

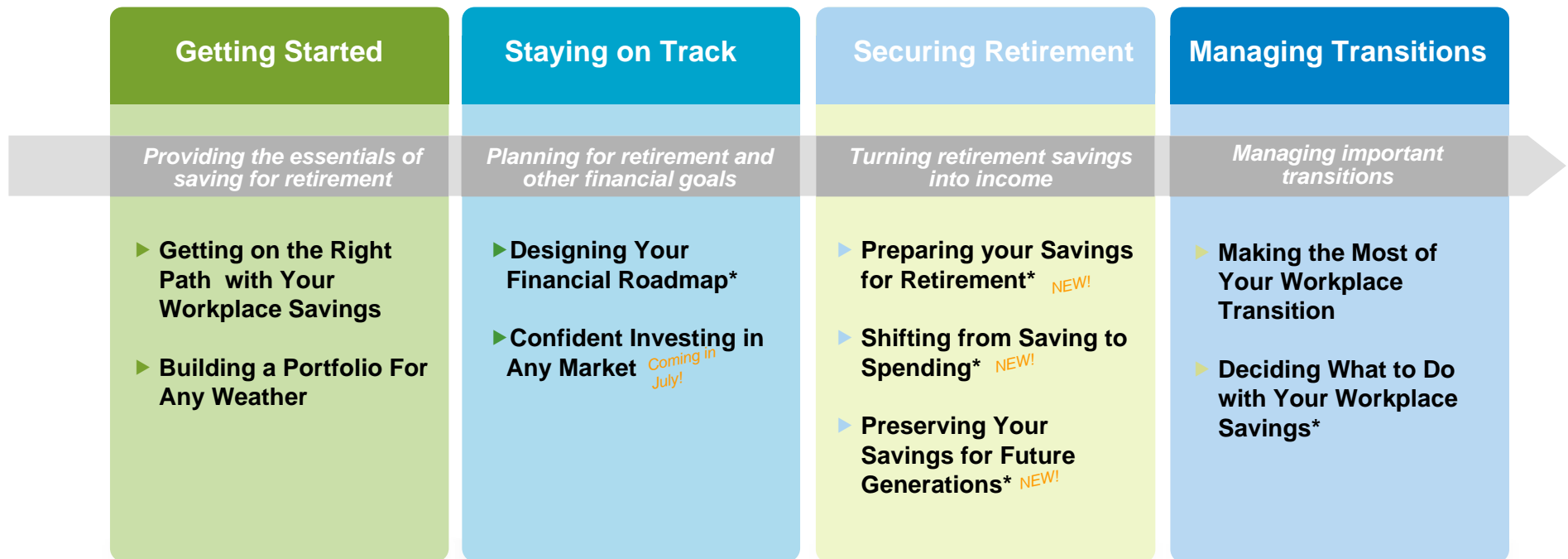
# Designing Your Financial Roadmap



# New and improved education for a broad range of needs



## 2011 Workplace Education Series



- One-on-one guidance appointments can be pre-scheduled following workshops
- Complemented by on-demand, self-paced workshops as well as guidance tools

## What you'll learn today



- ▶ Building the financial roadmap for saving
- ▶ Planning for retirement
- ▶ Simplifying your finances
- ▶ Identify other financial goals
- ▶ Protecting your family
- ▶ Next steps and how Fidelity can help

# Building the Foundation

Identifying goals and managing expenses

1



# The foundation for your financial roadmap



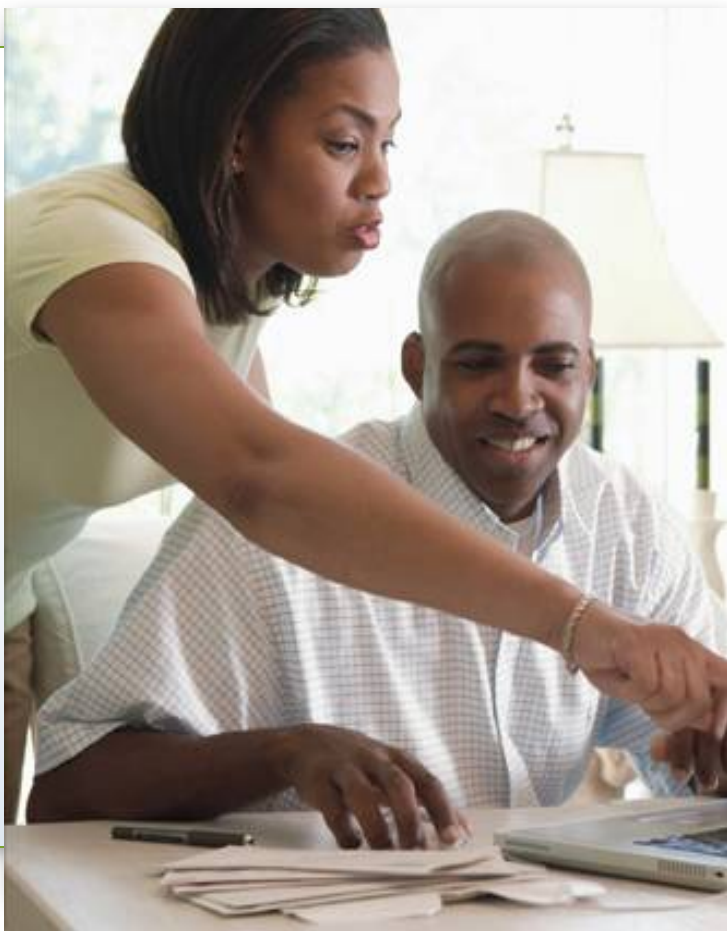
STRIVE  
TO SAVE

**10% TO 15%**

TOWARD  
RETIREMENT  
ANNUALLY

- 1** Set up a budget
- 2** Save for retirement first
- 3** Reduce “bad” debt and build a safety net
- 4** Maximize tax-advantaged saving opportunities

## Have a budget



1. List your expenses
2. Categorize expenses
3. Create the budget

**Identify areas where you can save**

☒ **Tip:** Consider online tools to save you time.

## Pay down debt



### Assumptions:

- ▶ \$100/month payment
- ▶ 18% interest rate
- ▶ 49 months

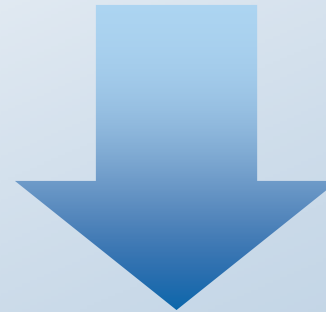


For illustrative purposes only

## Reducing debt while saving



- ▶ Pay off high-interest credit card debt
- ▶ Establish an “emergency” fund



*while contributing enough to your workplace savings plan to capture your employer match*



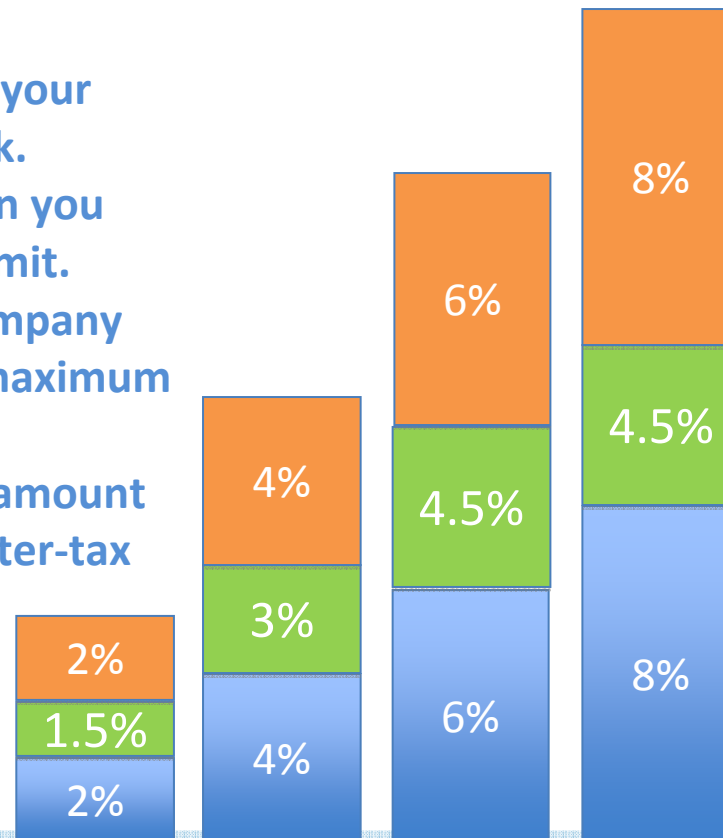


## Refresher: Tips to Maximize your CPChem 401(k) Employer Contributions






- Boost your Nest Egg with Company Match and Profit-Sharing
- Company match of 75% on your first 6% of pay per paycheck.
- Company match stops when you reach \$16,500 annual IRS limit.
- Profit-Sharing based on Company performance, up to 8% in maximum payout year.
- Profit-Sharing is limited to amount of your pre-tax and Roth after-tax contributions.

Note: Company Match and Profit-Sharing Contributions are different for certain employee groups



If you contribute 8%, your Company contribution amount may be as high as 12.5%

 Profit-Sharing  
 Company Match  
 Your Savings

# Planning for retirement

How much you need and how to get there

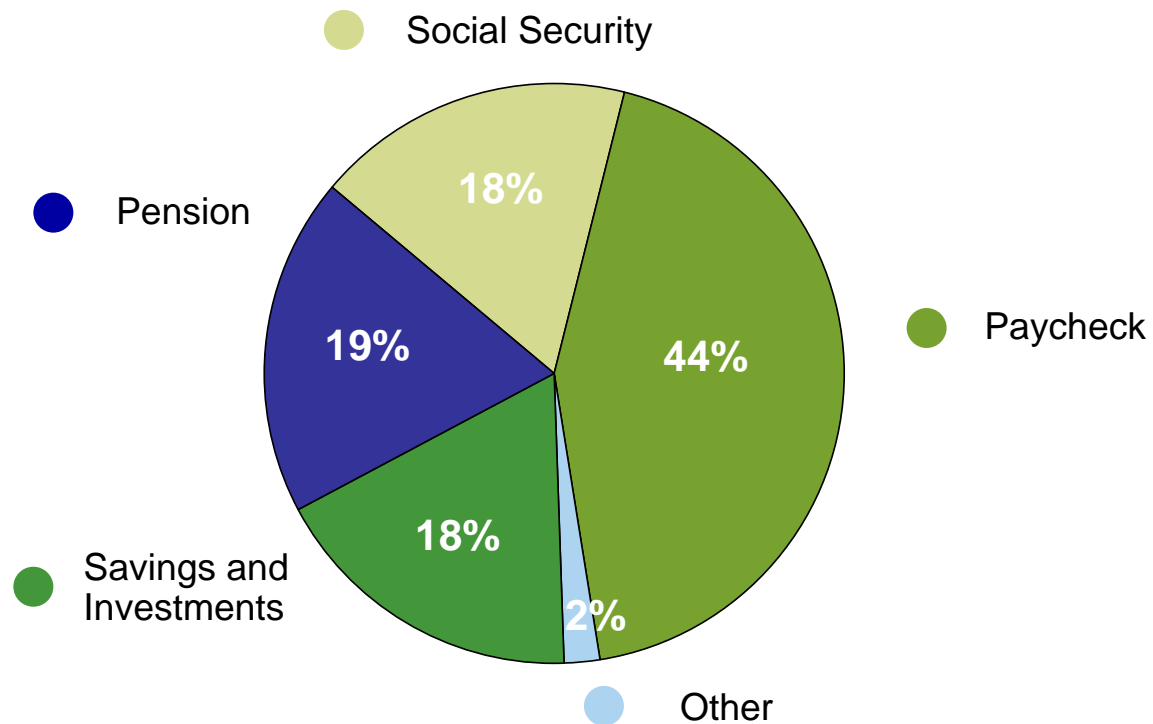
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# The New Retirement Territory



You may be responsible for 63% of your income



Source: Social Security Administration, **Income of the Aged Chartbook, 2008**. SSA Publication No. 13-11727  
Released: April 2010. Shares of aggregate income using the highest quintile, \$55,889 per year and higher. Actual data was rounded to whole numbers. Total may not equal 100%.





## CPChem Wealth Benefits and Financial Wellbeing

Financial wellbeing is having enough resources to meet your needs and to do what you want to do. CPChem's wealth benefits can help you to achieve financial wellbeing, especially if used to their fullest potential.



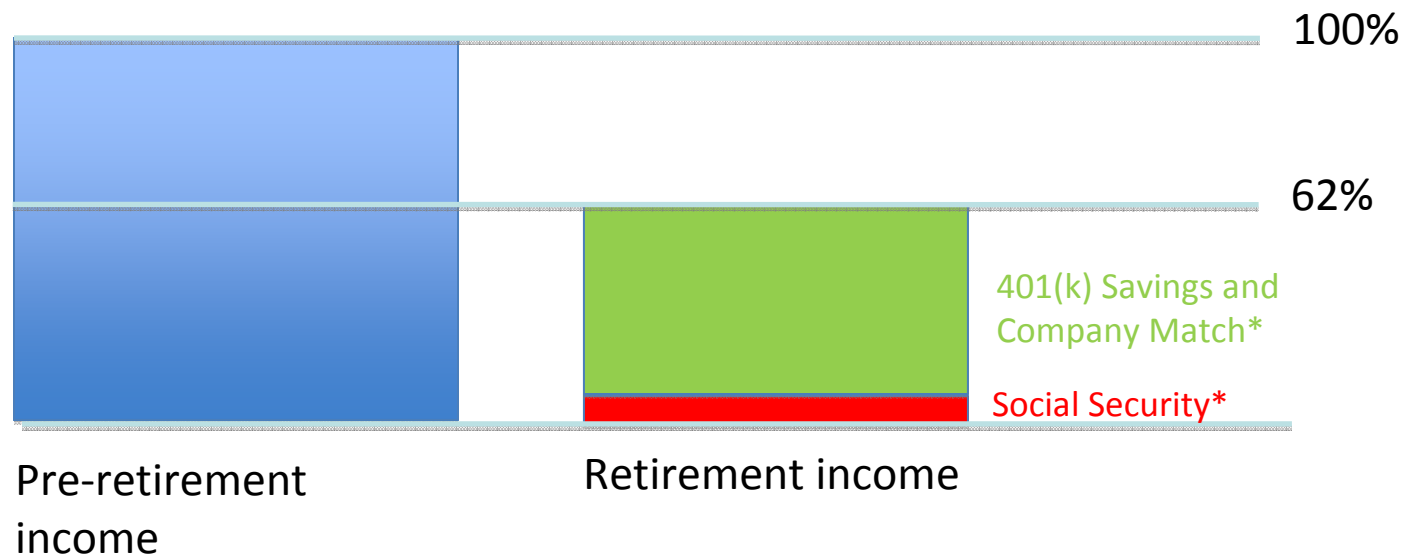
Retiree  
Reimbursement Account

401(k) Savings and Profit-  
Sharing Plan

Retirement  
(Pension) Plan

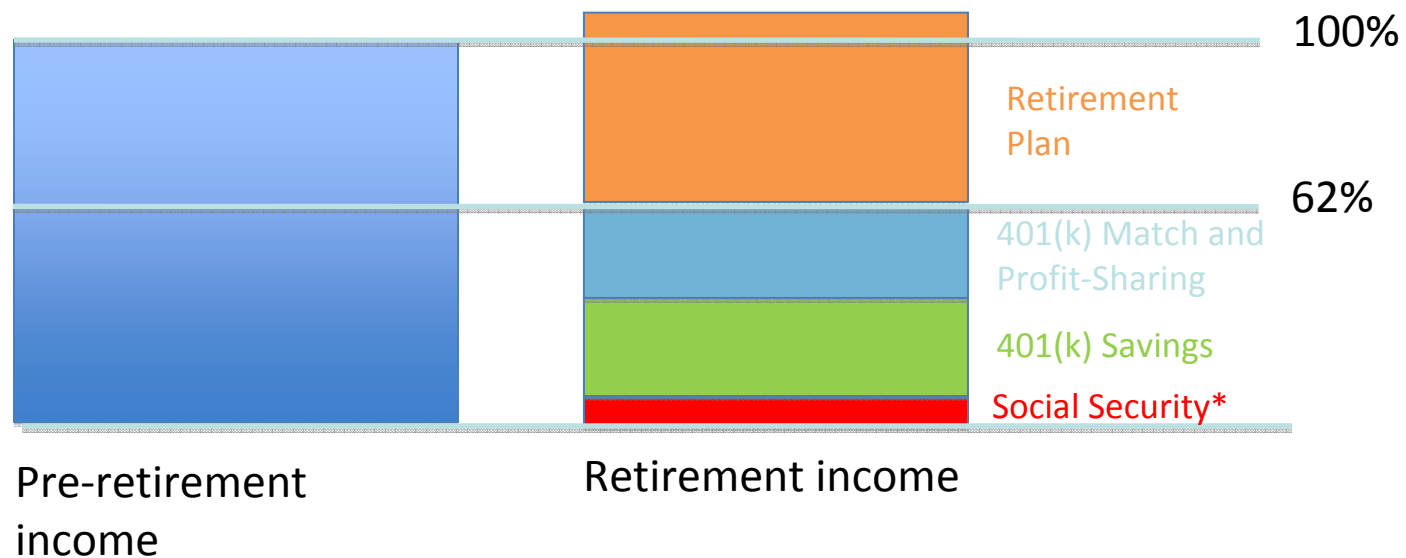
Compensation –  
Personal Savings

## Retirement Benefits—Most U.S.-Based Workers



\*SOURCE: 2010 AARP and Social Security Administration websites

## Your Potential CPChem Retirement: 97% to 112% income replacement



\*SOURCE: 2010 AARP and Social Security Administration websites



## My Retirement (Pension) Plan

- Automatically provided to eligible employees
- No cost to employees
- Company assumes investment risk
- Benefit grows based on service and compensation
- Eligible to receive a benefit after 3 years of vesting service
- Available as lump sum or annuity
- Lump sum value never lower than December 31, 2012 value from 2013



# Workplace savings is hard to beat



- ▶ Pretax and/or Roth after-tax contributions
- ▶ Employer match and potential profit-sharing
- ▶ Lower current or future taxable income
- ▶ Pretax: Defer taxes on contributions and earnings
- ▶ Roth after-tax: Eliminate tax on earnings for qualified distributions
- ▶ High contribution limits



# IRA eligibility for 2011



## 2011 IRA Contribution Limits

- Under 50 - \$5,000
- 50 or older - \$6,000

		CONTRIBUTIONS	
		Full	Partial
ROTH—MAGI limits	Single filers	Under \$107,000	\$107,000–\$122,000
	Married filing jointly	Under \$169,000	\$169,000–\$179,000
Traditional deductible— MAGI limits <i>Income limits assume you are covered by an employer-sponsored plan</i>	Single filers	Under \$56,000	\$56,000–\$66,000
	Married filing jointly	Under \$90,000	\$90,000–\$110,000
Traditional Nondeductible		No MAGI limits. Available to anyone with earned income who is under age 70½.	

MAGI – modified adjusted gross income

# Which IRA — Roth or traditional?



## Roth IRA

- Any earnings grow federally tax free (assuming certain conditions are met)
- Flexibility to withdraw your contributions penalty free and tax free (once requirements are met)
- Leave your money in as long as you want (no minimum required distributions during the lifetime of the original owner)

## Traditional IRA

- Earnings and deductible contributions are taxed at withdrawal
- No penalty for withdrawals after age 59½
- Required minimum distributions begin at 70½

To be eligible to contribute to a Roth IRA, modified adjusted gross income (MAGI) for a full contribution must be less than \$105,000 for single filers in 2010. For partial contribution for single filers it must be between \$105,000 and \$120,000 in 2010. For joint filers, MAGI for a full contribution must be less than \$167,000 in 2010. For a partial contribution, MAGI must be between \$167,000 and \$177,000 in 2010.

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.

A distribution from a Roth IRA is tax free and penalty free provided that the 5-year aging requirement is satisfied and one of the following conditions is met: age 59½, death, disability, qualified first-time home purchase.

To be eligible for a traditional IRA at Fidelity, you must be over the age of 18 and under the age of 70½ with earned compensation.

Information provided is not intended to be tax advice. Investors should consult their tax advisor regarding their personal situation.



# Roth IRA Conversion



***Starting January 2010 more investors, regardless of income, are allowed to convert an existing traditional IRA to a Roth IRA***

## **□ Advantages**

- You pay no federal taxes on qualified distributions
- No Minimum Required Distributions for the original owner
- No penalty for converting<sup>1</sup>
- Beneficiaries can also withdraw the money without paying federal income tax as long as the account meets the five-year aging requirement

## **□ Considerations**

- Beneficiaries are subject to MRD's but money is still federal tax free
- Restricted on making ongoing contributions to the Roth
- Will have to pay taxes on the money you move over.

<sup>1</sup>Withdrawals before age 59½ may be subject to a 10% early withdrawal penalty.



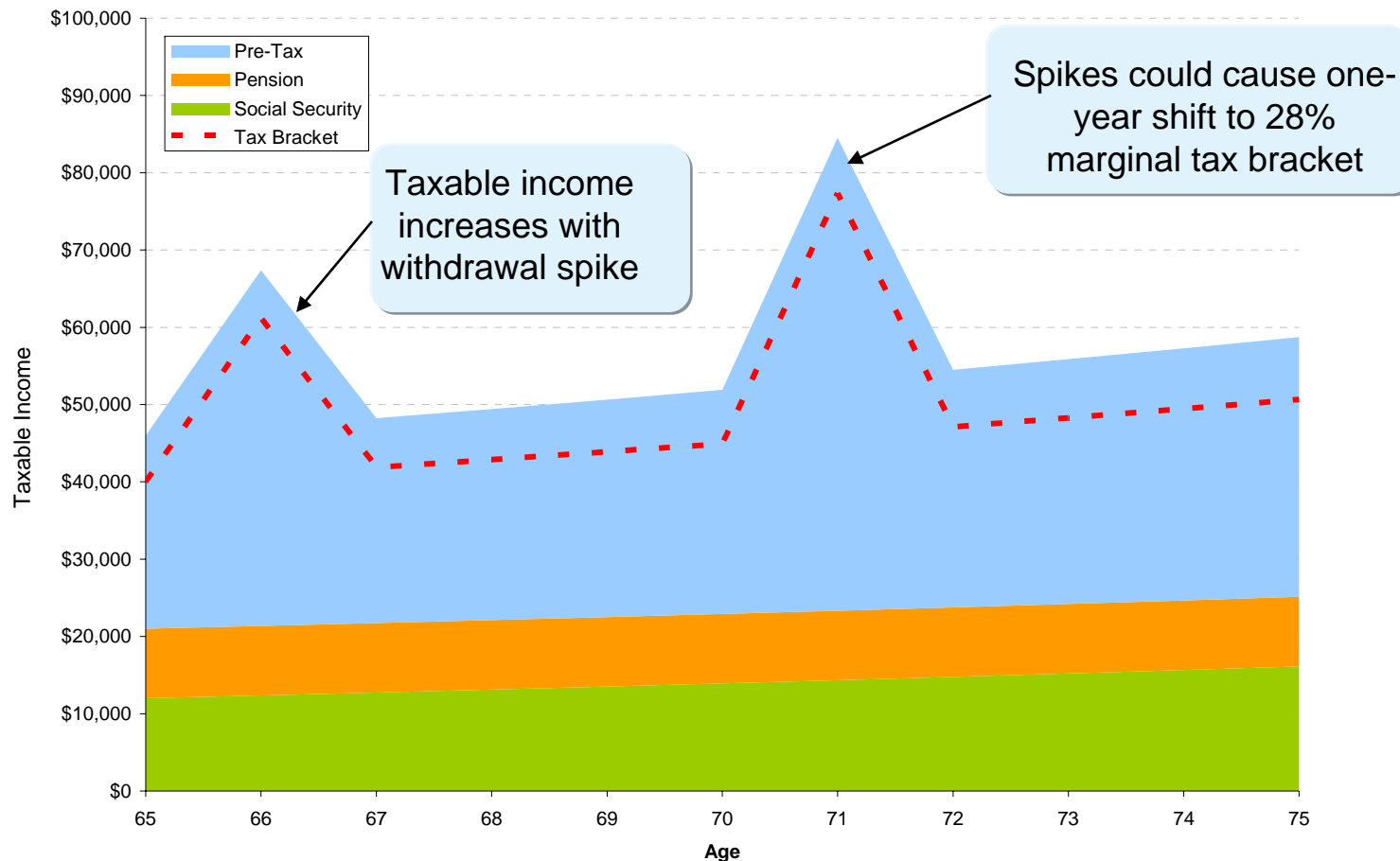
## CPChem Benefits: Tax Advantages and Diversification

- CPChem offers several benefit plans to help you optimize your taxes during your career and during retirement
- Work with your financial advisor and/or tax advisor to craft a blend of tax-deferred and tax-free benefits that works best for your situation



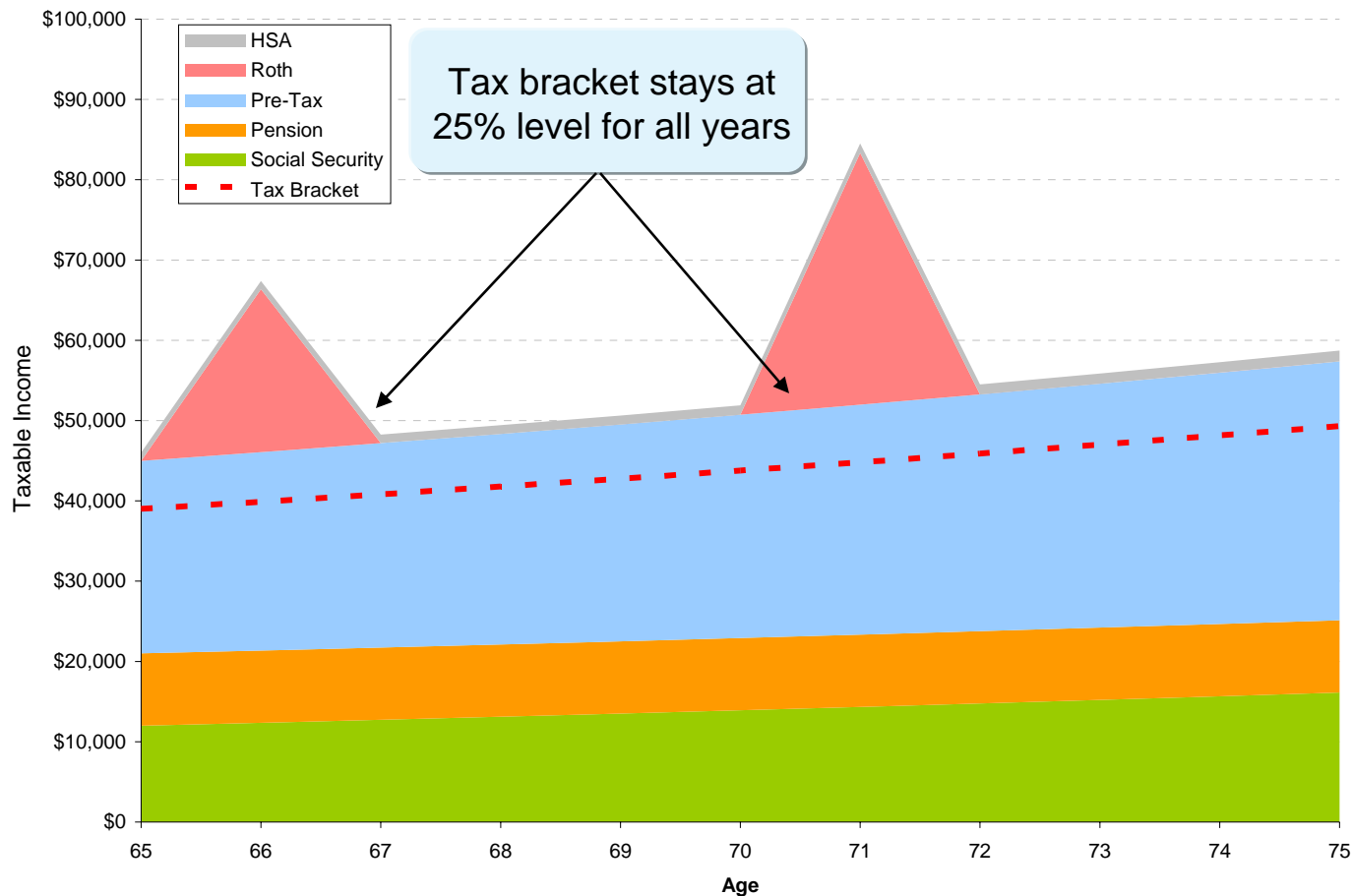
Benefit	Advantages
<b>Pre-tax 401(k) Contributions</b>	<ul style="list-style-type: none"> <li>• Lower your taxable income now</li> <li>• Pay taxes on distributions</li> <li>• Earn Company Match</li> </ul>
<b>Roth after-tax 401(k) Contributions</b>	<ul style="list-style-type: none"> <li>• Pay tax on your contributions now</li> <li>• No future tax on your contributions and earnings for qualified distributions</li> <li>• Earn Company Match</li> </ul>
<b>Health Savings Account (HSA)</b>	<ul style="list-style-type: none"> <li>• Lower your taxable income now</li> <li>• No taxes on contributions or earnings if used for qualified health expenses</li> <li>• Rolls over year to year</li> </ul>
<b>Health Care and Dependent Care Flexible Spending Accounts (FSAs)</b>	<ul style="list-style-type: none"> <li>• Lower your taxable income now</li> <li>• No taxes on contributions if used for qualified health/dependent expenses</li> <li>• Caution: Use it or lose it</li> </ul>

# Tax Diversification – All Pre-Tax Varied Withdrawal Pattern



Often times a retiree may have some years where expenditures are greater than planned  
If all retirement savings are taxable, the tax bracket may be higher in those years

# Tax Diversification – Pre-Tax, Roth, And HSA Varied Withdrawal Pattern



In years where expenditures are greater than expected, use of Roth and HSA money may help keep the tax bracket level

**Savings can be thousands of dollars**

# Simplify your finances



## Easier to manage your assets

- ▶ Keep all of your assets in one place
- ▶ Fewer statements

## Diversification may be easier

- ▶ Track overall performance
- ▶ Maintain investment strategy of choice

## Watch out for

- ▶ Transfer fees
- ▶ Availability of low-cost investment options

Past performance is no guarantee of future results.



# Rollover Options



You are permitted to roll over eligible pretax, Roth, and after-tax contributions from another 401(k) plan, 403(b) plan or a governmental 457(b) retirement plan account or eligible contributions from conduit individual retirement accounts (IRAs) into the CPChem 401(k) Savings and Profit Sharing Plan.

To request a Rollover Form:

- Call Fidelity Investments at 1-866-771-5225 or
- Log on to [www.netbenefits.com](http://www.netbenefits.com) and go to CP CHEM 401K PLAN / Plan Information and Documents / Plan Literature / Roll In Form

You should consult your tax adviser and carefully consider the impact of making a rollover contribution to your employer's plan because it could affect your eligibility for future special tax treatments.

Please note that rollover contributions are not eligible for Company Match or Profit Sharing contributions.



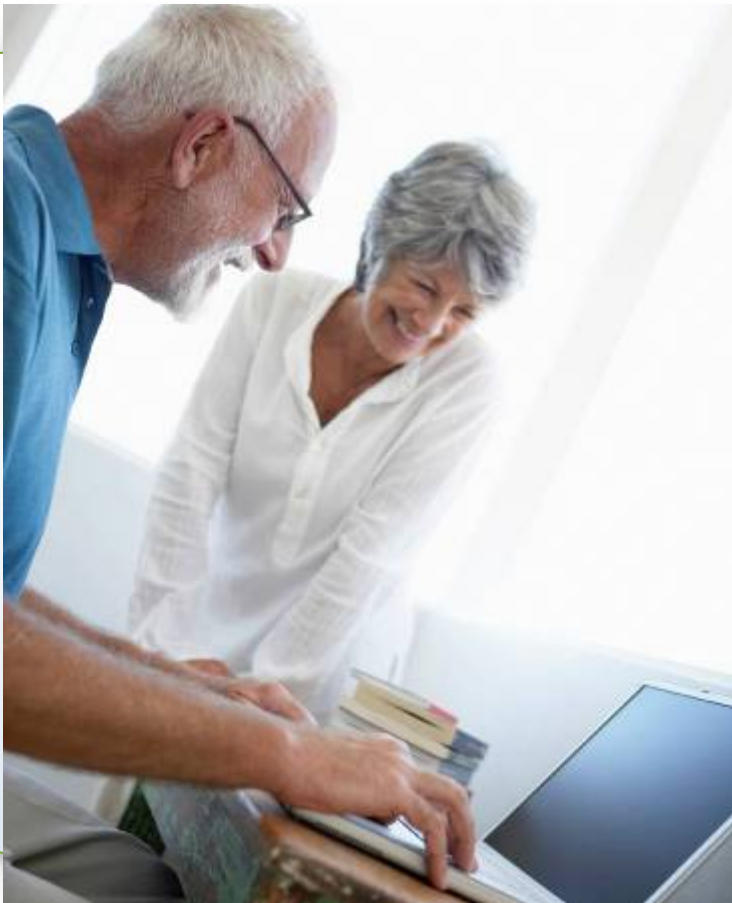
## Other financial goals

Have a plan for your other goals

3



## Address other savings goals



- ▶ Saving for retirement should be a top priority
- ▶ Investment vehicles to consider for goals beyond your workplace savings
- ▶ Important to balance your competing needs to save appropriately

# Savings options



	Emergency Fund	Vacation Automobile	Home Purchase	College
Consideration	<ul style="list-style-type: none"> <li>• Liquidity</li> <li>• Low volatility</li> </ul>	<ul style="list-style-type: none"> <li>• Liquidity</li> <li>• Low volatility</li> </ul>	<ul style="list-style-type: none"> <li>• Intermediate to long-term growth</li> </ul>	<ul style="list-style-type: none"> <li>• Long-term growth</li> </ul>
Sample Time Frame	0–1 year	1–3 years	3–5 years	10 years
Option	<ul style="list-style-type: none"> <li>• Money market</li> <li>• Savings account</li> </ul>	<ul style="list-style-type: none"> <li>• Money market</li> <li>• Savings account</li> <li>• CD</li> </ul>	<ul style="list-style-type: none"> <li>• Brokerage account</li> <li>• Mutual fund</li> </ul>	<ul style="list-style-type: none"> <li>• 529 plan</li> <li>• Custodial account</li> <li>• Prepaid plan</li> <li>• Coverdell account</li> <li>• Brokerage account</li> <li>• Mutual fund</li> </ul>

# College Planning

Have a plan for your college goals

4



# How you will likely pay for college



- ▶ Financial aid
  - Grants & scholarships
  - Work-study
- ▶ Loans
- ▶ Savings
  - 529 College Savings Plan
  - UGMA/UTMA accounts
  - Coverdell Education Savings Accounts
  - Taxable accounts
  - Pre-paid plan
- ▶ Income

## Benefits of saving



- ▶ All educational options left open, regardless of cost
- ▶ Reduces or may eliminate the need to borrow
- ▶ Spreading out the cost of college over time may reduce the impact to your lifestyle during the years you pay for college
- ▶ Minimum impact on the federal financial need analysis

✓ **Tip:** Start saving when your child is an infant.



# Features of 529 College Savings Plans



- ▶ Federal income tax free qualified withdrawals
- ▶ Use at most accredited colleges and universities nationwide and at eligible foreign institutions
- ▶ Use for a range of qualified expenses
- ▶ Adult participant maintains control over account assets\*
- ▶ Federal financial aid treatment
- ▶ No income limits on participation
- ▶ Potential gift and estate tax benefits

•The IRS does not allow a participant to have direct or indirect control over the investments in a 529 plan.

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 to Fidelity for a free Fact Kit, or view one online. Read it carefully before you invest or send money.



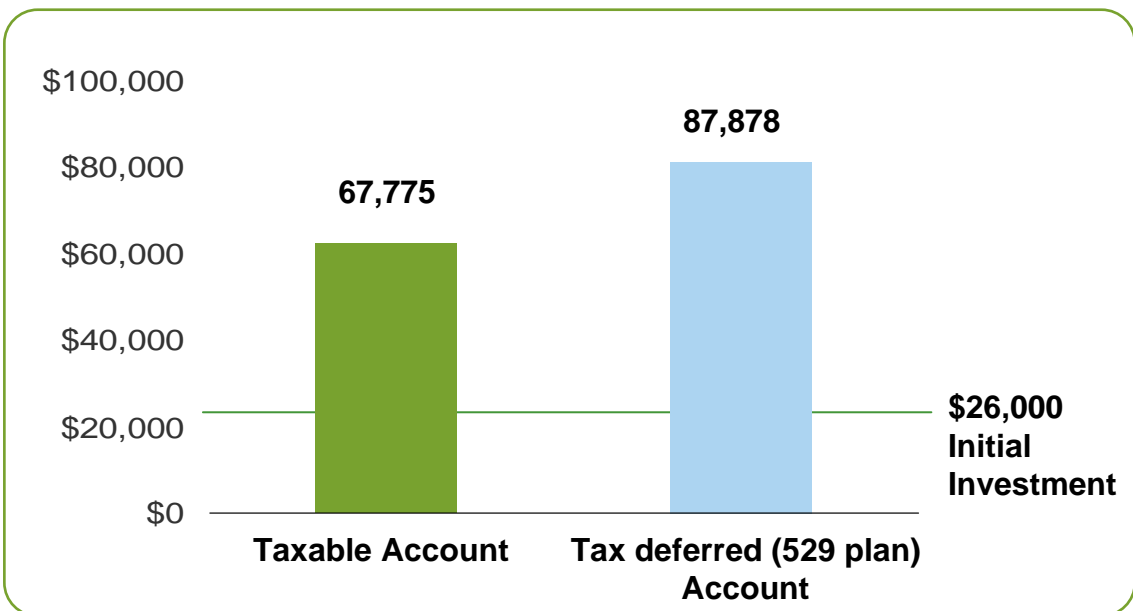
# The Potential Value of Tax-Deferred Growth



Potential difference in growth after 18 years of a lump sum invested in a taxable account versus a tax-deferred (529 plan) account.

## Hypothetical Example

When saving for college, consider the tax advantages of investments that offer tax-deferred growth of earnings (such as a 529 plan account). Tax-deferred products may offer a greater opportunity to build on any growth of previous years' earnings.



If you or the designated beneficiary is not a resident of the state sponsoring the 529 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.

The hypothetical compares tax deferred (529 plan) account and taxable account investing and after-tax amounts potentially available with each. Assumptions are: (1) an initial after-tax investment of \$26,000 invested for 18 years, (2) 7% annual rate of return, (3) an imputed constant annual federal income tax rate of 21.9% on taxable account earnings, and (4) use of 529 plan account distributions to cover qualified higher education expenses (with no federal income taxation). State and local taxes and account fees and expenses are not taken into account. If they were, results would be lower from the 529 plan account. The hypothetical is not intended to predict or project the investment performance of any security. Distributed earnings not used to cover qualified higher education expenses are taxable to the distributee and are subject to a 10% federal penalty tax. Contributions to a 529 plan account are considered gifts to the account's beneficiary. Currently, an individual may gift \$13,000 (or \$26,000 per married couple who gift split) per beneficiary each year without federal gift or generation-skipping transfer tax impact.





# Protecting your family

Why adequate insurance and estate planning are important

5



# Life insurance



- ▶ Also referred to at CPCChem as Income and Survivor Protection
- ▶ Helping protect the people you love
- ▶ Basic coverage employer paid with an option to purchase group supplemental coverage
- ▶ CPCChem plan details available at [www.Benefitium.com](http://www.Benefitium.com) under “Summary Plan Descriptions”

# Disability insurance



- ▶ Provides income to cover living expenses due to illness or injury
- ▶ At CPCChem, you are automatically generally covered up to 26 weeks if qualified for the Short-Term Disability program
- ▶ For coverage after 26 weeks, you must have purchased Long-Term Disability insurance as described in detail later in this presentation
- ▶ Why it's important
- ▶ CPCChem LTD plan details available at [www.Benefitium.com](http://www.Benefitium.com)

☒ **Tip:** Don't overlook disability insurance.

# Long-term care insurance



- ▶ Helps you protect assets
- ▶ Helps you maintain financial security
- ▶ Should you purchase long-term care insurance?
- ▶ Currently available only from third parties
- ▶ Health Savings Account funds can be used to pay qualified long-term care insurance premiums



## CPCChem Basic (Employer-Paid) Income and Survivor Protection

Coverage	Triggering Event	Amount
Basic Life	Your death	1x Base Pay up to \$250,000
Basic AD&PL	Your accidental death or serious injuries inside or outside workplace	1x Base Pay up to \$250,000
Occupational AD&PL	Your accidental death or serious injuries inside workplace	\$500,000
Business Travel Accident	Your accidental death or serious injuries while traveling on Company business	1x Base Pay up to \$500,000





## CPChem Voluntary (Employee-Paid) Income and Survivor Protection

Coverage	Triggering Event	Amount
Supplemental Life	Your death	1x to 8x Base Pay up to \$500,000
Spouse Life	Your spouse's death	Up to lesser of \$250,000 or your life coverage
Dependent Child Life	Your children's death	\$5,000 or \$10,000 for each child
Long-Term Disability	Your injury or illness keeps you from working longer than 26 weeks	60% /50% of Base Pay up to \$12,000 per month



## CPChem Voluntary (Employee-Paid) Income and Survivor Protection (continued)

Coverage	Triggering Event	Amount
Supplemental AD&PL	Your accidental death or serious injuries inside or outside workplace	Up to Lesser of 10x Base Pay or \$1,000,000
Spouse AD&PL	Your spouse's accidental death or serious injuries inside or outside workplace	<u>No Children:</u> 65% of your Supplemental AD&PL up to \$650,000 <u>Children:</u> 55% of your coverage for spouse up to \$550,000
Dependent Child AD&PL	Your children's accidental death or serious injuries inside or outside workplace	<u>Married:</u> 20% of your coverage for each child up to \$200,000 <u>Children Only:</u> 25% of your coverage for each child up to \$250,000





# Key estate-planning tools



- ▶ Will
  - Estate Planning education (including wills) available through EAP
  - Free will preparation legal services for all employees enrolled in Supplemental Life Insurance
- ▶ Durable power of attorney
- ▶ Health care proxy
- ▶ Trust
- ▶ Beneficiary designations

☒ **Tip:** Keep your beneficiaries up to date.



# How to Change Your Beneficiaries

## CPChem Income and Survivor Protection Plans

### •CPChem Income and Survivor Protection Beneficiaries

- Log in to CPChem Benefit Service Center website at:  
[www.cpchembenefits.mercerhrs.com](http://www.cpchembenefits.mercerhrs.com)
- Or call 1-800-446-1422, option 1
- Click on **Beneficiaries** under **Health** tab
- Follow instructions to review/change beneficiaries for each plan

The screenshot shows the 'My Total Advantage Benefits' website. The header includes the logo and the text 'BENEFITS THAT WORK'. Navigation links include 'Login Management', 'Help', 'Site Map', 'Contact Us', and 'Log Out'. A 'Welcome' message is visible. The main navigation bar has tabs for 'Health', 'Forms', 'Resource Center', and 'Administration'. Under the 'Health' tab, there is a sub-menu with 'Overview', 'Current Coverages', 'Family Data', 'Beneficiaries' (highlighted with a red box), 'Life Status Change', 'Providers', 'Tools', and 'Forms'. The 'Your Beneficiary Details' section contains instructions on how to change or print beneficiary information. Below this, there is a section titled 'Your Beneficiaries' and 'Beneficiary Designation - Basic Employee Life'. A table lists the designated beneficiaries with columns for Name, SSN/Tax ID, Date of Birth, Relationship, Type, and %.

Name	SSN/Tax ID	Date of Birth	Relationship	Type	%
			Spouse	Primary	100
			Child	Secondary	50
			Child	Secondary	50

At the bottom, there is a 'Change' button, a text input field for 'Or copy your designations from another benefit:', a dropdown menu labeled 'Choose Benefit to copy...', and a 'Copy' button.

# How to Change Your CPChem Benefit Plan Beneficiaries



- CPChem Retirement Plan and 401(k) Beneficiaries
  - Log in to CPChem Retirement and Savings Center at:  
[www.NetBenefits.com](http://www.NetBenefits.com)
  - Or call 1-866-771-5225
  - Click on **Beneficiaries** under **Your Profile** tab
  - Follow instructions to review/change beneficiaries for each plan

**Chevron Phillips**  
Chemical Company LLC

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[Home](#) | [Savings & Retirement](#) | [Health & Insurance](#) | [Your Profile](#)

## Your Profile

### About You

- [Personal Information](#)  
Access your Personal Information such as Name and Date of Birth.
- [Address](#)  
Access your contact information.
- [Phone Number](#)  
Update your day and evening phone numbers
- [E-Mail Address](#)  
Receive important benefits communications at this e-mail address.
- [Beneficiaries](#)  
Update your beneficiaries.

### Related Tasks

- [Dependents for your Health Insurance](#)  
Access a list of dependents for your Health Insurance.

## Next steps

Fidelity can help

6



## Next steps



- ▶ Identify your goals
- ▶ Create a budget you can live with
- ▶ Make retirement savings a priority
- ▶ Plan for other financial goals
- ▶ Protect what you have
- ▶ Work with Fidelity and/or Financial Engines

## Financial Engines – Coming to NetBenefits for CPChem in Late 2011

### An independent, user-friendly one-stop-shop for financial advice

## Retirement Help for Life®



### Savings

Help participants save adequately for retirement.



### Investing

Properly diversify and manage risk-appropriate portfolios.



### Retirement Income

Help identify how much income they'll need to reach their goal.

**It's more than asset allocation. It's a personal Retirement Plan to keep participants on track.**

*Advisory services, including Professional Management and Online Advice, are provided only by Financial Engines Advisors L.L.C., a federally registered investment advisor and wholly owned subsidiary of Financial Engines, Inc. Financial Engines is not affiliated with Fidelity Investments or its affiliates. Financial Engines does not guarantee future results. **Advisory services may include a fee. For specific fee information please refer to the applicable terms and conditions.***





## Stay in touch with Fidelity



**Schedule a complimentary one-on-one consultation at your Local Fidelity Investor Center.**

**Call 800.726.0217**

**For your Workplace Savings Account, call your plan's toll-free number (1-866-771-5225) or visit**

**NetBenefits®**

**[www.netbenefits.com](http://www.netbenefits.com)**

*Guidance is provided by Fidelity Representatives through the use of Fidelity's suite of guidance tools. These tools are educational tools and not intended to serve as the primary or sole basis for your investment or tax-planning decisions.*





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This information was provided by Chevron Phillips Chemical Company.

# Important information



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

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

MEFA is a not-for-profit self-financing state authority that works to make higher education more accessible and affordable for students and families in Massachusetts through community education programs, college savings plans, and low-cost financing options.

**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 to Fidelity for a free Fact Kit, or view online. Read it carefully before you invest or send money.**

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