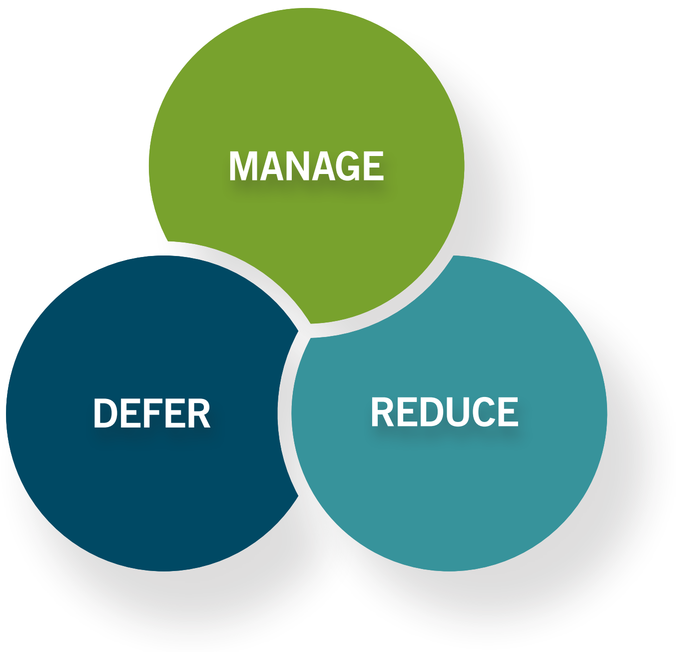


Tax-Efficient Investing

Creating a plan to help manage, defer, and reduce taxes

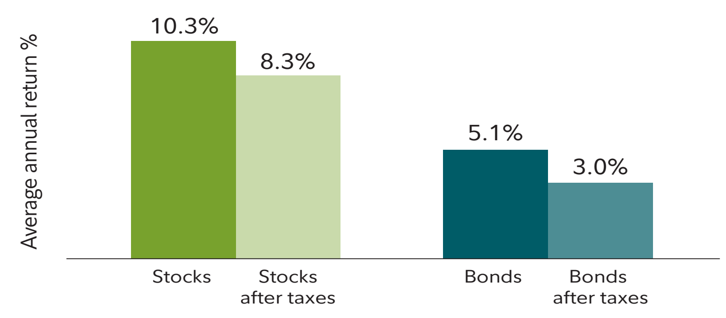
Fidelity
INVESTMENTS

Taking control: Developing an ongoing tax strategy

As you save and invest for retirement, there are key disciplines that can help you achieve your long-term goals, including research, investment selection, monitoring, rebalancing, and tax management.

It is important to have a plan in place that addresses taxes — particularly if most of your assets are in taxable accounts. The fact is, taxes can have a significant impact on your investment returns at any stage of your investing life. Morningstar cites that, on average, over the 95-year period ending in 2023, investors gave up about two percentage points of their annual returns to taxes. We believe overlooking the potential impact of taxes is a common investor mistake.

IMPACT OF TAXES ON INVESTMENT RETURNS* — 1926–2023[1]



***Past performance is no guarantee of future results.** This is for illustrative purposes only and not indicative of any investment. Stocks are represented by the Ibbotson® Large Company Stock Index. Bonds are represented by the 20-year U.S. government bond. An investment cannot be made directly in an index. The data assumes reinvestment of income and does not account for transaction costs. © 2024 Morningstar, Inc. All rights reserved. For additional information regarding this example, see page 11.

At Fidelity, we can help you develop an ongoing strategy — a plan that seeks to manage, defer, and reduce taxes. This includes:

- Education on tax concepts
- Resources to help support tax-efficient investing
- Solutions that may help improve the tax efficiency of your portfolio

This brochure provides an overview of how taxes can affect your investments, and suggests considerations to help you create an efficient investing strategy.

Taxes: Types and historical rates

There are many types of taxes that can affect your investments, as shown in the table below. And because these taxes impact your portfolio in different ways, it's important to understand what you pay in taxes now on your investments, and consider how taxes will impact your investments in the future.

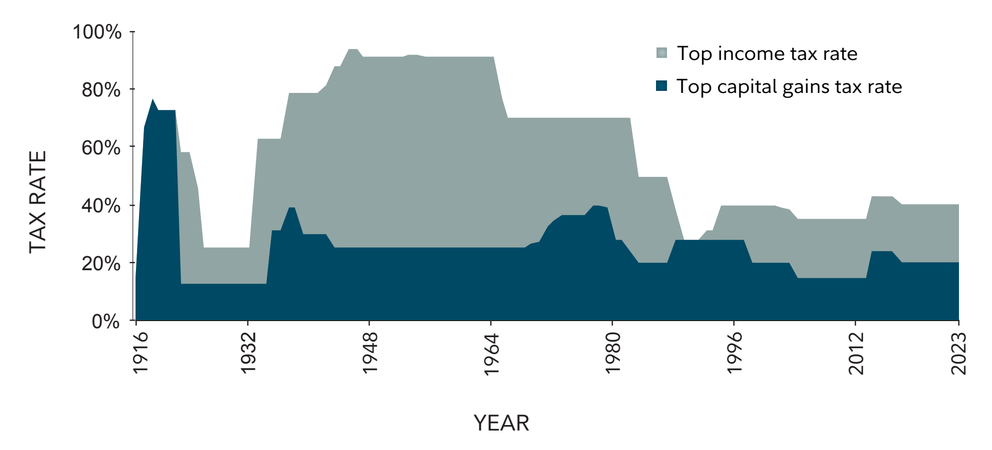
TAX TYPES	IMPACT†
Long-Term Capital Gains	• Up to 23.8%‡ (plus state and local taxes)
Qualified Dividends	
Short-Term Capital Gains	• Ordinary income tax rates are potentially subject to the Medicare surtax — up to a total of 40.8%‡ (plus state and local taxes)
Interest and Non-Qualified Dividends	
Alternative Minimum Tax (AMT)	• Potential to increase your effective marginal tax rate on long-term capital gains and qualified dividends

†Tax rates as of January 2025.

‡Includes 3.8% Medicare surtax, which applies to single filers with Modified Adjusted Gross Income (MAGI) above $200,000 and joint filers with MAGI above $250,000.

Planning for taxes can be challenging, especially considering the dynamic nature of tax rates. Future tax rates, like market performance, are difficult to predict. One way to address this uncertainty is to diversify your investment strategy, taking into consideration a range of possible future tax scenarios.

TOP U.S. FEDERAL TAX RATES



This chart displays the top federal marginal ordinary income tax rates and long-term capital gains tax rates, including the Medicare surcharge.

Source: IRS and Wolters Kluwer Tax & Accounting (2023)

Q

Do you know how much you pay in taxes on your investments?

Where do you think your tax rate is headed in the future?

Manage the taxes on your investments

Taxes can have a significant impact on your investment returns over the long term, yet many investors don't think about how taxes may affect their investments until the end of the year. It's important to remember that tax management isn't about using one technique once a year; it's about building a plan that uses multiple tax-smart investing techniques on a frequent, even daily, basis to help to reduce your overall tax liability.

Are you making the most of tax-smart investment management techniques?[2]

Many investors believe they have the time and resources needed to consistently monitor a taxable portfolio for tax-savings opportunities. In reality, this is an incredibly time-consuming task and one that demands research, analysis, and attention to detail throughout the year—not just at year's end.

If you are not managing your portfolio with taxes in mind, you may be paying more taxes than you need to. Use the chart below to help keep track of the techniques you might consider, which are designed to reduce the impact of taxes.

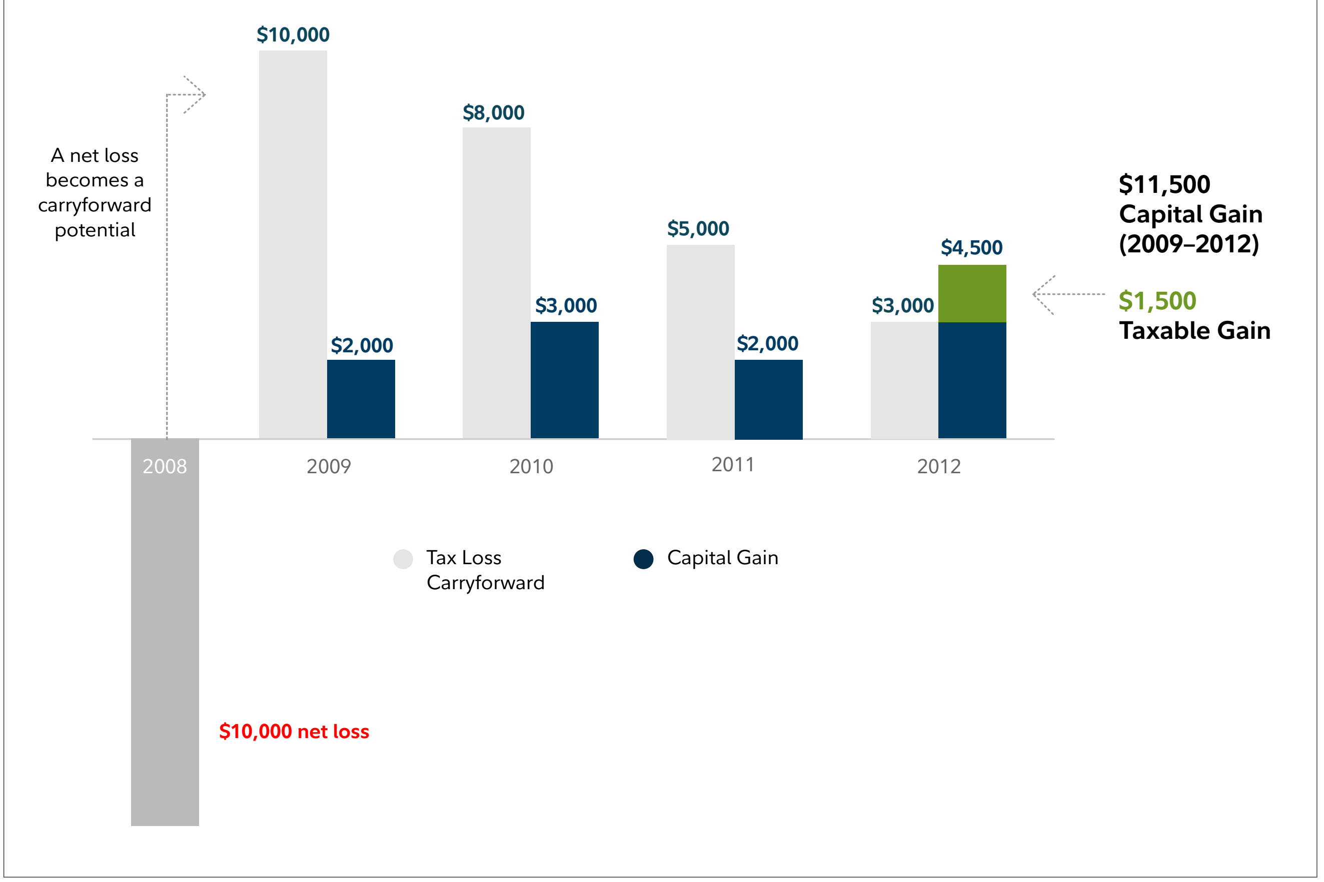
TECHNIQUE	DESCRIPTION
☐ Harvest Tax Losses	• Selling securities at a loss can help offset taxes on both gains and income, reducing their impact on returns • Investment losses can offset capital gains for the tax year in which they're realized, or be carried forward to offset capital gains in subsequent years
☐ Manage Capital Gains	• Capital gains from investments held less than a year are taxed at a higher rate • Taking advantage of the differences between short- and long-term rates is a simple way to help reduce the amount of taxes owed
☐ Manage Exposure to Fund Distributions	• Mutual funds distribute earnings from interest, dividends, and capital gains every year; shareholders are likely to incur a tax liability when that happens • Making a charitable contribution prior to a fund's ex-dividend date can offset some of the taxes owed
☐ Municipal Bond Funds or ETFs	• Municipal bonds are generally exempt from federal taxes and, in some cases, state taxes • Depending on your tax bracket, your after-tax total return may be greater if you invest in exempt securities, rather than taxable bonds
☐ Tax-Smart Withdrawals	• When withdrawing money from your account, selling certain securities may significantly impact your investments and what you pay in taxes more than others • Using a variety of tax-smart investing techniques allows us to carefully determine which investments to sell to reduce the potential tax impacts of that withdrawal on your investments

Use loss carryforward to reduce future taxes

Tax-loss harvesting may help reduce taxes while maintaining an expected level of risk. Selling investments at a loss may allow an investor to offset realized capital gains, reducing their total tax obligation. Following a year with large portfolio losses, an investor may be able to offset capital gains in subsequent years.

In this example, the investor used a $10,000 net loss in 2008 by utilizing the carryforward tax-loss strategy and avoided paying capital gains for the next four years. It wasn't until 2012 that gains resulted in a tax liability. This is important because compounding is key to wealth generation, so it's typically a good strategy to defer paying taxes as long as possible.

ILLUSTRATIVE EXAMPLE: LOSSES HARVESTED TODAY MAY HELP REDUCE CAPITAL GAINS TAXES IN THE FUTURE



For illustrative purposes only. In this example, the investor used a $10,000 net loss in 2008 by using the carryforward tax-loss strategy and avoided paying capital gains for the next four years. It wasn't until 2012 that gains resulted in a tax liability. This is important because compounding helps to accelerate wealth building, so it's typically a good strategy to defer paying taxes for as long as possible.

Tax savings will depend on an individual's actual capital gains, loss carryforwards, and tax rate and may be more or less than this example. This is an illustrative example for informational purposes only, and is not intended to represent the performance of any investment.

Q What is your approach to harvesting losses?

Defer paying taxes with tax-advantaged accounts

Among the biggest tax benefits available to most investors are the deferral benefits offered by retirement savings accounts such as 401(k)s, 403(b)s, IRAs, and tax-deferred annuities.

1. These accounts can offer a double dose of tax advantages — contributions you make may reduce your current taxable income, and any investment growth is federally tax deferred.
2. Most tax-advantaged accounts have strict annual contribution limits and required minimum distribution rules. If you are looking for additional tax-deferred savings, you may want to consider tax-deferred annuities, which have no IRS contribution limits and are not subject to required minimum distributions for nonqualified assets.

Keep in mind that withdrawals are subject to ordinary income tax and, if taken before age 59½, may be subject to a 10% IRS penalty. Use the chart below to keep track of the accounts you could use to help reduce the impact of taxes.

	2025 ANNUAL CONTRIBUTION LIMITS	REQUIRED MINIMUM DISTRIBUTION RULES	CONTRIBUTION TREATMENT
☐ Employer-Sponsored Plans [401(k)s, 403(b)s] ☐	• $23,500 per year per employee • If age 50 or above, $31,000 per year* • Ages 60–63 can contribute an additional $11,250, if the plan allows	Mandatory withdrawals starting in the year you turn age 73 unless you are still working	Pre-tax or After-tax
☐ IRAs (Traditional[3] and Roth[4])	• $7,000 per year • If age 50 or above, $8,000 per year	Mandatory withdrawals starting in the year you turn age 73 (except for Roth)	Pre-tax or After-tax
Tax-Deferred Annuities	• No contribution limit[§]	Not subject to required minimum distribution rules for nonqualified assets	After-tax

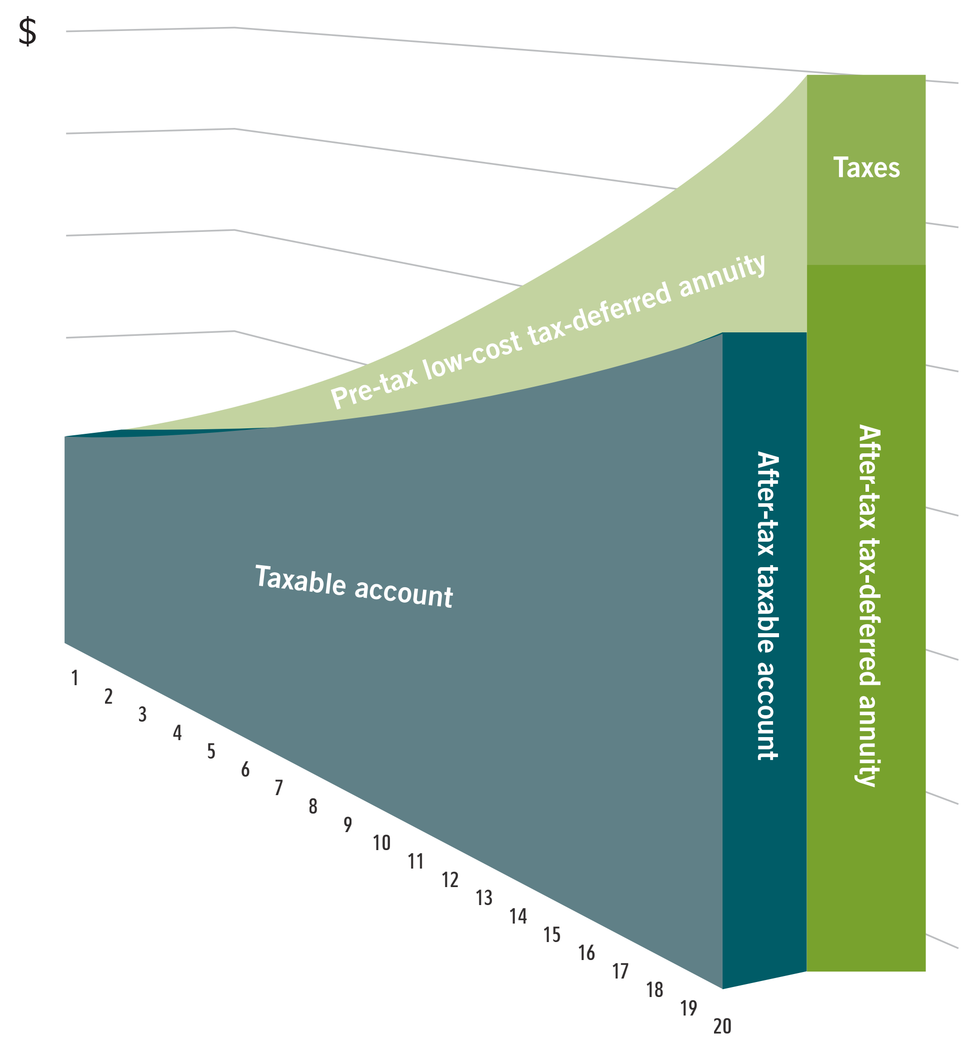
*For ages 60, 61, 62, and 63, $34,750 per year.
[§]Issuing insurance companies reserve the right to limit contributions.
See page 11 for endnotes 3 and 4: 2025 Traditional and Roth IRA Contribution Income Limits.

Tax-advantaged accounts can help your money grow.

Saving in a tax-deferred account has the potential for a balance to grow faster because your savings will have an opportunity to compound by realizing earnings on earnings and can provide additional benefits compared with a taxable account, particularly when you factor in trading and rebalancing over the course of the year.

Annually, when you review the tax impact of your investments, consider locating and holding investments that generate certain types of taxable distributions within a tax-deferred account rather than a taxable account. Tax-deferred accounts can help manage the tax exposure of your portfolio.

PRE-TAX LOW-COST TAX-DEFERRED ANNUITY



For illustrative purposes only. It is not intended to predict or project product fees or investment results. Your rate of return may be higher or lower than that shown above. You should consider your current and anticipated investment horizon and income tax bracket when making an investment decision, as the illustration may not reflect these factors.

Q What type of retirement planning have you done?
Have you matched your investments and your accounts effectively?

Reduce taxes now or in the future

While it may take a little planning and effort, implementing these strategies can help you reduce your taxes now or in the future.

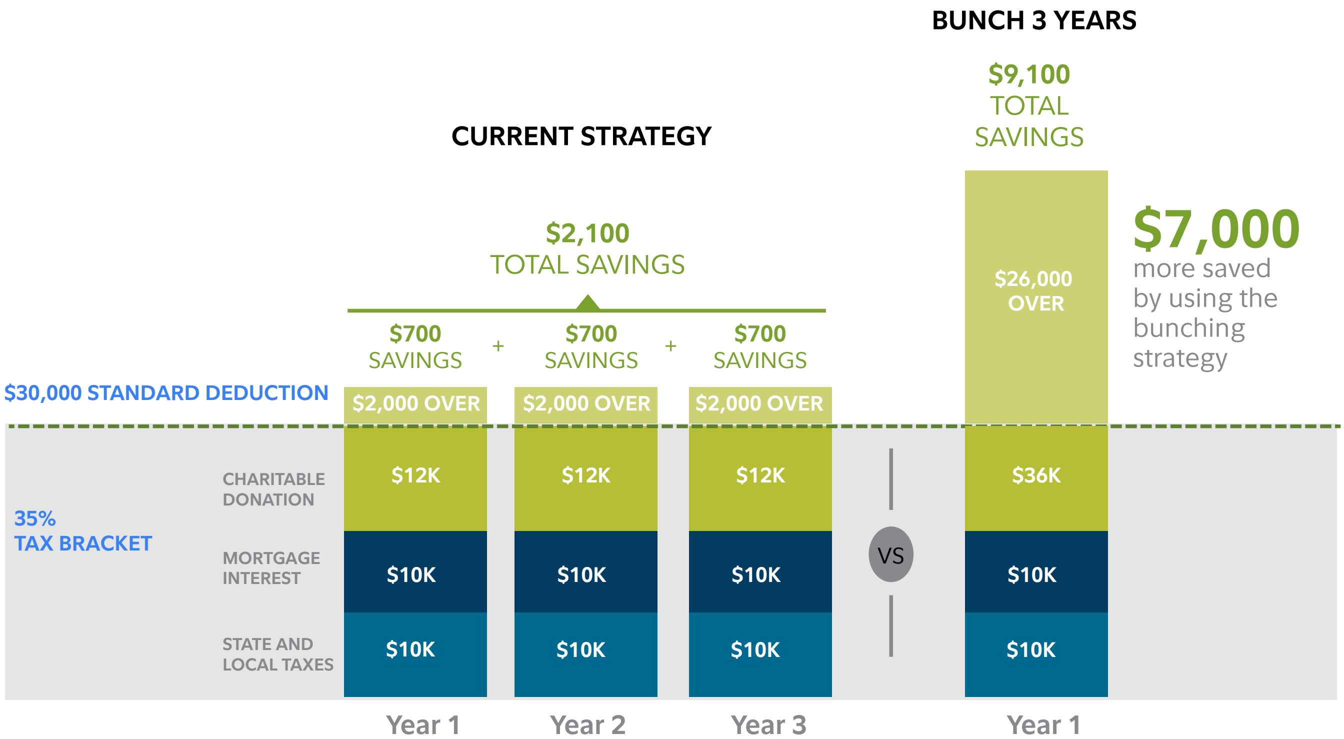
Charitable giving

Bunch several years' worth of charitable deductions into a single year with a donor-advised fund: Bunching is when you stack multiple years of charitable contributions into a single year, in order to itemize, while using the standard deduction in the interim years. With the reduction of many federal tax deductions, charitable giving is one of the only options available to surpass the standard deduction. This strategy, paired with a donor-advised fund, can help you gain tax efficiency and allow you to continue supporting charities of your choice with the same amount each year. *(See the example below.)*

Contribute appreciated stock instead of cash: By donating long-term appreciated stocks or mutual funds to a public charity, you are generally entitled to a fair market value (FMV) deduction. And whether you itemize or not, you may be able to eliminate the capital gains taxes enabling you to give up to 23.8% more.**

Contribute restricted stock or privately held business interests (e.g., C corp and S corp shares; LLC and LP interests): Donating a non-publicly traded asset with unrealized long-term capital gains also gives you the opportunity to qualify for an income tax charitable deduction and minimize capital gains taxes.

The example below highlights the potential tax savings from bunching three years' worth of charitable deductions into a single year vs. making a charitable contribution each year.††



**This assumes all realized gains are subject to the maximum federal long-term capital gains tax rate of 23.8% (includes the 3.8% Medicare surtax).

††**For illustrative purposes only.** The chart assumes a married couple filing jointly, under 65, and not blind, who contribute a cash gift. The tax savings referenced here are specific to the charitable donation made above the $30,000 standard deduction for 2025. There is a $10,000 cap for deductions of state and local property, income, and sales taxes. Information herein is not considered legal or tax advice.

Health savings accounts (HSAs)

Health savings accounts allow you to save for your current health expenses as well as those you'll incur in retirement. These accounts provide a triple-tax benefit: your contributions are tax deductible so you reduce your current taxable income, your savings can grow tax free, and you may be able to withdraw your savings tax free, if you use the money for qualified medical expenses.[§] And after age 65, the assets in an HSA can be used for any non-medical expenses, such as COBRA, certain Medicare premiums, and long-term-care insurance, without penalty. However, assets withdrawn for non-medical expenses will be subject to ordinary income tax. If your employer offers an HSA-eligible health plan, you may have access to an HSA option—or if you have purchased a high-deductible health plan on your own, consider an HSA.

	2025 ANNUAL CONTRIBUTION LIMITS	REQUIRED MINIMUM DISTRIBUTION RULES	CONTRIBUTION TREATMENT
Health Savings Accounts	• Individual Coverage: $4,300 per year • Family Coverage: $8,550 per year • If age 55 or older, able to make annual $1,000 catch-up contributions	Not subject to required minimum distribution rules	Pre-tax or After-tax

Roth accounts or Roth IRA conversion

Instead of deferring taxes, you may want to accelerate them by using a Roth account, if eligible.[4] A Roth IRA contribution won't reduce your taxable income the year you make it, but there are no taxes on your future earnings and no penalties when you take a distribution, provided you hold the account for five years and meet one of the following conditions: you are age 59½ or older, are disabled, make a qualified first-time home purchase (lifetime limit $10,000), or have died. This may make a difference if you think your tax rate will be the same or higher than your current rate when you withdraw your money. Also, be aware that while your earnings may be subject to taxes and penalties if withdrawn before those conditions are met, your contributions can be withdrawn at any time without tax or penalty.

College savings plans

The cost of higher education for a child may be one of your biggest expenses. Like retirement, there are no shortcuts when it comes to saving, but there are some options that can help your money grow tax efficiently. For instance, 529 college saving accounts and Coverdell accounts will allow you to save after-tax money, but get tax-deferred growth potential and federal income tax-free withdrawals when used for qualified expenses.

> **Q** How are you currently giving to charities?
>
> Have you considered donating appreciated non-cash assets?

[§]The information provided herein is general in nature. It is not intended, nor should it be construed, as legal or tax advice. Because the administration of an HSA is a taxpayer responsibility, you are strongly encouraged to consult your tax advisor before opening an HSA. You are also encouraged to review information available from the Internal Revenue Service (IRS) for taxpayers, which can be found on the IRS website at IRS.gov. You can find IRS Publication 969, *Health Savings Accounts and Other Tax-Favored Health Plans,* and IRS Publication 502, *Medical and Dental Expenses,* online, or you can call the IRS to request a copy of each at 800.829.3676. With respect to federal taxation only. Contributions, investment earnings, and distributions may or may not be subject to state taxation.

Create your plan—your next steps

There are many ways to make your investments more tax efficient. You can get started by understanding the tax treatment of certain accounts and identifying how you may or may not be utilizing them. Then consider what combination of strategies makes sense for your situation.

A Fidelity investment professional can help you build your plan.
Here are the steps we can take together:

1. Research how taxes impact your investments. .... Completed ☐

2. Create a plan that incorporates the appropriate strategies for your situation. .... Completed ☐

3. Choose the appropriate combination of investment accounts and strategies to help meet your goals. .... Completed ☐

MANAGE TAXES:

- ☐ Tax-loss harvesting and loss carryforward
- ☐ Capital gains management
- ☐ Managing mutual fund distributions
- ☐ Municipal bond funds and ETFs
- ☐ Tax-smart withdrawals

DEFER TAXES:

- ☐ Workplace plans
- ☐ Traditional IRAs
- ☐ Tax-deferred annuities
- ☐ Asset location

REDUCE TAXES:

- ☐ Charitable giving
- ☐ Health savings accounts
- ☐ Roth IRAs and Roth workplace plans
- ☐ 529 college savings accounts

4. Set up regular check-ins with your tax advisor and Fidelity investment professional to review your investment portfolio. .... Completed ☐

Additional Information from page 2: Impact of Taxes on Investment Returns — 1926–2023

[1]Taxes Can Significantly Reduce Returns data, Morningstar, Inc. The reproduction of this chart without prior consent from iGrad, LLC, is prohibited. All rights reserved. This example reflects a 98-year period from 1926 to 2023 and is based on the following data: stocks at 10.3%, stocks after taxes at 8.3%, bonds at 5.1%, and bonds after taxes at 3.0%. **Past performance is no guarantee of future results.** This chart is for illustrative purposes only and does not represent actual or future performance of any investment option. Stocks after taxes assumes that the stocks purchased were held for five years, then sold, and the capital gains realized. The net proceeds from the sale were invested. Dividends were taxed when earned and reinvested. Bonds were turned over 28 times within the 98-year period. Capital gains were realized at the time of sale and reinvested. Government bonds and Treasury bills are guaranteed by the full faith and credit of the United States government as to the timely payment of principal and interest, while stocks are not guaranteed and have been more volatile than other asset classes. Market indexes are included for informational purposes and for context with respect to market conditions. All indexes are unmanaged, and performance of the indexes includes reinvestment of dividends and interest income, unless otherwise noted. Securities indices are not subject to fees and expenses typically associated with managed accounts or investment funds. Review the definitions of indexes for more information. Please note that an investor cannot invest directly into an index. Federal income tax is calculated using the historical marginal and capital gains rates for a single taxpayer earning $130,000 in 2020 dollars every year. This annual income is adjusted using the Consumer Price Index in order to obtain the corresponding income level for each year. Income is taxed at the appropriate federal income tax rate as it occurs. When realized, capital gains are calculated assuming the appropriate capital gains rates. The holding period for capital gains tax calculation is assumed to be five years for stocks, while government bonds are held until replaced in the index. No state income taxes are included. Stocks are represented by the IA SBBI U.S. Large Stock Total Return Index. Government bonds are represented by the 20-year U.S. government bond index. The data assumes reinvestment of income and does not account for transaction costs. The IA SBBI U.S. Large Stock Total Return Index tracks the monthly return of the S&P 500. The historical data from 1926 to 1969 is calculated by Ibbotson. The S&P 500 Index is an unmanaged index that is widely regarded as the standard for measuring large-cap U.S. stock market performance.

Additional Information from page 4: Tax-Smart Investing Techniques

[2]Tax-smart (i.e., tax-sensitive) investing techniques, including tax-loss harvesting, are applied in managing certain taxable accounts on a limited basis, at the discretion of the portfolio manager, primarily with respect to determining when assets in a client's account should be bought or sold. Assets contributed may be sold for a taxable gain or loss at any time. There are no guarantees as to the effectiveness of the tax-smart investing techniques applied in serving to reduce or minimize a client's overall tax liabilities, or as to the tax results that may be generated by a given transaction.

Additional Information from page 6: 2025 Traditional and Roth IRA Contribution Income Limits

[3]For a Traditional IRA, full deductibility of a contribution is available to active participants whose 2025 Modified Adjusted Gross Income (MAGI) is $126,000 or less (joint) and $79,000 or less (single); partial deductibility for MAGI up to $146,000 (joint) and $89,000 (single). In addition, full deductibility of a contribution is available for non-covered individuals whose spouse is covered by an employer sponsored plan for joint filers with a MAGI of $236,000 or less in 2025; and partial deductibility for MAGI up to $246,000. If neither you nor your spouse (if any) is a participant in a workplace plan, then your traditional IRA contribution is always tax deductible, regardless of your income.

[4]For 2025, eligibility for a full Roth IRA contribution is available to joint filers whose 2025 MAGI is $236,000 or less ($236,000–$246,000 partial contribution). For single filers, full eligibility is available to those whose 2025 MAGI is $150,000 or less ($150,000–$165,000 partial contribution).

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Before investing, consider the investment objectives, risks, charges, and expenses of the fund or annuity and its investment options. Contact Fidelity for a prospectus or, if available, a summary prospectus containing this information. Read it carefully.

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

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

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