The effective tax rate includes an estimation of your total deductions by using Statistics of Income data provided by the Internal Revenue Service.

Taxable Account Assumptions

For federal, state, and local income tax purposes, the Tool uses the following assumptions for taxable brokerage and mutual fund account assets [excluding self-directed brokerage accounts held within a tax-advantaged plan, such as a 401(k)]:

- All realized capital gains are long-term capital gains.
- Realized gains and losses, interest income, dividend income, and other investment income are taxed annually. Losses are fully applied in the year they are incurred. The Tool does not assume a limit on applying net losses against income.
- The Tool assumes a 10% turnover of assets each year, pro rata across all asset classes, so that each year, 10% of previously unrealized gains or losses become realized. Net losses due to turnover do not offset income.
- The Tool may overstate or understate the amount of after-tax proceeds available from sales of securities in taxable accounts because it assumes that the tax basis for each security is the fair market value of the security on the date the Tool is used. The actual adjusted tax basis of the securities in your taxable account often will be different from the fair market value of those securities on any given day. For example, if you have highly appreciated securities in your taxable account, the adjusted tax basis actually will be much lower than the fair market value, and you will be subject to capital gains tax on your net gain. Because the Tool assumes that the adjusted tax basis is equal to fair market value, however, its calculations would show that there was no taxable gain and that 100% of the sale proceeds were available to you. Conversely, if your taxable account holds securities that are currently in a loss position, the Tool will not take into account any tax benefit that may be generated upon a sale of those securities. The Tool does not consider any cost basis on company stock held in employer-sponsored plans.
- The portion of assets classified as domestic stocks by the Tool are assumed to pay an annual dividend of 2%. The portion of assets classified as foreign stocks by the Tool are assumed to pay an annual dividend of 3%. All dividends are assumed to be qualified dividends.
- Potential applicability of five-year capital gains and foreign tax credit rules is not reflected.
- All cash and bond return is assumed to be income.

Tax-Deferred/Tax-Exempt Account Assumptions

Account Contributions

- For individuals who enter annual tax-advantaged account contributions, the Tool applies IRS annual contribution limitations based on the type of account (see the “Contribution Limit Handler” section). Limits are tested for each account individually as you enter data in the Tool. Simple IRA contribution limits are determined by the maximum deferral limits inclusive of catchup limits and the maximum employer match. The additional 10% employer non-elective contribution for SIMPLE IRAs is not considered.

Except as provided above, any amount you enter in excess of the applicable IRS limit is not included in the Tool's calculations. The Tool considers any IRS limits that may apply to amounts you indicated that your employer will contribute to the plan on your behalf (regardless of whether or not your plan is recordkept by Fidelity). IRS limits on after-tax employee contributions to employer-sponsored accounts are also considered by the Tool. Employer-sponsored plan rules and limits are not considered by the Tool when not provided by the plan sponsor; please contact your plan sponsor for details. Contributions are assumed to stop at the indicated retirement age.

- If you are age 50 or older, the Tool supports catch-up contributions. However, the Tool does not consider the last three years' contributions to 457(b) plan accounts or 15+ years-of-service contributions to 403(b) plan accounts.
- Note that if your 401(k) plan includes an RMBA, the Tool does not distinguish these assets and assumes all assets to be regular plan contributions.
- Note that if your 401(k) plan includes a Cash Balance plan, the Tool does not distinguish these assets and assumes all assets to be regular plan contributions.
- Note that if your plan allows for employer matching contributions on student loans and emergency savings account contributions, the Tool does not calculate the match amount.
- Note that repayment of early withdrawals, when allowed, and loans are not considered in the Tool.

Distributions/Withdrawals from Defined Contribution Plans, HSAs, and IRAs

Withdrawals from tax-advantaged retirement accounts are subject to the applicable provisions of the IRC and/or plan rules. Be sure you understand the implications and tax consequences of any withdrawal prior to initiating such transactions. Please consult your tax advisor, if applicable.

Distributions/withdrawals from tax-deferred accounts are assumed to be fully taxable as ordinary income. Note that if information relating to significant tax-deferred accounts to which nondeductible or after-tax contributions have previously been made is entered into the Tool, the tax analysis performed by the Tool may not be as meaningful as it would otherwise be.

The Tool applies early withdrawal penalties from tax-deferred account balances. Distributions taken before age 59½ from traditional IRAs, Roth IRAs, and employer-sponsored savings accounts [e.g., 401(k), 401(a), and 403(b) plans] may be subject to a 10% early withdrawal penalty. Withdrawals from certain employer-sponsored savings accounts are penalty free when the account owner leaves the employer in the year he or she turns age 55 or older. This age 55 exception does not apply to any type of IRA. The Tool assumes no early withdrawal penalty if you plan to separate from service with your current employer after age 55 or older. The Tool assumes no early withdrawal penalty after age 59½ for all other workplace savings plan assets. Note that for Roth sources, the early withdrawal penalty is applicable to the earnings only on any Roth IRA or any Roth sources. If you indicate that you are retiring at age 55 or older and your current employer's plan is a 401(k), 401(a), or 403(b) plan, the Tool will not assume a 10% penalty on any distributions taken in the year in which you turn 55 or older. For all other plans and accounts, the Tool assumes a 10% penalty unless the distribution is taken after you turn age 59½. Note that there are other applicable special exceptions to the 10% early withdrawal penalty that the

Tool does not consider in its calculations. You may want to consult a tax advisor to learn more about withdrawal requirements.

- Distributions of pretax contributions from a tax-advantaged 401(k) or 403(b) workplace savings plan account or from a traditional IRA are generally taxable.
- The Tool assumes that all qualified distributions of Roth assets will not be taxed at the state level. A distribution from a Roth IRA is federal tax free and penalty free, provided the five-year aging requirement has been satisfied and one of the following conditions is met: age 59½, disability, qualified first-time home purchase, or death. The Tool assumes that the workplace savings plan rules allow for withdrawal by source. Roth distributions that do not qualify for tax-exempt treatment may be subject to income taxes and may also be subject to a 10% penalty. The Tool does apply early withdrawal penalties and income taxes. The Tool assumes the five-year holding period requirements have been met.
- For tax-deferred accounts that may hold both pretax and after-tax (deductible and nondeductible) contributions, the Tool assumes the balances in such accounts at the beginning of your planning period consist of all pretax assets. To the extent distributions of initial balances constitute a return of after-tax or nondeductible contributions, the Tool will understate your after-tax income. For example, an IRA may have an initial account value of \$100,000, of which \$50,000 constitutes nondeductible (or already taxed) contributions. The Tool will assume that any amount distributed from the initial balance of the retirement account or source (in the case of a workplace savings plan) is taxable as ordinary income.
- The Tool assumes that, unless you are still working after age 73, or age 75 if you were born in 1960 or later, you and your spouse will be required to withdraw the IRS RMD annually from your traditional IRA, rollover IRA, SEP-IRA, SIMPLE IRA, Keogh, and employer-sponsored savings plan accounts [e.g., 401(k), 401(a), 403(b), and 457(b) plans]. The Tool does not enforce the greater than 5% ownership rule on starting RMDs. The Tool does not apply any RMD rules to deferred annuities. It is assumed in the Tool that income annuities purchased with pretax money will satisfy the RMD rules for the portion of your assets used to buy the income annuity and any excess does not impact the RMD on remaining assets. For each year beginning in the year you or your spouse reaches age 73, or age 75 if you were born in 1960 or later, the Tool calculates an estimated RMD amount needed to comply with the IRS requirements (for applicable retirement accounts indicated, or those accounts for which you have entered data).
- For Roth 401(k), 403(b), and 457(b) sources, the Tool assumes RMDs do not apply. In most cases, the Tool calculates your RMD under the uniform distribution method relying on the Uniform Lifetime Table, which uses the joint life expectancy of you and a beneficiary deemed to be 10 years younger than you for each year until the end of your planning age.
- One exception to the above RMD calculation method occurs when you indicate that you are married and your spouse is more than 10 years younger than you. The Tool then assumes that your spouse will be your sole beneficiary each year for the entire year and, as a result, it will then estimate your RMD under the spousal exception method, which uses the life expectancy of you and your spouse as reflected in the Joint and Last Survivor Table. If your spouse's planning age ends before your own, the uniform distribution method will then be used until the end of your planning age. The Tool uses the same methodology to calculate RMDs on your spouse's retirement accounts, where applicable.

- For tax-advantaged accounts that are inherited before 2020, the Tool estimates RMDs by assuming that you are eligible to take such distributions over your own life expectancy and using a distribution factor in the IRS's Single Life Expectancy Table based on your projected age each year. The Tool can handle the changes to RMDs on some inherited accounts due to the SECURE Act. Any accounts inherited by the spouse are projected as the spouse taking ownership and the RMDs will follow the spouse's schedule. Certain accounts inherited by a non-spouse from a deceased individual who passed after 12/31/2019 will be liquidated over a 10-year period (specifically, 1/10th in the first year, 1/9th in the second year, and so on). In order to determine if this 10-year schedule is applicable, the Tool has been updated to optionally allow for entry of relationship to original owner, original owner date of birth, original owner date of death, and liquidation date. If these inputs indicate that the 10-year schedule is applicable, then the 10-year schedule will be followed, unless a liquidation date within 10 years of the date of death of the original owner is entered. In that case, all assets will be liquidated on that date and the 10-year schedule will not be followed. If these fields are missing, relationship to the original owner is assumed to be a non-spouse, original owner date of birth is assumed to be greater than 10 years before the new owner, the original owner's date of death is assumed to be prior to 2020 if not provided, and, if there is no liquidation date, then the Tool assumes you take distributions over the eligible 10-year period. The Tool assumes that the new owner of the account is not a minor child of the decedent, disabled, or chronically ill; if these were the case, then the 10-year liquidation rule would not apply. The calculation of RMDs for inherited accounts is highly specific to your individual situation. If you have such an account, you should consider consulting an advisor for more details.
- After RMD amounts are withdrawn from retirement accounts (excluding pension plans), the Tool assumes these savings are redeposited in a hypothetical taxable account and are available to meet retirement goal expenses. You should consult your tax or financial advisor for assistance with your specific circumstances.
- The Tool does not consider the possibility of electing Net Unrealized Appreciation (NUA) tax treatment on company stock distributed from a workplace savings plan.
- The Tool assumes that distributions from HSAs used for health care expenses are qualified distributions and are tax-exempt. Withdrawals taken for non-health care expenses before age 65 are subject to income taxes and a 20% penalty. Withdrawals taken for non-health care expenses for those 65 and older are subject to income taxes but no penalty. Contributions, investment earnings, and distributions are tax-exempt for federal tax purposes if used to pay for qualified medical expenses, and may or may not be subject to state taxation. For additional information, see IRS Publication 969. The administration of an HSA is an individual responsibility; see a tax professional for more information.
- If you choose to manually create an account by selecting the type "Self Employed Plan," the Tool will treat this account as tax deferred and use the contribution limits of a SEP-IRA.

Taxation of Annuities

- For tax-deferred annuities that may hold both pretax and after-tax (deductible and nondeductible) contributions, the Tool assumes the balances in such accounts at the beginning of the planning period consist of all pretax assets. Annuity distributions will be considered taxable by the Tool and taxed at ordinary income tax rates.

- Some states charge a state tax premium either on the purchase amount of a deferred annuity or on its value at the time it is annuitized (i.e., converted to an income annuity). The Tool does not take those premium taxes into account.
- For payments from an income annuity, the Tool assumes a portion of each withdrawal is a return of your after-tax investment in the contract (if any was assumed by the Tool) and a portion is taxable income. Once all your investment in the contract is returned to you, the Tool assumes all payments are taxable income. The breakdown between return of investment contract and income is done using an exclusion formula similar to that required by tax regulations.

Substantially Equal Periodic Payments

The IRC states that the 10% premature distribution tax penalty generally applicable to withdrawals from tax-deferred assets in IRAs and qualified retirement plans before the individual reaches age 59½ will not apply to distributions that are part of a series of substantially equal periodic payments. The Tool does not provide the ability to model substantially equal periodic payments. If you are considering this distribution strategy, you may want to consult an advisor.

Retirement Medical Benefit Accounts

If your plan offers RMBAs within the workplace savings plan, the Tool does not distinguish these assets from the other assets in the plan. The Tool's tax assumptions for these accounts are, therefore, the same as for the workplace savings plan of which they are a part. For purposes of the Tool, the limitations on withdrawals of RMBA assets are disregarded and such assets may be applied to any retirement expenses. Please check your plan rules for specific details of limitations on withdrawals of RMBA assets.

Defined Benefit Plan Tax Assumptions

For federal, state, and local income tax purposes, the Tool uses the following assumptions for qualified and nonqualified defined benefit pension plans:

- All pensions aggregated through a third-party provider are assumed to be fully taxable upon distribution.
- FICA tax withholding on nonqualified pension plan payments is not reflected. FICA tax must normally be withheld on nonqualified pension plan payments received. If you are receiving or are set to receive payments from a nonqualified plan, the Tool will overstate net amounts available to you to apply toward your retirement expenses.

The Tool assumes the following classifications:

Taxable Accounts	Tax-Deferred Accounts/Plans and Annuities	Federal Tax-Exempt Accounts or Events	Other Taxable Income or Events
Brokerage Account	401(k) Plans (including SIMPLE 401(k) Plans and BrokerageLink® accounts within such plans)	529 College Savings Plan Account	Social Security Benefits
Mutual Fund Account	403(b) Plans	Roth IRAs ¹	Work in Retirement/Recurring Income Source
Checking Account	457(b) Plans ³	Roth Source in a 401(k) Plan ²	One-Time Events (taxable)
Savings Account	Profit Sharing Plans	Roth Source in a 403(b) Plan ² Roth Source in a 457(b) Plan ²	Equity Compensation
Equity Compensation Account	Traditional IRA	One-Time Events (tax-exempt)	
	Rollover IRA	Health Savings Accounts (HSA) ⁴	
	SEP-IRA		
	SIMPLE IRA		
	401(a) Plans		
	Keogh Plans		
	Money Purchase Plans		
	Defined Benefit Plans		
	Nonqualified Deferred Compensation Plans		
	Qualified Annuity		
	Nonqualified Annuity		
	Manually Added Self-Employed Plan		

¹A distribution from a Roth IRA is federal tax free and penalty free, provided the five-year aging requirement has been satisfied and one of the following conditions is met: age 59½, disability, qualified first-time home purchase, or death. Nonqualified distribution of earnings will be taxable and may also be subject to penalties. You should check with your state of residence for applicable state tax rules.

²Roth 401(k), Roth 403(b), and Roth (457(b) sources are part of a 401(k), 403(b), or 457(b) account. The Tool assumes the workplace savings plan rules allow for withdrawals by source.

³457(b) plans include both governmental and nongovernmental 457(b) plans. 457(f) plans are not supported within the Tool.

⁴You should check with your state of residence for applicable state tax rules on distributions that do not require tax withholding at the federal level.

- Any lump-sum values reflected will be treated as having been rolled over from a qualified plan to an IRA for purposes of calculating your retirement income in the Tool notwithstanding that the lump sum may come from a nonqualified pension plan. Payments from nonqualified pension plans cannot usually be rolled over to a tax-deferred account.
- Imposition of RMD rules are not reflected. RMD rules normally apply.
- Other pension payment amounts are based on information you enter about the annual benefit you expect to receive. You may want to contact your employer for a personalized pension projection. Be sure that the benefits amount reflects the provisions of any Qualified Domestic Relations Order that provides benefits to alternate payees.
- Estimates of future pension benefits are not adjusted for the Tool's inflation rate. However, pension benefit amounts may include a salary growth rate. This growth rate will be provided by you or your company's pension plan (if Fidelity recordkeeps the pension). If applicable, the salary growth rate may be applied to the remaining years of service with an assumed retirement age of 65. Any lump-sum values reflected will be treated as an account in the Assets section for purposes of calculating your retirement income in the Tool. This may account for any changes in represented value between lifetime income and investment income shown. Please consult your tax advisor if you have any questions regarding the taxability of your pension benefit.

Federal Income Tax Calculations

Estimated federal income taxes are automatically calculated for you by the Tool based on the information you provide and hypothetical account activity in each simulation. An estimate of taxable income is calculated for a given year and is then taxed based on federal income tax rates, capital gains tax rates, and certain other items, such as those listed below, projected to then be in effect at that time. The Tool assumes that the tax rates, tax credits, and other limits set forth below will be in effect to the end of your plan. If this assumption is incorrect, it may result in understated estimated tax liabilities and, therefore, overstated after-tax income available for future expenses.

- Tax rates—Ordinary Income: The Tool assumes ordinary income tax rates of 10%, 12%, 22%, 24%, 32%, 35%, and 37%.
- Tax rates—Long-Term Capital Gains: The Tool assumes a capital gains tax rates of 0%, 15%, and 20%.
- Tax rates—Qualified Dividend Income: The Tool assumes qualified dividend income is taxed at the applicable long-term capital gains tax rates described above. The Tool will update following any updates to rates and/or other code changes, although certain updates may not be possible because of technical limitations.

State and Local Income Tax Calculations

You will need to enter your state at time of retirement and local income tax rate information (if applicable). We assume your state at time of retirement and state of residence are the same. The Tool is updated annually with the tax rates for each state, but local taxes are your responsibility to enter. While reasonable efforts are made to use and maintain the most current rates, income tax brackets, and other tax rules for estimating taxes, there may be a delay between when new actual tax rates, brackets, and other rules become effective and when the Tool is updated to reflect them.

Current rates, income tax brackets, and other tax rules are modeled and adjusted for inflation as appropriate, for your planning period. The Tool does not model the expiration of any tax laws. Once the local income tax rate is entered, local taxes are calculated based on state taxable income. If no local income tax rate is entered, the Tool assumes that there is no local income tax. State tax calculations are intended to provide a reasonable approximation of state taxes for any given year. With the exception of income tax rates and income tax brackets, state taxes are calculated based on assumed identical state tax.

Note that each state has specific rules and special deductions, credits, and additional taxes and adjustments. The Tool does not reflect all such state-specific rules and should therefore not be used for purposes of calculating actual state tax liabilities or benefits.

The Tool assumes that all qualified distributions of Roth and HSA assets will not be taxed at the state level. You should check your state of residence for applicable state tax rules.

Other Tax Assumptions

For federal, state, and local income tax purposes, the Tool uses the following other assumptions:

- Tax brackets, standard deduction amounts, and personal exemption amounts are indexed each year for inflation.
- Potential applicability of alternative minimum tax (AMT) rules is not reflected.
- Potential applicability of the 3.8% Medicare surtax on net investment income is not reflected.
- Potential applicability of transfer (estate, gift, and generation-skipping) tax rules is not reflected.
- Assets at end of plan have not been reduced by applicable federal and/or state transfer or inheritance taxes that may be due at death or upon transfer.
- Assets at end of plan have not been reduced by applicable income taxes that may be due at a later date.
- Future earnings on assets at end of plan are reduced by applicable income taxes.

4. MONTE CARLO SIMULATIONS

The Tool uses Monte Carlo simulations to project a range of hypothetical market return scenarios. Simulations are based on a historical performance analysis of asset class returns, including a range of potential returns for each asset class, volatility, and correlation, reviewed each year. Asset classes are represented by benchmark return data from Morningstar, Inc., not actual investments.¹

- Domestic equities are represented by the S&P 500® Index from the year 1926 through 1986 and the Dow Jones U.S. Total Market IndexSM from 1987 on.²
- Foreign equities are represented by the S&P 500® Index from 1926 through 1969, the MSCI EAFE Index from 1970 through 2000, and the MSCI ACWI Ex USA Index from 2001 on.^{3,4}
- Bonds are represented by U.S. intermediate-term bonds from 1926 through 1975 and the Bloomberg U.S. Aggregate Bond Index from 1976 on.⁵
- Short-term investments are represented by 30-day U.S. Treasury bill rates from 1926 on.

¹Morningstar, Inc., is an independent provider of financial information. Morningstar does not endorse any broker-dealer, financial planner, insurance company, or mutual fund company.

²The S&P 500® Index is an unmanaged market capitalization-weighted index of common stocks. S&P 500® is a registered service mark of Standard & Poor's Financial Services LLC. Dow Jones U.S. Total Market IndexSM is an unmanaged market capitalization-weighted index of more than 5,000 U.S. equity securities that contains all actively traded common stocks with readily available price data.

³The MSCI EAFE Index is an unmanaged market capitalization-weighted index of common stocks across developed markets, excluding the USA and Canada.

⁴MSCI ACWI Ex USA Index is an unmanaged market capitalization-weighted index of common stocks across developed markets, excluding the USA.

⁵The Bloomberg U.S. Aggregate Bond Index is an unmanaged market capitalization-weighted index of U.S. dollar-denominated investment-grade fixed-rate debt issues, including government, corporate, asset-backed, and mortgage-backed securities with maturities of at least one year.

Indexes are unmanaged and it is not possible to invest directly in an index. Annual returns assume the reinvestment of interest income and dividends, no transaction costs, no management or servicing fees (except for a variable annuity fee), and the rebalancing of the portfolio every year. Performance returns for actual investments will generally be reduced by fees and expenses not reflected in these hypothetical illustrations.

The Tool graphs results based on how an asset mix may have performed, given your inputs and assumptions in the Tool, in a certain percentage of the simulated market scenarios. The Tool uses the same simulated market scenarios each visit, unless otherwise updated. These percentages are called "confidence levels." For example, the default confidence level is 90%, which we consider "very conservative" market performance. This means that in 90% of the historical market scenarios run, a particular asset mix performed at least as well as the results shown. Conversely, in only 10% of the historical market scenarios run, a particular asset mix failed to reach the results shown. The Tool uses this 90% figure so as to err on the side of a more conservative estimation of future market performance. Results are available for viewing at the 50%, 75%, and 90% confidence levels as described in the following chart:

Market Conditions	Performance Assumptions Fail	Performance Assumptions Meet or Exceed	Confidence Level
If markets perform significantly lower than historical averages	10 out of 100 times	90 out of 100 times	90% (Significantly Below Average)
If markets perform lower than historical averages	25 out of 100 times	75 out of 100 times	75% (Below Average)
If market averages continue	50 out of 100 times	50 out of 100 times	50% (Average)

Although past performance does not guarantee future results, it may be useful in comparing investment strategies over the long term. Average annual returns are hypothetical, and, if achieved annually, would have produced the same cumulative total return if performance had been constant over the entire period. Average annual total returns simply smooth out variation in performance; they are not the same as actual year-by-year results. For the projection of equity compensation, the same concept is used. Indexes are created representing a variety of volatility levels and the equity compensation projections use the returns from the class that most closely matches its previous year's volatility.

5. ASSET MIX FOR SIMULATIONS

Within the Tool, you have the option to view simulations based on either your current account asset mix (look-through analysis) or your selection from nine model target asset mixes.

If you choose simulations based on your current account's asset mix, the Tool categorizes your account's holdings based on the value and type of assets held within each underlying holding. Assets are categorized by asset class (i.e., Domestic Equities, Foreign Equities, Bonds, Short-Term). Assets can also be classified as Other if they do not fall into the traditional categories like Domestic Equities, Foreign Equities, Bonds, and Short-Term (e.g., Commodities, Preferred Stocks, Convertible Bonds). Assets that cannot be categorized are identified as Unknown (e.g., OTC stocks). If your account's asset mix includes exposure to crypto currencies offered through Fidelity, they will be classified as Other, while crypto currencies held at outside institutions will be classified as Unknown. When your account holds Other or Unknown assets, the analysis will be based only on the allocations you hold in domestic stocks, foreign stocks, bonds, and short-term categories and the total value of the assets classified as Other or Unknown will be proportionally allocated to your current asset holdings based on the amount that is currently held in the corresponding asset class. Note: The higher the percentage of Other or Unknown assets, the less predictive the analysis as it is based on modeling of the other asset classes.

Significant weighting categorized as Other or Unknown, short positions in selected accounts, as well as margin balances at the time of the interaction, may materially impact the analytical information presented during this interaction and render the interaction unreliable. Unvested or unexercised equity compensation is not included in the current asset mix determined by the Tool.

The Tool also enables you to select different target asset mixes for modeling purposes. Within the Tool, the slider defaults to a target asset mix that most closely aligns with an asset mix based on your current age and estimated retirement age. This value should be considered merely as a starting point for you to model various asset mixes in an account. The default may be a more aggressive target asset mix than your current asset mix for the selected accounts, and you should consider your own personal situation before making any investment decisions.

A target asset mix is a model asset mix among equities (domestic and foreign), bonds, and short-term investments. The Tool offers nine significantly different mixes intended for different investor profiles depending on investment objectives, risk tolerance, and time horizon. The nine different target asset mixes available in the Tool are described in the following chart:

Target Asset Mix	Domestic Stock	Foreign Stock	Bonds	Short-Term
Short-Term	0%	0%	0%	100%
Conservative	14%	6%	50%	30%
Moderate with Income	21%	9%	50%	20%
Moderate	28%	12%	45%	15%
Balanced	35%	15%	40%	10%
Growth with Income	42%	18%	35%	5%
Growth	49%	21%	25%	5%
Aggressive Growth	60%	25%	15%	0%
Most Aggressive	70%	30%	0%	0%

- **Short-Term:** This target asset mix may be appropriate for investors who want to preserve their capital and can accept the lowest returns in exchange for price stability.
- **Conservative:** This target asset mix may be appropriate for investors who want to minimize fluctuations in market value by taking an income-oriented approach with some potential for capital appreciation.
- **Moderate with Income:** This target asset mix may be appropriate for investors who seek income and the potential for capital appreciation, with a slight priority on income, and who can withstand moderate fluctuations in market values.
- **Moderate:** This target asset mix may be appropriate for investors who seek income and the potential for capital appreciation, with a slight priority on capital appreciation, and who can withstand moderate fluctuations in market values.
- **Balanced:** This target asset mix may be appropriate for investors who want the potential for capital appreciation and some growth, and who can withstand moderate fluctuations in market value.
- **Growth with Income:** This target asset mix may be appropriate for investors who seek moderate growth and income and who can withstand moderate fluctuations in market values.
- **Growth:** This target asset mix may be appropriate for investors who have a preference for growth and who can withstand significant fluctuations in market value.
- **Aggressive Growth:** This target asset mix may be appropriate for investors who seek aggressive growth and who can tolerate wide fluctuations in market value, especially over the short term.
- **Most Aggressive:** This target asset mix may be appropriate for investors who seek very aggressive growth and who can tolerate very wide fluctuations in market value, especially over the short term.

Keep in mind that different asset classes tend to offer different balances of risk and reward. Generally, the greater the potential for long-term returns, the greater the risk of volatility, especially over the short term. A more aggressive portfolio (one with a higher stock allocation) could represent higher risk, especially in the short term, but higher potential long-term returns. Conversely, a less aggressive portfolio (with a lower allocation to stock and higher allocation to bonds or short-term investments) could represent less short-term risk, but potentially lower long-term returns.

While past performance does not guarantee future results, history has shown that diversifying assets among different asset classes, industries, and countries can generally improve the long-term performance of a portfolio. Diversification relies heavily on the concept of correlation. Correlation is a measurement of how the returns of two investments move together. If two investments are highly correlated and one moves higher, generally, the second investment will move higher as well. Conversely, if there is a low correlation between the investments, they would be expected to move in the opposite direction. When you put assets that have low correlations together in a portfolio, you may be able to get more return while taking on the same level of risk, or the same returns with less risk. The less correlated the assets are in your portfolio, the more efficient the trade-off between risk and return. With a portfolio of assets with low correlation, even if a portion of the portfolio is declining, the rest of the portfolio is designed to be growing. Thus, you can potentially offset the impact of poor market performance on the overall portfolio. However, it is important to remember that certain asset types involve greater risk than others do. For example, foreign investments can involve greater risk than U.S. investments. Diversifying your investments across asset classes, industry sectors, and nations may help minimize your overall exposure to sudden market swings that may cause sudden changes in the price of investments. However, it does not ensure a profit or guarantee against loss.

Holdings Data

Holdings data used to classify mutual funds and other financial assets is provided by Fidelity Investments. Holdings data for publicly available mutual funds is obtained monthly from Morningstar, Inc., an independent third-party vendor. Data is only as current as the holdings information supplied to Morningstar by third parties and may be up to 12 months old. In some cases (e.g., newer funds), the third-party vendor may not have holdings information and, therefore, such funds are classified as Unknown. In some other cases, the third-party vendor may not recognize all the holdings within a mutual fund. In these cases, the third-party vendor provides analysis only on the recognized portion of the fund. Therefore, the underlying holdings may not be fully classified, as the unrecognized holdings will not be categorized. The unrecognized holdings are then classified as Unknown. For proprietary mutual funds and other pooled investment options unique to certain retirement plans (e.g., commingled pools or separate accounts), the Tool relies on underlying holdings provided quarterly by Fidelity affiliates, plan sponsors, and external money managers. In the event that current quarterly holdings are not available, the latest available data will be used. Holdings data provided to Fidelity is not based on contemporaneous information, but, rather, on third-party data. No Fidelity Investments company is responsible for the accuracy of data provided by third parties.

Short Positions in Your Accounts

The Tool may reflect both long and short positions in your account, whether held individually or as underlying investments in a mutual fund in which you hold an interest. With respect to your mutual fund holdings, please refer to the funds' prospectuses for more information. If you require further assistance, please contact your advisor.

Note that trades initiated within a money market fund pending settlement at the close of a calendar month may present as a short position or negative allocation and inadvertently impact the analysis set forth above.

Projections in the Tool are based strictly on the net holdings within each asset class, and asset classes are netted out such that no asset class has a negative value when modeled. Please be advised: If an asset class has a net negative value, the normalized asset mix of the account for modeling purposes may have a materially different level of risk and return than that of your actual account.

6. RETIREMENT ANALYSIS

The Tool provides different methods for analyzing the potential income, preparedness, and risks of a retirement goal. The analysis uses your planning profile data as inputs into all calculations (see "2. User Profile Information" for a description of profile data).

Because all data has been entered manually by you or your advisor, you should review this data for accuracy and completeness. Data can be reviewed either from the Planning Profile, or directly within the Retirement Analysis section. Accounts, future contributions, and expense assumptions are detailed in "2. User Profile Information." Taxes are estimated according to the rules outlined in "3. Tax Calculations and Assumptions." Hypothetical growth of each source of income for retirement goal analysis is calculated using the asset and liability modeling engine, as described in "4. Monte Carlo Simulations." The asset mix used is based on either your current asset mix as identified through a normalized assessment of the accounts assigned to your retirement plan, or a Target Asset Mix that you selected for modeling purposes. See "5. Asset Mix for Simulations" for more details.

The system follows event-driven logic and in any given year processes events in the following order: a full year of market returns is taken into account, contributions are deposited in any accounts that receive contributions, withdrawals are then made, and at the end of the year, accounts are rebalanced to the goal asset allocation. Taxes on income are factored out before being deposited to any accounts, and any taxes or penalties on withdrawals occur at the time of withdrawal. Expenses are paid for in retirement by withdrawing from the assigned accounts in a predetermined order. All income is deposited to a taxable account, and this account, which receives the income, is the first used to pay expenses. After the income is exhausted, withdrawals are sourced first from taxable accounts, next from tax-deferred accounts [e.g., traditional 401(k) or traditional IRA], and finally from tax-exempt accounts [e.g., Roth 401(k) or Roth IRA]. This logic becomes slightly more complicated if penalties are involved. Withdrawals from accounts that incur a penalty are passed over for other accounts, if possible. However, if such an account is all that is available, then the same withdrawal process as above is applied. Additionally, for health expenses, the health savings account, if available, is prioritized.

Retirement Readiness Status

The Retirement Score estimates the percentage of a retirement income goal that a user or household is estimated to replace in significantly below average market conditions (see "4. Monte Carlo Simulations" for detailed information on market conditions). The retirement income goal being measured is a goal that has been set up within the Tool. The Retirement Score is calculated using key household planning profile information, including retirement time horizon, estimated tax rate(s), estimated retirement expenses,* accounts assigned to retirement, assumed future contributions, sources of income, and either your current or modeled asset allocation. The Retirement Score is the amount of monthly income estimated to be available at retirement, divided by the amount of monthly income required to meet a household's retirement goal (see "Basic Income Analysis" for information on how the Tool calculates a household's estimated monthly income). The score displayed within the Tool is recalculated after any change(s) are made to input data.

The Retirement Score assessment breakdown is as follows:

Retirement Readiness Status	Assessment
	Needs Attention: Significant adjustments to plan are required to sufficiently cover your estimated retirement expenses in a significantly below average market
	Fair: Modest adjustments to plan are required to sufficiently cover your estimated retirement expenses in a significantly below average market
	Good: On target to cover most of your estimated retirement expenses in a significantly below average market
	On Target: On target to cover 95% or more of your estimated expenses, even in a significantly below average market

Projected Asset Analysis

The Tool displays a graphical and tabular view of the estimated assets from accounts included in the retirement goal from the current year until the year in which your plan ends.

Basic Income Analysis

The **Basic Income Analysis** chart is an estimate of the amount of income potentially available in retirement. The view is available for households with greater than five years until retirement. The analysis includes your estimated monthly retirement expenses and a calculation of a potential gap or surplus. To calculate your potential monthly retirement income amount, we look at your sources of income and calculate whether you can meet your expense needs in a significantly below average, a below average, and an average market. If you choose to view your results in a significantly below average market, we solve for an income amount that satisfies your expense needs throughout your retirement in at least 90% of the calculated scenarios. If you choose a below average market, the solver calculates an amount that will meet your expenses 75% of the time. And if you choose an average market, the solver calculates an amount that will meet your expenses 50% of the time. If you've approximated your retirement expenses, your goal amount is the total of your essential and nonessential

*If your expenses vary significantly throughout your retirement time horizon, your calculated Retirement Score will be a less accurate measurement of your retirement preparedness than if your inflation-adjusted expenses remain reasonably constant.

expenses. If you've used detailed expenses, your goal amount is an estimate of your average monthly expenses in retirement. A leveling process is used to smooth out any expense variability. Because of the leveling process required to show a point-in-time retirement view (see "7. Other Considerations and Additional Rules" for a description of leveling), it is possible for the chart to indicate a gap/surplus and for the actual year-by-year data to indicate otherwise. The point-in-time value represents an average expense need and income potential for the retirement time horizon.

Detailed Income Analysis

The **Detailed Income Analysis** shows how your sources of income change over your retirement time horizon. The chart, which includes an overlay of annual expense needs, demonstrates the estimated income available from the Lifetime Income, Other Income, and Withdrawals from Savings (income available is calculated as outlined in "4. Monte Carlo Simulations"). Lifetime Income is income that is expected to continue until your planning age, and includes Social Security, pensions, and annuities. Other Income does not carry the guarantee that is typically associated with Lifetime Income, and includes sources such as work in retirement and rental income. Withdrawals from Savings represents income that may be generated from your savings. The tabular view of the chart breaks down the sources of income into more detail, and also includes an estimate of the RMDs from all qualified plans. In all views, the Total Expenses amount includes estimated taxes.

If your income is not estimated to meet your expenses until the end of your plan, the chart will indicate the age(s) at which you are estimated to experience a shortfall.

Risk Assessment

While you may face numerous risks in retirement, the Tool helps you identify and monitor your retirement income plan against three key retirement risks. These key risks are identified and assessed throughout the Tool based on the information you provide. Key risks are color coded using the following system: red indicates a significant level of risk, yellow indicates some risk, and green indicates that your risk may be accounted for in your plan.

Each of the key risks and how we assess them is described below.

• Outliving Your Retirement Assets

Green—You (or you and your spouse/planning partner) are planning at least to your 25% longevity age (the age at which 25% of healthy individuals of your age and gender will still be living).

Yellow—You (or you and your spouse/planning partner) are planning to an age within seven years of your 25% longevity age.

Red—You (or you and your spouse/planning partner) are planning to an age that is more than seven years younger than your 25% longevity age.

• Spending Your Retirement Assets Too Quickly

Green—The historical performance analysis suggests that you may be able to cover your indicated expenses until your planning age in a significantly below average market.

Yellow—The historical performance analysis suggests that you may be able to cover your indicated expenses within five years of your planning age in a significantly below average market.

Red—The historical performance analysis suggests that you may not be able to cover your indicated expenses for more than five years from your planning age in a significantly below average market.

• Market Performance

The Tool provides the capability to model your plan under different market conditions. The assessment uses a significantly below average market as the default for market performance.

Green—You are running the Tool using significantly below average market conditions.

Yellow—You are running the Tool under market conditions less conservative than the default, but more conservative than average market conditions.

Red—You are running the Tool under average market conditions.

7. OTHER CONSIDERATIONS AND ADDITIONAL RULES

Dollar Values: Future vs. Current

Future dollars and current dollars (also known as "today's dollars") are different ways of viewing values over time. Both ways are correct means of presenting values. Future dollar values illustrate how a current expense would grow over time taking into account the effects of projected inflation. For example, if something costs \$1,000 today, in 10 years the future dollar value is \$1,280 (\$1,000 plus 10 years of assumed inflation growth at 2.50%). This method is used to estimate the effects of inflation. Note that the Tool always uses your stated retirement date, or the current year if you are already retired, as the date for which this valuation is made on your expected retirement expenses. If you indicated that you are already retired, the Tool will provide a future dollar amount that is equal to today's value.

Expense Leveling

A process called "leveling" is used to show a point-in-time representation of certain expenses. Expenses entered using the detailed expenses may be made level in order to show your average income need at retirement. This amount may not represent your exact income need in your first year of retirement.

Exception Handling and Additional Rules

An income source that pays out before retirement is considered fully taxable, and the asset allocation of your overall portfolio will be applied to these investments. We assume the money will be invested for retirement, rather than spent before reaching retirement. In the case of a lump-sum pension payout occurring before retirement, the payout will be assumed to be rolled over to an IRA and then withdrawn evenly throughout retirement using a systematic withdrawal plan.

If you anticipate using one or more of your income sources differently during your retirement, such as to cover your expenses for a period of time rather than investing it as the Tool assumes, you may wish to explore other tools to see how your choices might affect your retirement income strategies.

Third-Party Data

The Tool depends on third-party data from unaffiliated sources which provide intraday equity pricing, volatility data and dividend yields. Pricing updates are 15 minutes delayed and volatility and dividend data is as of market close on the prior trading day.