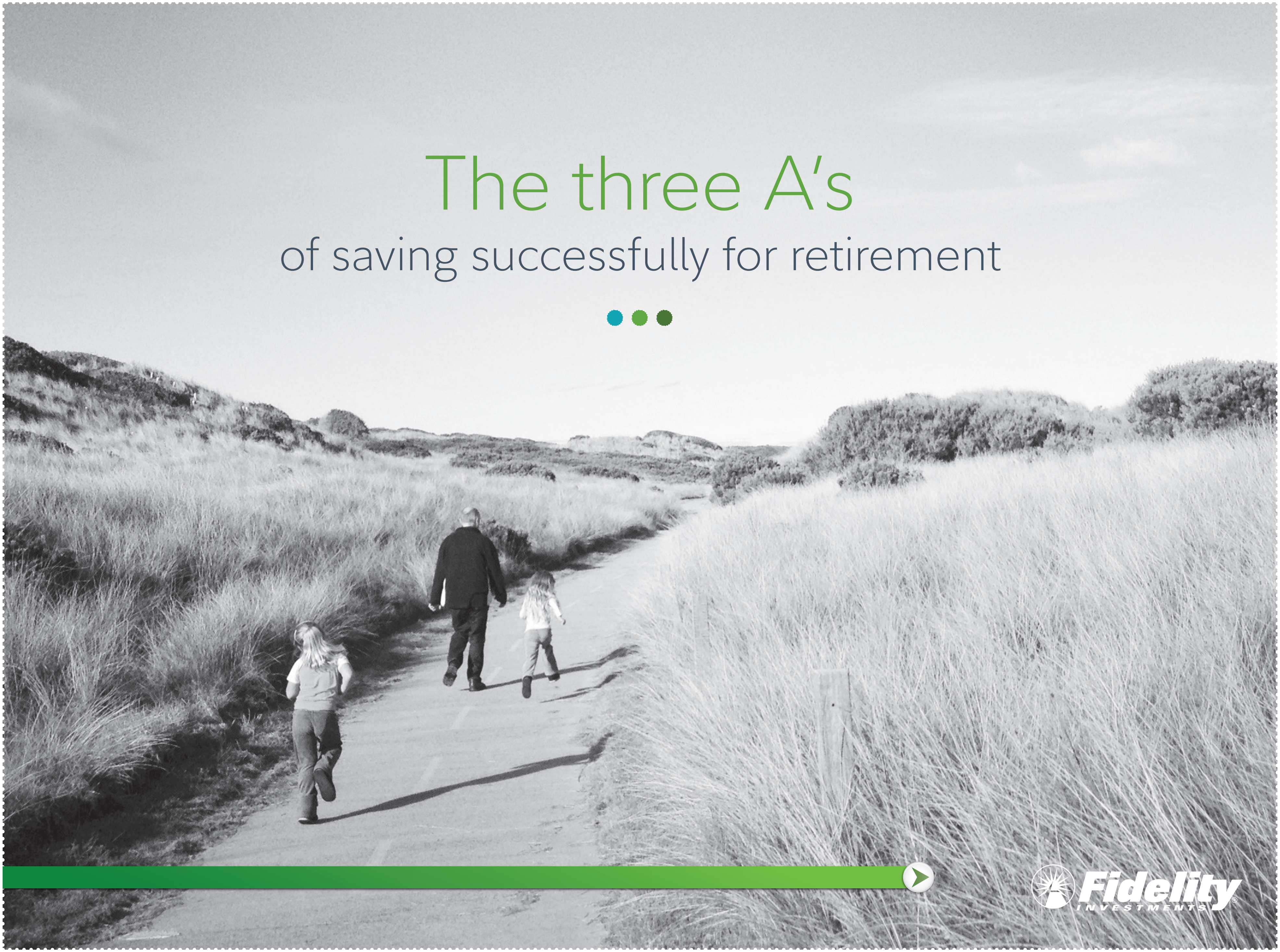
The three A's

of saving successfully for retirement



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My dad was a hardworking small-business owner and my mom was a nurse. They had six kids.

We didn't have a ton of money, but we had enough to live what I like to call a "Brady Bunch" life.

Our parents taught us a foundational set of values: work hard and save our hard-earned money so that it would last a lifetime. Sometimes, unfortunately, a lifetime doesn't last a lifetime. My dad died unexpectedly of a heart attack at age 57. With three of us still in college at the time, my mom was unprepared and overwhelmed.

What if your life changed in an instant? We all know someone this has happened to—which is why it's important to plan for the future. Our solution: the three A's of saving successfully for retirement. This e-book offers key lessons on how to take control of your financial life now so you can help keep those "if necessary" moments at bay.

Nobody deliberately plans to not save enough or invest properly; life just gets in the way. But don't let inertia, intimidation, or lack of confidence prevent you from living the life you want to live—and deserve. You have more control over the outcome than you may think.

Whether you're single or in a relationship, it's important to get a working understanding of your finances and investment goals. Fidelity will work with you to help you create a plan and stay on track toward your retirement goal. And we have a number of online resources to help you get started.

Once you have an investment plan, don't let daily fluctuations in the market rattle you. Set long-term goals and invest your money for these goals, so you can build and live the life of your dreams.

Kathy Murphy
President of Fidelity Personal Investments

Follow Kathy Murphy on her LinkedIn Influencer blog at www.linkedin.com/today/author/330990956-Kathleen-Murphy.

The three A's

of saving successfully for retirement

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1 Amount

How much you save is key

"The first of the three A's—amount—is the most important, because no account or asset mix can compensate for not saving."

Ken Hevert,
senior vice president,
retirement, Fidelity Investments

You'll likely need to fund much of your retirement on your own.

Pension plans are increasingly rare for today's workers. Social Security likely won't provide all the money you need to live the life you want in retirement. That's today's reality. But you can do it. It just means saving early and often, taking full advantage of tax incentives, and investing wisely.

Consider the following when getting started:

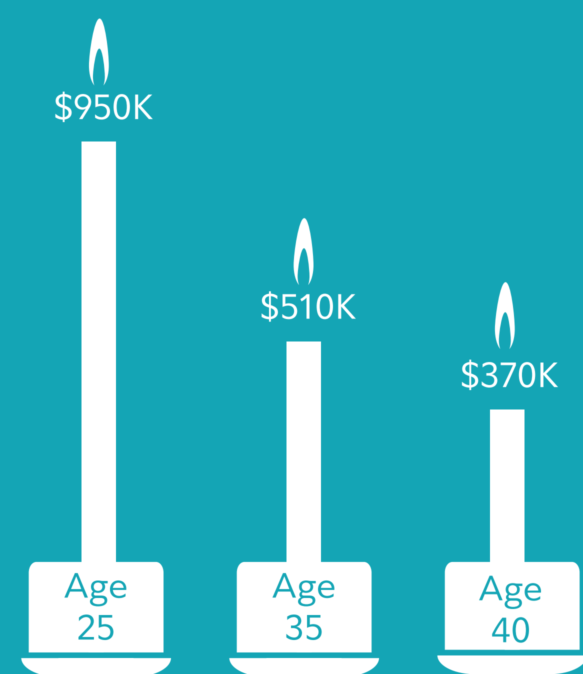
1. Save as soon as you can.

The advantages of saving for retirement early cannot be overstated. The earlier you start saving, the more time your investments have to take advantage of compounding: Your investments can grow, and over time that money can generate even more money, helping you accumulate savings more quickly.

While the chart at the right shows the power of starting early, even if you're in your 40s or 50s, it's not too late to start saving. What's important is to start investing now, take advantage of any "catch-up" opportunities, and make sure you're saving as much as you can.

The effects of saving early.

Here's how time and compounding could affect a **$5,500 pretax yearly contribution** when saving starts at various ages.



This hypothetical example assumes the following: a $5,500 annual contribution made on January 1 of each year beginning at the age shown and through and including the year the hypothetical investor turns age 67. The rate of return is 5.5% and consists of 3% real return and 2.5% inflation, and no taxes on any earnings within the retirement savings account. The ending values do not reflect taxes, fees, or inflation. If they did, amounts would be lower. Earnings and pretax (deductible) contributions from qualified retirement accounts are subject to taxes when withdrawn. Systematic investing does not ensure a profit or protect against a loss. The assumed rate of return used in this example is not guaranteed. Investments that have potential for a 5.5% annual rate of return also come with risk of loss. This example is for illustrative purposes only and does not represent the performance of any security. Numbers are rounded up for illustrative purposes.

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2. Saving as much as you can.

Fidelity believes in aiming to consider saving at least 15% of your income toward retirement. That includes any matching contributions from an employer to a 401(k) or other workplace savings account, like a 403(b) or governmental 457(b) plan.

Even if you can't contribute that much right now, try to contribute enough to get the employee match in a workplace account, which is effectively **"free" money,** and then try to step up savings as soon as you can.

Saving 15% is easier with an employee match:

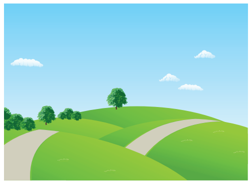
For example, Elaine earns $50,000 a year and her employer match is 6%. To save 15% of her salary, or $7,500, she would only need to contribute 9%, or $4,500. That's because her employer would be contributing the other 6%, or $3,000, for her.

Of course, the longer you wait to start, the more important it is to take advantage of every opportunity to contribute the maximum to your workplace retirement account—even if it is more than 15% of your income. And if you're 50 or over, consider catch-up contributions. See page 8.

Tip:

Consider saving at least 15% of your pretax income each year.

Good news:
That includes employer contributions too.



Remember that planning for retirement is a journey. The key is to make a plan and try to increase how much you save over time. To see where your money is going, use our "Savings and spending check-up."

Fidelity.com/savingsandspendingcheckup

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See how saving just 1% more can add up.

While 1% is a small percentage of your annual earnings, after 20 or 30 years it can make a big difference in your account balance when you retire. That's because the longer you give your money a chance to grow, the better. And it can help no matter how old you are—or how far off retirement is.

Let's look at some examples.

Tip:

Want to create an example like the ones shown and see what a difference even a 1% increase can make for you? Use our interactive "See how a small change can make a BIG DIFFERENCE."

Fidelity.com/powerofsmallamounts

Increase a 401(k) or 403(b) contribution by 1% and by retirement you could...

have an additional **$85,492*** to enjoy **VACATIONS.**	have an additional **$42,925*** to enjoy **FAMILY.**	have an additional **$16,779*** to enjoy **FUN.**
SUZI	**ANDREW**	**SHARON**
Age 35	Age 45	Age 55
Earns $60,000	Earns $70,000	Earns $80,000
Less than **$12** per week.*	Less than **$14** per week.*	Less than **$16** per week.*

*Approximation based on a 1% increase in contribution. Continued employment from current age to retirement age, 67. We assume you are exactly your current age (in whole number of years) and will retire on your birthday at your retirement age. Number of years of savings equals retirement age minus current age. Nominal investment growth rate is assumed to be 5.5%. Hypothetical nominal salary growth rate is assumed to be 4% (2.5% inflation + 1.5% real salary growth rate). All accumulated retirement savings amounts are shown in future (nominal) dollars.

Your own plan account may earn more or less than this example and income taxes will be due when you withdraw from your account. Investing in this manner does not ensure a profit or guarantee against a loss in declining markets.

Investing involves risk, including the risk of loss.

2

Account

Where you save matters

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You likely have several powerful savings options available to you.

The first step is to understand the difference between tax-advantaged plans like 401(k)s and IRAs.

401(k)s and other workplace plans

If you have a full-time job, you probably have a 401(k) or other workplace savings plan like a 403(b) or governmental 457(b) plan. It is pretty much a no-brainer: money is taken out of your paycheck automatically and put into your plan.

If your employer offers matching contributions, it makes sense to contribute enough to take full advantage of the match.

There are two main types of 401(k)s: traditional and Roth—although not all employers offer both.

- Traditional 401(k)

With a **traditional 401(k),** your contributions are pretax: they reduce your taxable income, lowering your tax bill in the year you make them. You can contribute up to $18,000 to a 401(k) plan in 2017, and if you're age 50 or older, you can contribute an additional $6,000 in "catch-up" contributions. Although your contributions are pretax, your savings don't avoid taxes entirely; you'll pay income taxes on any money you withdraw from your 401(k) in retirement.

- Roth 401(k)

With a **Roth 401(k),** your contributions are after tax. A Roth 401(k) works the opposite of a traditional 401(k). Contributions don't reduce that year's taxes, but you generally won't pay tax when you withdraw from the account.*

What if I'm self-employed?

There are 401(k)s, IRAs, and other tax-advantaged options available for self-employed individuals and small-business owners. See page 11.

Tip:

Take advantage of **"free" money**—matching 401(k) contributions from your employer.

"Saving early using tax-advantaged accounts is key in helping investors meet retirement goals. That means trying to contribute as much as possible to these types of accounts when retirement is years away."

Jeanne Thompson, senior vice president of retirement insights, Fidelity Investments
Follow Jeanne on Twitter at twitter.com/Jeanne_Fidelity.

*A distribution from a Roth 401(k) is 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, or death.

IRAs

IRAs—individual retirement accounts—are available to most individuals with earned income. An IRA can be opened with a financial institution like Fidelity. These accounts have much smaller contribution limits than most workplace accounts—just $5,500 in 2017, with an additional $1,000 allowed if you're age 50 or older.

But don't ignore these tax-advantaged savings options—even small amounts can add up and grow over time.

• Traditional IRAs

You generally can deduct contributions to **traditional IRAs** from your taxable income.[1] As with traditional 401(k)s, you won't owe any taxes on earnings until you begin making withdrawals. If you make early withdrawals (before age 59½), you may face a 10% penalty.

• Roth IRAs

With a **Roth IRA,** your contribution isn't tax deductible the year you make it, but your money can grow tax free, and your withdrawals are tax free in retirement, provided that certain conditions are met.[2] Contributions to Roth IRAs are subject to income limits[3] but do not have minimum required distributions (MRDs) like traditional IRAs and 401(k)s.

You may be able to have both a traditional and Roth IRA—as well as a workplace savings plan like a 401(k) or 403(b). However, a traditional IRA contribution may not be fully tax deductible if you are covered by a workplace plan.

• Spousal IRAs

If you or your spouse doesn't work, he or she may be able to open a **spousal IRA.** It allows non-wage-earning spouses to contribute to their own traditional IRA or Roth IRA, provided the other spouse is working and the couple files a joint federal income tax return. This means eligible married couples can each contribute up to $5,500 for the 2017 tax year to their respective IRAs. Spousal IRAs are also eligible for an extra $1,000 in catch-up contributions, meaning $6,500 for 2017.

• SEP and SIMPLE IRAs

Besides individual IRAs, there are additional IRA options for those who are self-employed or own a small business. And many of these offer even higher contribution limits. See page 11.

Tip:

You may be able to have both a traditional and Roth IRA, as well as a workplace savings plan like a 401(k) or 403(b).

	ELIGIBILITY	2017 CONTRIBUTION LIMITS
Traditional IRA and Roth IRA	• Under age 70½ for a traditional IRA; no age limit for a Roth IRA • Must have employment compensation • Income limits apply when a taxpayer or spouse is covered by a retirement plan	• $5,500 under age 50 • $6,500 age 50 or older
Spousal IRA	• Non-wage-earning spouse, provided the other spouse is working and the couple files a joint federal income tax return	• $5,500 under age 50 • $6,500 age 50 or older

Traditional or Roth? How to choose.

Should you contribute to a traditional or Roth 401(k) or IRA, or both? For many people, the answer comes down to a simple question: Do you think you'll be better off paying taxes now or later? For those who expect their tax rate in retirement to be higher than their current rate, a Roth's tax-free withdrawals might make it the better choice.

But your tax rate in retirement isn't the whole story. How disciplined you are about saving is important too.

Generally, contributions to a traditional IRA can help lower your taxable income, giving you more money in your pocket. These tax savings help improve a retirement picture only if a person is disciplined enough to invest them for retirement. For those who spend an income tax refund, it's not going to help their bottom line when they retire.

With Roth contributions—401(k) or IRA— you pay taxes up front. But for those who (like most people) tend to spend what they have, having less disposable income might be a good thing when it comes to retirement savings. "In a sense, switching from a traditional IRA to a Roth IRA may force a person to save more for later by keeping less in their pocket now, assuming they keep making the same contribution," says Matthew Kenigsberg, vice president, financial solutions at Fidelity Investments.

Tip:

Find out which IRA may be right for you by answering a few questions on the Roth vs. Traditional IRA Evaluator.

Fidelity.com/iraevaluator

"How disciplined a person is at saving can also play a role in choosing whether a traditional or Roth IRA may better help save for retirement."

Matthew Kenigsberg, vice president, financial solutions,
Fidelity Investments

Small-business retirement plans

If you are self-employed or a small-business owner, you're probably used to handling a lot of responsibility. Your retirement will likely fall on your shoulders too. Basically, there are three types of plans to consider:

- **SEP IRA**

These plans offer tax-deferred and tax-deductible contributions for those who are self-employed or own a small business, and they may make sense for those with variable income. If you have employees, though, you must contribute the same percentage for them as you contribute for yourself.

- **SIMPLE IRAs**

This plan offers tax-deferred and pretax contributions—like a 401(k)—for self-employed individuals and businesses with less than 100 employees. It may be a good option for those who want their employees to make contributions—and allows you to match those contributions.

- **Self-employed 401(k)**

If you have no employees other than you and your spouse (or business partner) and want the highest possible contribution limits, this special 401(k) may make sense. That's because you can make a tax-deferred contribution as an employee as well as a profit sharing contribution as an employer.

	ELIGIBILITY	2017 CONTRIBUTION LIMITS
SEP IRA	• Self-employed individuals or small-business owners, including those with employees • Available to sole proprietors, partnerships, C corporations, S corporations	• Up to 25% of compensation, up to a maximum of $54,000
SIMPLE IRA	• Businesses with 100 or fewer employees, and self-employed individuals • Available to sole proprietors, partnerships, C corporations, S corporations	**Employee:** Up to $12,500 in salary deferrals; $15,500 if age 50 or older **Employer:** Either match employee contributions up to 3% of compensation—can be reduced to 1% in any two out of five years—or contribute 2% of each employee's compensation, up to $5,000*
Self-employed 401(k)	• Self-employed individuals or business owners with no employees other than a spouse • Available to sole proprietors, partnerships, C corporations, S corporations	**Employee:** Up to $18,000 in salary deferrals; $24,000 if age 50 or older **Employer:** May contribute up to 25% of compensation, up to a maximum of $54,000 **Total employer/employee:** Contributions cannot exceed $54,000

*The maximum compensation on which contributions and SIMPLE IRA employer 2% nonelective contributions can be based is $265,000 for the plan year. For self-employed people, compensation means earned income.

3

Asset mix

How you invest
is critical

The case for stocks

Stocks have historically outperformed bonds and cash over the long term. So for those investing for a goal like retirement that is years away, it can make sense to have more of savings invested in stocks and stock mutual funds.

But higher volatility—and changes in the value of investments—comes with investing in stocks, so a person needs to be comfortable with the risks. That said, here are four reasons to consider choosing stocks and stock mutual funds for retirement savings.

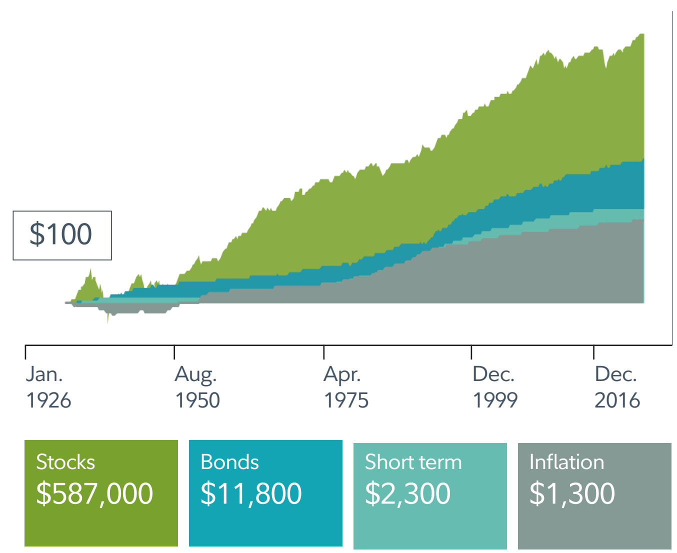
1. Stocks have offered the most potential for growth.

U.S. stocks have earned more than bonds over the long term, despite regular ups and downs in the market.

Take a look at what $100 would be worth over the history of the stock market (S&P began tracking performance in 1926). Of course, it wasn't a straight line up for all stocks, but what the chart below shows is that stocks typically offer more potential for growth over the long term. That's why investing in stocks or stock mutual funds may make sense when saving for retirement or other far-off goals.

"In general, people may want to consider being more aggressive in their investment mix when they are younger—that is, tilt more toward stocks. They can gradually decrease their stock holdings in favor of bonds and cash as they approach and enter retirement."

Steven Feinschreiber,
senior vice president, Strategic Advisers, Inc., a registered investment adviser and a Fidelity Investments company



Data source: Morningstar, Inc., 2017 (January 1926–December 2016). Past performance is no guarantee of future results. The asset class (index) returns reflect the reinvestment of dividends and other earnings. This chart is for illustrative purposes only and does not represent actual or future performance of any investment option. It is not possible to invest directly in a market index. Stocks are represented by the Standard & Poor's 500 Index (S&P 500® Index), bonds by the U.S. Intermediate Government Bond Index, short-term investments by U.S. Treasury bills, and inflation by the Consumer Price Index. Numbers are rounded for simplicity.

2. Ride out the ups and downs of stocks.

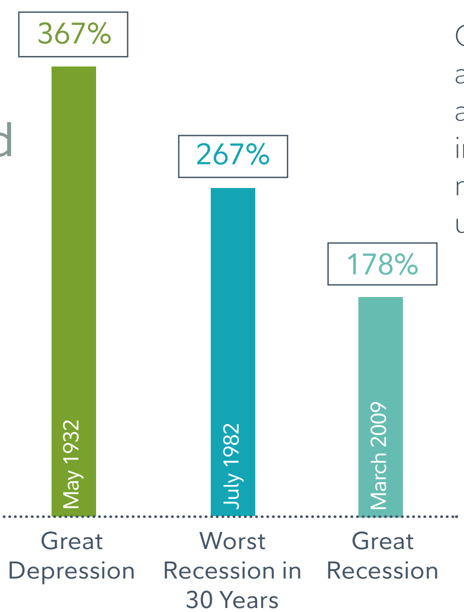
You may know that it makes sense to own more stocks, but market downturns might make you nervous. It may be painful for a while, but if the stock market behaves as it has over long periods, it typically goes up.

Tip:

Short-term volatility may not mean one should move away from stocks. Continuing to invest during down markets means adding to savings during those dips, or **"buying low."**

Why the worst times can be good times to invest

Subsequent five-year total return of the S&P 500® Index



Remember, losses are just on paper unless you sell those investments.

Those tempted to sell an investment when it is down should remind themselves that they are investing for a time far in the future.

Short-term volatility may not mean one should move away from stocks. Also, if the market demonstrates the kind of long-term growth that it has historically, saving regularly and continuing to invest during down markets, or "buying low," will add to one's savings during those market dips. When the market recovers, one may be even better positioned for growth.

Of course, this strategy, called dollar cost averaging, does not ensure a profit or protect against a loss in declining markets. For a periodic investment plan strategy to be effective, investors must continue to purchase shares in both market ups and downs.

Past performance is no guarantee of future results. It is not possible to invest directly in an index. Dates determined by best five-year market return subsequent to the month shown. Sources: Ibbotson, FactSet, FMRCo, Asset Allocation Research Team, as of March 31, 2015.

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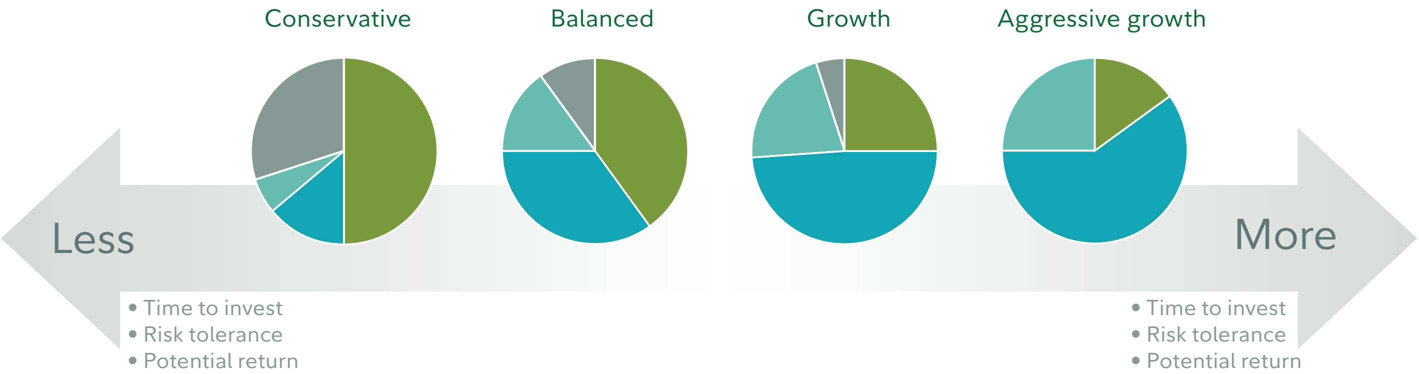
3. Find the right mix of stocks.

We believe that an appropriate mix of investments should be based on your **time horizon, financial situation,** and **tolerance for risk,** but, as a general rule, investors with a longer investment horizon should have a significant, broadly diversified exposure to stocks. Take a look at four typical investment mixes (see below) and how they would have performed over a long period of time.



	Conservative	Balanced	Growth	Aggressive growth
Average	5.99%	7.93%	8.89%	9.55%
Best 12 months	31.06%	76.57%	109.55%	136.07%
Worst 12 months	–17.67%	–40.64%	–52.92%	–60.78%

■ Bonds
■ U.S. stock
■ Foreign stock
■ Short-term investments

Data source: Ibbotson Associates, 2016 (1926–2015). Past performance is no guarantee of future results. Returns include the reinvestment of dividends and other earnings. This chart is for illustrative purposes only and does not represent actual or implied performance of any investment option. See legal information on page 18.

Tip:

Match investments to goals in our Planning & Guidance Center.

Fidelity.com/planningandguidance

The conservative mix has historically provided much less growth than a mix with more stocks. Having a significant, age-appropriate exposure to stocks may, over time, increase a balance at retirement. Those who aren't comfortable choosing stocks and stock mutual funds may want to consider a target date fund or a managed account. When the target date of the fund is many years away, the portfolio manager tends to invest more aggressively by allocating more to higher-risk investments that offer greater potential for growth, like domestic and international stocks. Conversely, as the target date gets closer, the fund manager would tend to shift to a more conservative allocation, with more bonds and short-term investments.

4. Keep steady.

There are two times when checking on the value of investments may be almost irresistible:

- When the market is roaring ahead
- When it's tanking

But those periods are exactly when emotions have a way of clouding investors' minds. The result can be investing too aggressively after good times and too conservatively after bad times.

It makes sense to take the time to choose a long-term mix of stocks, bonds, and other investments according to goals, time horizon, and risk tolerance. Then make a regular checkup a normal part of a disciplined investment process. At the very least, it makes sense to check one's investment mix, known as asset allocation, once a year and any time financial circumstances change significantly—for instance, a job loss or big bonus.

The bottom line

Having a long time to invest is a benefit. For people with 30 or 40 years until retirement, and who are comfortable with the risk, it's important to consider building potential growth into their portfolio through an allocation to stocks.

Even closer to retirement age—say 10 to 20 years away—stocks can play an important part in a growth plan, because there is potentially time to recoup any losses.

Your investment mix is a key pillar of a financial foundation for retirement. Having the appropriate mix for your age and risk tolerance is important too.

"Every time the market goes down, I am asked to comment on what investors should do. My answer—for those investing for the long term, like most people—try to chill out. The key is to (a) have a plan and (b) stick with the plan. For those with cash on the sidelines, it could be an opportunity to buy quality stocks that are on sale."

Jurrien Timmer, director of global macro, Fidelity Investments
Follow Jurrien on Twitter at twitter.com/TimmerFidelity.

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Every situation is unique.

Fidelity's three A's of saving successfully for retirement are based on time-tested principles. But we also know that every situation is unique—and every retirement dream is different. That's why we offer every one of our customers free one-on-one guidance to help them reach their personal goals.

Stop by a Fidelity Investor Center or give a Fidelity investment professional a call and set up a guidance consultation. Remember, whether you're just starting out or just haven't saved enough over the years, applying the three A's to a retirement savings plan, can help to reach long-term goals.

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Fidelity INVESTMENTS

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This information is intended to be educational and is not tailored to the investment needs of any specific investor.

Diversification and asset allocation do not ensure a profit or guarantee against loss.

Stock markets are volatile and can decline significantly in response to adverse issuer, political, regulatory, market, or economic developments.

Target date options are designed for investors expecting to retire around the year indicated in the fund name. The investment risk of the target date options changes over time as each fund's asset allocation changes. The target date options are subject to the volatility of the financial markets, including that of equity and fixed-income investments in the U.S. and abroad, and may be subject to risks associated with investing in high-yield, small-cap, commodity-linked, and foreign securities. Principal invested is not guaranteed at any time, including at or after the funds' target dates.

Fidelity does not provide legal or tax advice. The information herein is general in nature and should not be considered legal or tax advice. Consult an attorney or tax professional regarding your specific situation.

[1]For a traditional IRA 2017 contribution, full deductibility is available to active employer-sponsored plan participants whose 2017 MAGI is $99,000 or less (joint) and $62,000 or less (single); partial deductibility for MAGI up to $119,000 (joint) and $72,000 (single). In addition, full deductibility of a contribution is available for working or nonworking spouses who file jointly with a spouse covered by a workplace plan but are not themselves covered by an employer-sponsored plan if their MAGI is less than $186,000 for 2017; partial deductibility for MAGI up to $196,000.

[2]A distribution from a Roth IRA is tax free and penalty free provided that 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.

[3]Roth IRAs have income limits. If you're single, or file as head of household, the ability to contribute to a Roth begins to phase out at MAGI of $118,000 and is completely phased out at $133,000. If you're married filing jointly, the phase-out range is $186,000 to $196,000 for 2017.

Legal information for target asset mixes on page 15: Stocks are represented by the Dow Jones Total Market Index from March 1987 to latest calendar year. From 1926 to February 1987, stocks are represented by the Standard & Poor's 500 Index (S&P 500® Index). The S&P 500® Index is a market capitalization–weighted index of 500 common stocks chosen for market size, liquidity, and industry group representation to represent U.S. equity performance. Bonds are represented by the Barclays U.S. Aggregate Bond Index from January 1976 to the latest calendar year. The Barclays U.S. Aggregate Bond Index is a market value–weighted index of investment-grade fixed-rate debt issues, including government, corporate, asset-backed, and mortgage-backed securities, with maturities of one year or more. From 1926 to December 1975, bonds are represented by the U.S. Intermediate Government Bond Index, which is an unmanaged index that includes the reinvestment of interest income.

Short-term instruments are represented by U.S. Treasury bills, which are backed by the full faith and credit of the U.S. government.

It is not possible to invest directly in an index.

Stock prices are more volatile than those of other securities. Government bonds and corporate bonds have more moderate short-term price fluctuation than stocks but provide lower potential long-term returns. U.S. Treasury bills maintain a stable value (if held to maturity), but returns are generally only slightly above the inflation rate.

Foreign stocks are represented by the MSCI ACWI ex USA Index from December 2000 to the last calendar year. The MSCI ACWI ex USA Index captures large and mid-cap representation across 22 of 23 Developed Markets (DM) countries (excluding the U.S.) and 23 Emerging Markets (EM) countries. From 1970 to November 2000, foreign stocks were represented by the Morgan Stanley Capital International Europe, Australasia, Far East Index. The MSCI® EAFE® (Europe, Australasia, Far East) Index is a market capitalization–weighted index that is designed to measure the investable equity market performance for global investors in developed markets, excluding the U.S. and Canada. Prior to 1970, foreign stocks are represented by the S&P 500® Index.

The purpose of the target asset mixes is to show how target asset mixes may be created with different risk and return characteristics to help meet an investor's goals. You should choose your own investments based on your particular objectives and situation. Be sure to review your decisions periodically to make sure they are still consistent with your goals. These target asset mixes were developed by Strategic Advisers, Inc., a registered investment adviser and a Fidelity Investments company, based on the needs of a typical retirement plan participant.

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

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