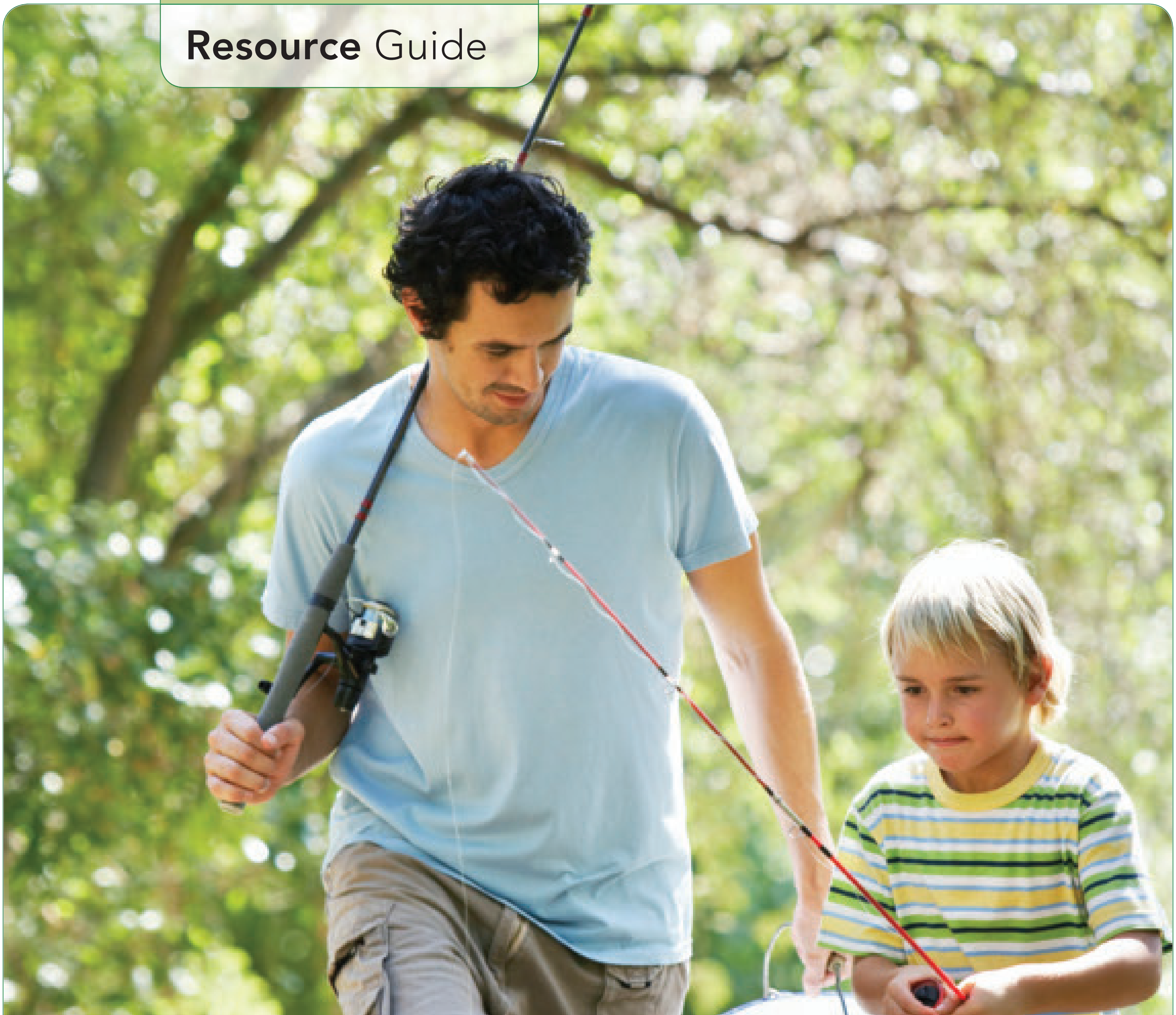
Resource Guide



Designing your financial roadmap

Turn here℠

Fidelity INVESTMENTS®

Planning today can mean confidence tomorrow

When it comes to planning for your future, nothing should be left to chance. That's why it's so important to make sure that your savings strategy is on target to help you reach your goals. It's also why Fidelity has designed this workshop to help you create a financial roadmap.

We recognize that people are busy and it's easy to put off financial planning. But some time spent now can give you the peace of mind knowing that you have a plan in place. Reviewing this resource guide can help put you well on your way.

Be sure to save this guide and refer to it often as you consider your financial needs. And remember, you don't have to go it alone. Please see page 22 for Fidelity resources that may help you succeed.

Your Plan Details. Easy Access to Information.

Phone number: ______________________________

Web site: ___________________________________

Table of Contents

1 Building the Foundation

In order to build your financial plan, the first step is to lay the foundation. This means identifying:

- **Your goals**
- **What you are saving for**
- **What is important to you**

For most people, saving for retirement is a top priority, as it should be. But you will have other long-term and short-term goals to factor in. And, of course, it's important not to let your short-term goals derail your long-term planning.

You can save for both long-term and short-term goals at the same time. Make a list of the things you are saving for, and quantify what it will take to achieve those goals. What amount of money is necessary to help you reach your goals? What is your time horizon—short, medium, or long term?

Check Which Goals You Have in Mind

- ☐ Developing a sound retirement plan
- ☐ Buying a home
- ☐ Saving for a child's education
- ☐ Starting a business
- ☐ Making a major purchase (car, boat, home)
- ☐ Reducing debt
- ☐ Building a safety net
- ☐ Establishing an estate plan
- ☐ Caring for an elderly parent or family member
- ☐ Purchasing insurance
- ☐ Other

____

____

Money-Saving Ideas

- Brown bag your lunch. If you spend an average of $7 a day on lunch, that's $35 a week, or $1,820 a year, that could be used to pay down credit card debt or to invest for retirement or college tuition.
- If you've finished paying off a big bill, such as a car loan or tuition, arrange to have the amount of those old payments automatically put into an emergency fund or retirement account.

Having a Budget Can Help You Succeed

Establishing a budget can be done in **three easy steps:**

1. **Keep track of all your expenses for a month.** Not just big items like mortgage and utility payments, but everything—your morning coffee, bus fare, movie tickets, lunch, snacks, clothes, credit card purchases.

2. **Categorize your expenses into essentials and discretionary.** There are expenditures that you can't live without—the essentials—such as housing costs, food, car payments, and utility costs. You may find that there are a number of items that are nice to have (discretionary) that may offer opportunities to save.

3. **Establish your budget.** If you feel as though you are not saving enough, try to squeeze a little more out of each item as you make your entries. This way you'll have some money left over for saving and investing, or for paying down debt.

Ways to Make Your Budget Work

Pay Down Debt
Paying down debt to where you have little to none of it is another important piece of the foundation to building your plan. The most common example of debt is high-interest credit cards.

Wouldn't you rather take the interest you pay on credit cards and put it into your child's college fund, save it for retirement, or even add it to a down payment? Why send it to the credit card company?

Have an Emergency Fund
It's important to plan for the unexpected and to have three to six months of living expenses set aside to cover short-term expenses such as an unexpected repair bill, living expenses in the event of unemployment, or extra college costs. Your emergency fund should also be in a relatively safe place—not at risk in the stock market.

Action Steps

- **Identify your goals.**
- **Create a budget.**
- **Create a plan to pay down your debt.**
- **Start saving for your emergency fund.**

Budgeting Worksheet

The worksheet below will help give you a clear understanding of your expenses. Fill out the worksheet indicating your essential expenses (things you *need to* have) and your discretionary expenses (things you would *like to* have) and your sources of income.

MONTHLY EXPENSES			
	Essential (need to have)		**Discretionary** (nice to have)
Housing			
Mortgage	$______	or	$______
Rent/Condo Fees	$______	or	$______
Property Tax	$______	or	$______
Homeowner's Insurance	$______	or	$______
Household Improvement and Maintenance	$______	or	$______
Utilities	$______	or	$______
Electric	$______	or	$______
Water/Sewer	$______	or	$______
Oil/Gas	$______	or	$______
Telephone/Cable/Internet Fees	$______	or	$______
Other	$______	or	$______
Subtotal—Housing	**$______**	**or**	**$______**
Personal			
Groceries	$______	or	$______
Personal Care (health and beauty aids)	$______	or	$______
Clothing	$______	or	$______
Laundry/Dry Cleaning	$______	or	$______
Other	$______	or	$______
Subtotal—Personal	**$______**	**or**	**$______**
Health Care and Insurance			
Health Insurance Premiums	$______	or	$______
Medicare Part B Premiums	$______	or	$______
Medicare Supplemental/ Medigap Premium	$______	or	$______
Prescriptions	$______	or	$______
Dental and Vision Care	$______	or	$______
Other (co-payments, deductibles, etc.)	$______	or	$______
Insurance	$______	or	$______
Long Term Care Insurance Premiums	$______	or	$______
Life Insurance Premiums	$______	or	$______
Disability Insurance	$______	or	$______
Subtotal—Health Care and Insurance	**$______**	**or**	**$______**

Fidelity suggests: Consider at least the shaded portions on this list, which represent some of the most common essential expenses.

To help you complete this section, you may want to review your checkbook ledger and credit card statements to get expense estimates.

MONTHLY EXPENSES					
	Essential (need to have)		**Discretionary** (nice to have)		
Family Care					
Retirement Savings Contributions	$____________	or	$____________		
College Savings Contributions	$____________	or	$____________		
General Savings Contributions	$____________	or	$____________		
Support for Parent(s)	$____________	or	$____________		
Support for Children/ Grandchildren (including daycare)	$____________	or	$____________		
Other	$____________	or	$____________		
Subtotal—Family Care	**$____________**	**or**	**$____________**		
Routine Transportation					
Auto Loan or Lease Payment	$____________	or	$____________		
Auto Insurance	$____________	or	$____________		
Excise Tax/Registration Fees	$____________	or	$____________		
Routine Maintenance	$____________	or	$____________		
Gasoline	$____________	or	$____________		
Other	$____________	or	$____________		
Subtotal—Routine Transportation	**$____________**	**or**	**$____________**		
Recreation					
Travel and Vacations	$____________	or	$____________		
Club Memberships	$____________	or	$____________		
Hobbies	$____________	or	$____________		
Other	$____________	or	$____________		
Subtotal—Recreation	**$____________**	**or**	**$____________**		
Entertainment					
Movies/Theater/Sports Events	$____________	or	$____________		
Dining Out	$____________	or	$____________		
Other	$____________	or	$____________		
Subtotal—Entertainment	**$____________**	**or**	**$____________**		
Gifts					
Family	$____________	or	$____________		
Charitable Donations	$____________	or	$____________		
Other	$____________	or	$____________		
Subtotal—Gifts	**$____________**	**or**	**$____________**		
	$____________ Total Essential Expenses	+	$____________ Total Discretionary Expenses	=	$____________ Total Monthly Expenses
Monthly Income					
Salary	$____________				
Other	$____________				
	$____________ Total Monthly Income	–	$____________ Total Monthly Expenses	=	$____________ **Total Available to Save Monthly**

YOUR NET WORTH

What You Own (Assets)	Amount
Quick Assets—immediate access to cash	
Cash in checking, ready savings, and money market mutual funds	$__________
Stocks, bonds, government securities, unit trusts, and mutual funds	$__________
Other easily salable investments	$__________
Money due you for work you've done	$__________
Life insurance cash values	$__________
Personal property: precious metals, jewelry, silver, cars, etc.	$__________
Restricted Assets—restricted access to cash	
Certificates of deposit, if they have early withdrawal penalties	$__________
Retirement accounts: IRAs, 401(k)s and other workplace savings plans, tax-deferred annuities, company thrift accounts, and deferred compensation	$__________
Current value of your vested pension, lump-sum, and executive stock options	$__________
Slow Assets—longer-term access to cash	
Your home and other real estate	$__________
Other valuable personal property: art, antiques, furs, boats, tools, stamps, coins, etc.	$__________
Restricted stock and limited partnerships, not readily salable	$__________
Money owed you in the future	$__________
Equity value of a business	$__________
Total Assets	**$__________**

YOUR NET WORTH

What You Owe (Liabilities)	Amount	Interest Rate
Current bills outstanding: this month's rent/ mortgage payment, utilities, medical bills, insurance premiums, etc.	$________	________%
Credit card debt	$________	________%
Installment and auto loans	$________	________%
Life insurance loans (if you're paying them off currently)	$________	________%
Home mortgage	$________	________%
Home equity loan	$________	________%
Other mortgages	$________	________%
Student loans	$________	________%
Loans against investments, including your margin loans	$________	________%
Other loans	$________	________%
Income and real estate taxes due	$________	________%
Taxes due on your investments, if you cash them in	$________	________%
Taxes and penalties due on your retirement accounts, if you cash them in	$________	________%
Total Liabilities	**$________**	

Net Worth (Assets Minus Liabilities)

Total Assets (from previous page)	$________
Total Liabilities	− $________
Net Worth	**$________**

TIP

Try the online *Budget Snapshot* tool on **Fidelity.com** under the *Guidance & Retirement* tab. Search on keywords: Budget Snapshot.

2 Planning for Retirement

Now that your foundation is laid, let's consider one of your major financial goals in life: retirement. It's most important to understand how much you'll need to save, what your options are for retirement saving, and key factors that can affect your savings.

FACTORS THAT CAN IMPACT YOUR RETIREMENT SAVINGS

- Living longer than expected
- Paying for health care
- Spending too much too soon
- Not keeping up with inflation
- Investment mix

The reality is that people are living longer, which means that many of today's workers may actually outlive their savings. How you will pay for the rising cost of health care in retirement is a big consideration. There is also the potential that once you retire, you may spend too much of your retirement income too soon. You may face a higher cost of living when you retire, so your savings will need to stay ahead of inflation. Finally, how you invest your retirement savings among different investments, or your investment mix, may determine if your money will last throughout your retirement.

A New Retirement Territory

Retirement is different today. For previous generations, Social Security and pension benefits pretty much covered their retirement income needs. But today is a whole new ball game. Retirees are facing the likelihood of being more personally responsible for funding their own retirement.

How Much Will You Need in Retirement?

The answer will depend on many factors. First, consider what kind of lifestyle you'll have when you stop working. Then think about other sources of income you will have, and how long you'll be retired.

It's important to define your target—the amount you think you'll need to live on in retirement. Keep in mind that no two retirees are alike. As a starting point, consider the fact that many financial experts believe you will need 85% of your annual preretirement income to maintain your current lifestyle in retirement.

Tax-Advantaged Savings

When creating a savings plan, it's important to determine how much to save. It's also important to make sure you put your savings in the appropriate accounts. The following general guidelines for investing in tax-advantaged retirement savings vehicles, based largely on tax efficiency, may help you determine a strategy for your own retirement savings. Keep in mind, however, that there are other factors to consider, such as the range and type of investment choices, fees, and access to assets or savings.

1. Maximize Employer-Matched Contributions

If you or your spouse are eligible for a workplace savings plan, your first priority should be to consider contributing the full amount (whether pretax or Roth/after-tax) required to receive the maximum employer match offered by the plan.

2. Consider Primary Tax-Advantaged Accounts

Consider additional contributions to workplace savings plans (unmatched pretax or after-tax Roth), after-tax contributions to Roth IRAs, and deductible contributions to traditional IRAs.

3. Consider Other Tax-Advantaged Options

Consider additional after-tax (non-Roth) contributions to your workplace savings plan, nondeductible contributions to a traditional IRA, or a tax-deferred annuity purchased with after-tax dollars.

Workplace Savings: an Option That's Hard to Beat

POTENTIAL EMPLOYER MATCH	You can think of your employer match as "extra" money that can give your savings an excellent boost.
LOWER CURRENT TAXABLE INCOME	For example, if you earn $1,000 each paycheck, and you contribute pretax 5% ($50), you'll pay current income tax on only $950.
DEFERRED TAXES ON PRETAX CONTRIBUTIONS AND EARNINGS	Any earnings on regular pretax contributions are not taxed until you withdraw them, when they'll be taxed as ordinary income. Remember that these accounts are meant to be used during your retirement. If eligible, withdrawals made before age 59½ may be subject to an additional 10% penalty and any applicable withholding.
COMPOUNDING	Compounding means that any earnings are automatically reinvested—which can have a huge impact on the potential growth of your savings.
HIGH CONTRIBUTION LIMITS	For 2010, the annual limit is $16,500. Your plan may also allow catch-up contributions if you are age 50 or older. In 2010, the annual catch-up contribution limit is $5,500.*

*Workplace savings plans are subject to certain tests, so if you are considered a highly compensated employee under the plan, these amounts may be lower. It's important to note that periodic investment plans do not ensure a profit or protect against loss in a declining market.

Help Boost Your Retirement Savings with an IRA

If you've contributed to your workplace savings to maximize any employer match, and then the IRS contribution limit, and you still have money left over to save, you may want to consider taking advantage of another tax-advantaged option—the individual retirement account, or IRA.

IRAs are investment accounts that are offered by most financial services providers such as banks, mutual fund companies, and other investment firms, like Fidelity. IRAs generally offer a broad range of investment options, so you will be able to customize your retirement savings to meet specific needs.

Similarly, traditional IRAs provide for tax-deferred growth of any earnings, while Roth IRAs offer federal income tax free earnings if certain conditions are met. Along with your workplace savings plan, an IRA is considered one of the most advantageous retirement savings vehicles available.

You can open a traditional or Roth IRA even if you already contribute to an employer-sponsored retirement plan—which allows you to contribute more than you could in your workplace savings plan alone. Contributions may or may not be deductible.*

Which IRA May Be Right for You?

Two of the more common types of IRAs are the traditional IRA and the Roth IRA. Which type may be best for you will depend on several factors, including:

- Which type of IRA you are eligible to contribute to
- How much you can contribute
- If you expect your tax rate in retirement to be lower, higher, or the same as your current rate

Roth IRA	Traditional IRA
• Earnings grow federally tax free, assuming that certain conditions are met	• Earnings and deductible contributions are taxed at withdrawal
• Flexibility to withdraw your initial contribution at any time without penalty	• No penalty for withdrawals after age 59½
• Leave your money in as long as you want	• Required minimum distributions at age 70½

TIP

Visit **Fidelity.com/ira/learnmore** to see if a Roth or traditional IRA is appropriate for your needs and situation.

**Deductibility of contributions to a traditional IRA depends on tax filing status, modified adjusted gross income (MAGI), and whether you and/or your spouse are covered by an employer-sponsored retirement plan.*

Are You Eligible to Open a Roth IRA?

To find out if you're eligible to open a Roth IRA, you'll need to look at your modified adjusted gross income (MAGI), found on your federal tax return. The following table shows 2010 income eligibility requirements to qualify to make a full $5,000 contribution to a Roth IRA or a fully deductible $5,000 contribution to a traditional IRA if you (and your spouse, if married) are covered by an employer-sponsored retirement plan. If you will be age 50 or older by the end of the year for which you are making contributions, you may be able to make catch-up contributions of up to $1,000 annually. Roth MAGI limits are not affected by employer-sponsored retirement plan coverage.

IRA ELIGIBILITY FOR 2010

		Contributions	
		Full	**Partial**
ROTH MAGI limits	Single filers	Under $105,000	$105,000–$120,000
	Married, filing jointly	Under $167,000	$167,000–$177,000
Traditional deductible MAGI limits *Income limits assume you are covered by an employer-sponsored plan*	Single filers	Under $56,000	$56,000–$66,000
	Married, filing jointly	Under $89,000	$89,000–$109,000
Traditional nondeductible	No MAGI limits. Available to anyone with earned income who is under age 70½.		

To contribute to or open any IRA, you must have earned income.

Convenience, Greater Control, with a Rollover IRA

A direct rollover, in investment terms, means to move eligible retirement plan assets from one tax-deferred retirement savings vehicle into another. Even though the money comes out of an employer-sponsored plan, you don't have to pay current taxes because you put it right back into another tax-deferred vehicle. Here are some reasons you may wish to consider a rollover IRA:

Easy to establish. A rollover works especially well when you arrange for a direct rollover from one tax-deferred account to another.*

Wide selection of investment options. Choosing a rollover IRA gives you a wide selection of investments.

Easy access. You can take distributions at any time from a rollover IRA, subject to any applicable income taxes. If you are under age 59½, a penalty will also apply. A rollover IRA can be rolled over again. Certain restrictions apply.*

Consolidate your finances. A rollover IRA can help you consolidate your finances and simplify your recordkeeping.

Action Steps

- **Determine how much you'll need in retirement.**
- **Take full advantage of the company match in your workplace saving plan if one is offered.**
- **Contribute to an IRA.**
- **Consolidate old workplace savings plans into a rollover IRA.**

*There are restrictions on the number of tax-free rollovers you can make from the IRA in which you distributed or deposited a tax-free rollover. You are allowed only one tax-free rollover from the affected IRA every 12 months, starting from the date the rollover was taken or deposited. However, trustee-to-trustee transfers between IRAs are not considered rollovers.

3 Other Financial Goals

It's smart to have a plan for all your goals, including those beyond retirement. These may include buying a home; financing a child's education; or saving for a vacation, a car, or a rainy day.

What Is Your Time Frame?
Often, the best way to get started is to take into account how much time you have for each goal. Knowing your time frame will also affect the type of savings vehicle to consider.

For example, is it a short-, medium-, or long-term goal? Short-term goals typically have less than a one-year time horizon. With a short time frame, you may want to consider lower-risk investments such as money market funds to help preserve your money and keep it accessible. With a longer time frame, you may want to consider investing for growth in mutual funds or stocks and bonds. As always, there are risks with investing.

What Savings Options Should I Consider?
Once you've determined your time frame, other considerations include your tolerance for risk and how much investment experience you have. The chart below provides examples of different savings options for different goals, and things to consider.

SAVINGS OPTIONS

	EMERGENCY FUND	VACATION OR AUTOMOBILE	HOME PURCHASE DOWN PAYMENT	COLLEGE
Consideration	Liquidity Low volatility	Liquidity Low volatility	Intermediate- to long-term growth	Long-term growth
Sample Time Frame	0–1 year	1–3 years	3–5 years	10 years
Option	Money market Savings account	Money market Savings account CD	Stocks and bonds Mutual fund	529 plan Custodial account Prepaid plan Coverdell account Stocks and bonds Mutual fund

Please note that mutual fund share price, yield, and return will vary, and you may have a gain or loss when you sell your shares. Unlike most FDIC-insured CDs and bank products, a money market fund's yield and return will vary. An investment in the fund is not insured or guaranteed by the U.S. government.

College Planning: Why Save for College?

Pursuing a college education is one of the wisest decisions an individual can make. There's a seemingly endless list of benefits to earning a college degree, not the least of which are the financial and personal rewards. And best of all, with a little planning, funding a college education can be achievable. The sooner you take that first step and set up a college saving plan, the closer you'll be to giving your child a gift that will last a lifetime.

How Will I Pay for College?

Most people end up paying for college through a combination of sources that include:

- Paying as they go
- Personal loans
- Savings and investments
- Financial aid programs

Financial aid programs include a wide range of government and private loans, grants, scholarships, awards, and prepaid programs. Colleges have their own unique financial aid formulas, and families of differing income levels may qualify at different institutions.

When looking at applicants for financial aid, all colleges have what is called an "Expected Family Contribution" amount, or EFC, that they factor into the federal financial aid formula. The EFC is the amount the college expects you to pay as your share of the total college costs.

If there is a gap between your calculated EFC and what the college has set as the qualifying EFC, you may be eligible for financial aid and grants.

To learn more about college planning, financial aid, and how much you can expect to pay, visit **Fidelity.com > Guidance & Retirement > College Savings.**

EXPECTED FAMILY CONTRIBUTION (EFC)

PARENTAL INCOME +	PARENTAL ASSETS +	STUDENT INCOME +	STUDENT ASSETS =	EFC
22% to 47% of adjusted gross income	3.0% to 5.6% of nonretirement assets	50% over $3,750	20% of all assets	Divide by the number of children in college
	• 529 savings plans • Brokerage/mutual fund accounts • Coverdell Education Savings Accounts		• UGMA/UTMA accounts • Other savings	

Source: www.finaid.org

Action Steps

- Identify your nonretirement savings goals.
- Select the appropriate savings vehicles based on your time horizon and risk tolerance.

If you're saving for college, you should also:

- Determine how much college may cost (use the college planner tool to help).
- Start saving early.

Which College Savings Plan Is Best for You?

There are several options available when saving for a child's college education. As the following table shows, each option offers its own features, tax benefits, and implications for federal financial aid.

COLLEGE SAVINGS PLAN COMPARISONS

Features	529 College Savings Plans	UGMA/UTMA (Custodial Account)	Coverdell Education Savings Account (Not Offered by Fidelity)	Taxable (Brokerage) Account
Any earnings grow tax deferred and qualified distributions are federal income tax free	✓	Part of investment earnings may be tax exempt	✓	
Annual exclusion transfer tax limits	Standard $13K annually ($26K per couple). Accelerated gifting of up to $65K from any individual ($130K per couple).[1]	Standard $13K annually ($26K per couple)	$2,000 annual account contribution limit[2]	None
Beneficiary can be changed[3]	✓		✓	✓
Control over distribution of assets remains with the parent (account owner)	✓	Distributions must be used for minor	✓	✓
Contributions not limited by the income of the parent (account holder)	✓	✓	Cannot contribute if MAGI is >$110K single, >$220K joint	✓
No age limit	✓			✓
Low impact on financial aid	✓		✓	✓
Investment decisions	Participant selects from portfolios with different exposure to equity and fixed income[4]	Owner (custodian) researches and chooses investments	Owner researches and chooses investments	Owner researches and chooses investments

[1] In order for an accelerated transfer to a 529 plan (for a given beneficiary) of $65,000 (or $130,000 combined for spouses who gift split) to result in no federal transfer tax and no use of any portion of the applicable federal transfer tax exemption and/or credit amounts, no further annual exclusion gifts and/or generation-skipping transfers to the same beneficiary may be made over the five-year period, and the transfer must be reported as a series of five equal annual transfers on Form 709, United States Gift (and Generation-Skipping Transfer) Tax Return. If the donor fails to survive the five-year period, a portion of the transferred amount will be included in the donor's estate for estate tax purposes.

[2] Reverts to $500 in 2011 unless current law is extended.

[3] The new beneficiary of 529 assets must have one of the following relationships to the original beneficiary: 1) a son or daughter; 2) stepson or stepdaughter; 3) brother, sister, stepbrother, or stepsister; 4) father or mother or an ancestor of either; 5) stepfather or stepmother; 6) first cousin; 7) son-in-law, daughter-in-law, father-in-law, mother-in-law, brother-in-law, or sister-in-law; or 8) son or daughter of a brother or sister. The spouse of a family member is also considered a family member. However, if the new beneficiary is a member of a younger generation than the previous beneficiary, a federal generation-skipping tax may apply. The tax will apply in the year in which the money is distributed from an account.

[4] IRC Section 529 does not allow participants to have direct or indirect control over the investments in a 529 plan.

529 College Savings Plans Offer Tax Advantages

A 529 college savings plan is one of the best ways to save for college. These flexible accounts are designed specifically for college savings. Residents of any state can invest in most other states' 529 plan. The money in a 529 account can be used to pay for qualified higher education expenses at most accredited colleges, universities, and vocational-technical schools nationwide, as well as at eligible foreign institutions.

529 plans offer a variety of advantages:

- **Free from Federal Income Tax**
  Qualified withdrawals from your 529 college savings plan are free from federal income tax. You will not pay federal income taxes on any earnings when the money is used for qualified higher education expenses such as tuition, room and board, mandatory fees, books, and supplies (and computers and related supplies through December 31, 2010).

- **High Contribution Limits**
  There are no income restrictions for participating, and contribution limits for each beneficiary are usually over $250,000. Each state sets the maximum contribution limit for its plan.

- **Flexibility**
  You have the flexibility to reallocate your contributions and any earnings among 529 savings plan investment options once a calendar year in 2010 for a given beneficiary, and upon a change in the designated beneficiary of the account.

Units of the portfolios are municipal securities and may be subject to market volatility and fluctuation.

- **Easy to Set Up**
  Most 529 savings plan accounts are easy to establish and maintain. Plans vary, but typically the initial investment is as little as $50, and often lower if you choose to set up a regular investment plan, such as direct deposit from a bank account.

- **Potential Gift and Estate Planning Benefits***
  You can contribute up to $65,000 ($130,000 per married couple) per beneficiary in a single year without incurring a federal gift tax. Once assets are in the account, they are generally considered to be out of the donor's estate.

* *In order for an accelerated transfer to a 529 plan (for a given beneficiary) of $65,000 (or $130,000 combined for spouses who gift split) to result in no federal transfer tax and no use of any portion of the applicable federal transfer tax exemption and/or credit amounts, no further annual exclusion gifts and/or generation-skipping transfers to the same beneficiary may be made over the five-year period, and the transfer must be reported as a series of five equal annual transfers on Form 709, United States Gift (and Generation-Skipping Transfer) Tax Return. If the donor fails to survive the five-year period, a portion of the transferred amount will be included in the donor's estate for estate tax purposes.*

Five Tips for Choosing a College Savings Plan

College savings plans differ significantly in features and benefits. However, there are some key factors to consider when choosing a college savings plan:

1. **Take advantage of tax benefits.**
   The tax benefits offered by college savings vehicles can greatly affect how much you accumulate for your child's college education. Investigate whether your state offers a plan with alternate tax advantages for its residents.
2. **Know how flexible and accessible your assets are.**
   Ownership, control of assets, and account flexibility are important factors that should weigh into your decision-making process.
3. **Understand the financial aid implications.**
   Financial aid treatment of various assets has changed greatly over the past several years. Make sure you're up to date on this important information.
4. **Determine who should make the investment choices.**
   Some 529 plans offer portfolios that are keyed to the age of the beneficiary, mirror a specific index (e.g., the S&P 500® Index), or invest in actively managed mutual funds.
5. **Consider income restrictions, contribution limits, and other factors.**
   High contribution limits allow you to save greater amounts toward college expenses. This may influence your plan selection.

4 Protecting Your Family

A key component of putting your financial future on track is providing financial security for your family. In this section we'll focus on two strategies for protecting your lifestyle—insurance and estate planning—and the impact they can have on your financial plan.

When Do You Need Life Insurance?

The answer is when there are people who depend on your ability to make a living. Purchasing adequate life insurance is an important step to making sure your family will be able to maintain a comfortable lifestyle.

The chart below details some life events that could be considered a good time to make an initial purchase or to review your current coverage.

EVENT	ACTION TO CONSIDER
Marriage	Ensure surviving spouse is taken care of
Birth/adoption of a child	Cover increased expenses, including saving for college
Home purchase or renovation	Cover mortgage or home equity loan
Job change	Close gaps from lost coverage
Periodic financial planning	Review current coverage for adequacy
Estate planning	Cover final expenses and estate settlement costs

How Much Life Insurance Do You Need?

The answer depends on your circumstances. You may want to take into account how much income your survivors might need; how much you own and owe, on a mortgage, for example; and the amount of other life insurance available to you, such as an employer's policy. But there is no "one size fits all."

When deciding where to buy more coverage if you need it, make sure you're taking full advantage of life insurance benefits offered by your employer. Often, these rates are highly competitive and the coverage convenient to obtain. But don't make the mistake of assuming that your work benefits are adequate for your total needs.

If your spouse is a stay-at-home spouse, that doesn't mean life insurance isn't necessary. Think about what it might cost to hire domestic help to provide services such as housekeeping, cooking, child care, and transportation. Where would the money come from? If you'd struggle, consider a life insurance policy.

What Kind of Life Insurance?

There are two general types of life insurance: term life and permanent life. The following chart describes the differences between them.

TOPICS	TERM LIFE	PERMANENT LIFE
Key strategy	"Lease"	"Own"
Protection period	Working years	Lifetime
Cost	Lower initially; premium rises over time	Higher initially; premium remains level for life
Potential equity building	No	Yes
Investment options	No	Varies

Investment returns and principal value of a variable life insurance policy are not guaranteed and will fluctuate daily. Loss of money is a risk of investing in the policy.

What about Disability Insurance?

Disability insurance is a form of health insurance that pays you a monthly income benefit if you are sick or injured and unable to work. Without it, your entire lifestyle could be at risk due to lost income.

- These benefits are typically capped at about 70% of monthly pay.

- These plans, both the short- and long-term (greater than 180 days) varieties, often are provided by employers.

- If the employer pays the premium, your benefits will be taxable when received.

You should consider purchasing a supplemental individual plan if your employee benefit wouldn't pay you at least 50% of your monthly pay. For many singles, even those without dependents, disability insurance is necessary even if life insurance is not.

What You Should Know about Long Term Care Insurance

Long term care insurance ("LTCi") pays the owners reimbursement benefits for actual expenses related to their care. Owners become eligible when it is determined that they are unable to perform at least two "activities of daily living" or are cognitively impaired. Most modern policies pay for formal care in a variety of settings, including in your own home, adult day care centers, assisted living facilities, and nursing homes. Whether to purchase LTCi can be a challenging decision. You may wish to consider it if you:

- Are between the ages of 50 and 75
- Lack confidence that you can self-insure for long term care (LTC) expenses but can afford the premiums both now and in the future
- Desire choice in terms of the quality and location of care
- Want to avoid a situation in which a loved one becomes your primary caregiver

LTCi gets more expensive as you grow older and can be impossible to get if you develop certain medical conditions. The cost of just a few years of LTC could run into six figures, so having a plan to access and pay for care, even if you decide not to purchase LTCi, is important.

Source: Council for Disability Awareness, 2006.

Estate Planning

Estate planning helps protect your assets by ensuring that they will be distributed to your beneficiaries according to your wishes after you die. An estate plan is a key part of your overall financial planning, and it may help reduce any taxes owed on your estate. Following are some key estate planning tools to help you reduce taxes and have your estate distributed the way you intend:

- **Will.** If you don't have a will, state law will determine who gets your assets and who will care for your minor children. Also, without an estate plan that addresses tax minimization, the federal government can take as much as 45% of your estate in taxes. (Source: IRS.gov.)
- **Durable power of attorney** or health care proxy. This document ensures that your affairs are managed as you desire. For example, if you become incapacitated, you may need someone to make financial, or even medical, decisions on your behalf. Talk with your family about your wishes, and document them in this type of legal document.
- **Trust.** A trust outlines the provisions by which your assets will pass to the trust's designated beneficiaries.
- **Updated beneficiaries.** It's important to keep your beneficiary designations up to date, especially in your workplace benefit plans.

Action Steps

- **Review your life insurance needs.**
- **Consider disability and long term care insurance to meet critical needs.**
- **Create an estate plan or review your existing plan with an estate planning professional to ensure that your needs are covered.**

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5 Next Steps

Maintaining a checklist can reduce the stress of "what to do next" and can help you create a roadmap you can work with. Use the list below to help you keep track of your progress and any "to do's" you may need to address.

Budgeting and Financial Planning

☐ Identify short-term goals
- Emergency savings
- Paying current living expenses
- Reducing credit card debt

Date completed: ____________

☐ Identify long-term goals
- Buying a home
- Saving for a child's education
- Establishing an estate plan

Date completed: ____________

☐ Create a household budget
- Complete the budgeting worksheet on page 5

Date completed: ____________

☐ Try out the Fidelity.com Budget Snapshot tool to help you understand where you spend your money

Date completed: ____________

Planning for Retirement

☐ Determine how much you will need for retirement goals
- Use the Retirement Income Planner tool on Fidelity.com

Date completed: ____________

☐ See if an IRA is right for you by visiting www.fidelity.com/ira/learnmore

Date completed: ____________

Saving for College

☐ Look through Fidelity's College Planning Center at www.fidelity.com/college

Date completed: ____________

☐ Open a 529 college savings account

Date completed: ____________

Protect Your Family

☐ Review insurances and adjust as needed
- Medical/COBRA
- Long-term care
- Disability protection
- Life insurance

Date completed: ________ ***In good order:*** ________ ***Need to make changes:*** ________

Put Your Plan into Action

☐ Call a Fidelity Representative to set up an appointment at an investor center near you. 800.544.9797

Appointment date: ____________

Learn more at Fidelity.com/planning	
Where can I get answers about saving for retirement?	Click the *Guidance & Retirement* tab, then select *Retirement.* Here you will find content, tools, and calculators to help you determine your retirement planning strategy.
What are my options for paying for college?	Click the *Guidance & Retirement* tab, select *College Savings,* then select the College Planner Tool. Here you can find help to figure out how much you may need for your child's education and different options for saving.
How much life insurance should I have?	Click the *Guidance & Retirement* tab, then select *Insurance.* Our handy Term Life Insurance estimator can help you determine how much protection you need.
What do I need to know about estate planning?	Click the *Guidance & Retirement* tab, then select *Trusts & Estates.* Our easy-to-use estate planning tools and organizers can help you develop your plan.

System availability and response time may be subject to market conditions.

Fidelity makes it easy to get the guidance you need

Call. Speak with a Fidelity Representative about your savings goals at 800.726.0217.
(For questions about your workplace savings plan, call the plan's toll-free number.)

Click. Visit Fidelity.com to learn more or to open an account.
Log on to http://netbenefits.fidelity.com to access your workplace savings plan at Fidelity.

Visit. Fidelity has more than 130 convenient Investor Centers.
To find a location near you, visit Fidelity.com or call 800.544.9797.

Please carefully consider the Plan's investment objectives, risks, charges, and expenses before investing. For this and other information on any 529 college savings plan managed by Fidelity, call or write Fidelity for a free Fact Kit, or view one online. Read it carefully before you invest or send money.

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If you or the designated beneficiary is not a resident of the state sponsoring the 529 college savings plan, you may want to consider, before investing, whether your state or the designated beneficiary's home state offers its residents a plan with alternate state tax advantages or other benefits.

Guidance provided by Fidelity is educational in nature, is not individualized, and is not intended to serve as the primary or sole basis for your investment or tax-planning decisions.

Evaluation

☐ Designing your financial roadmap

Your feedback is important. Let us know how we can improve this workshop to better meet your needs.

Fidelity presenter: ______________________ Date: ______________________

Your company: ____

Your Name: ____

Address: ____
Street address: *City* *State* *ZIP*

Instructions: Circle the response that best describes your answer.

What is your overall evaluation of this workshop?	Excellent	Very Good	Neutral	Fair	Poor
What is your overall rating of the presenter?	Excellent	Very Good	Neutral	Fair	Poor

Instructions: Check all that apply.

As a result of this workshop, I will:

1. Enroll in my employer's workplace savings plan.	☐
2. Increase the amount I save from each paycheck.	☐
3. Apply a target investment strategy to my account.	☐
4. Analyze my current investment mix.	☐
5. Use diversification when selecting investments.	☐
6. Monitor my investment strategy more carefully.	☐

(continued on other side)

Instructions: Check the box that best describes your response to each statement.

	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
The information was logically organized and easy to follow.					
The materials were easy to read and understand.					
The activities and/or exercises helped me learn.					
The stated goals/objectives of the workshop were achieved.					
The presenter was knowledgeable about the content.					
The presenter effectively communicated the information.					
The presenter encouraged participation and skillfully managed interaction.					
The presenter was able to make a personal connection with the audience.					
The information presented was helpful for my planning.					
The meeting time was convenient.					
I would like to attend similar sessions in the future.					
The location was convenient.					
I would recommend this workshop to others.					

How did you learn about today's workshop? (Please check all that apply.)

☐ Coworker ☐ E-mail ☐ Mailed invitation ☐ Newsletter ☐ Poster

Did this workshop meet your expectations? ☐ Yes ☐ No

How would you compare this Fidelity Investments workshop with similar workshops from other financial companies?

☐ More informative ☐ About the same ☐ Less informative

☐ Don't know—no experience with other workshops

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Notes

Notes

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