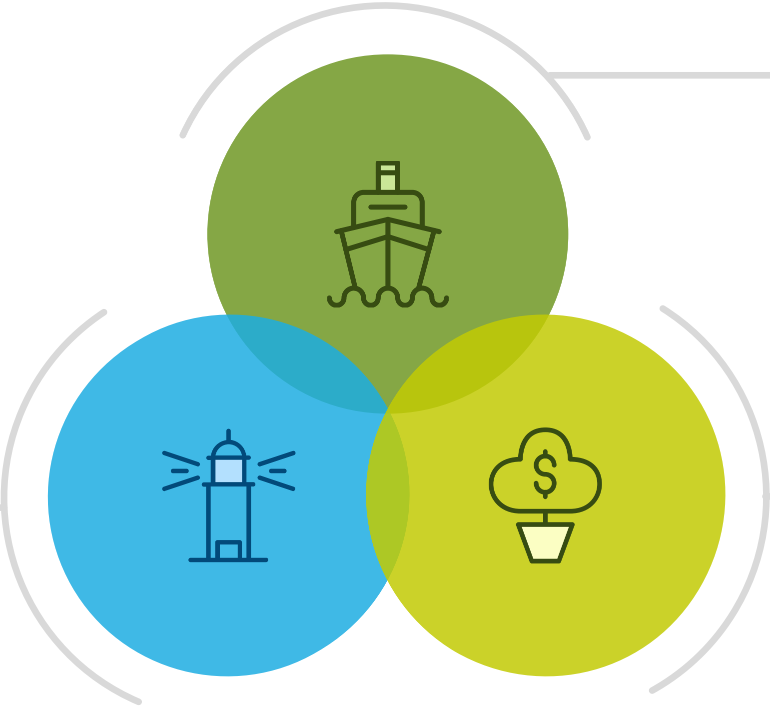
Fundamentals of retirement income planning

Agenda

Getting started with Fidelity resources



Approaching retirement

Creating your retirement income plan

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

Common questions

1

What have you done so far to prepare for retirement?

2

What is your experience with retirement income planning?

3

Have you started or completed a retirement income plan?

Approaching retirement

Where does a retirement income plan fit?

From saving for retirement to living in retirement

When would you most like to retire?

Are there new interests you'd like to pursue?

What type of lifestyle do you envision for yourself?

Where do you want to live?

Are you hoping to make any large purchases?

Do you want to continue working part-time?

What is a retirement income plan?

Retirement income plan

A detailed plan that can help you determine how to use your financial resources to generate cash flow to last the rest of your life.

Make your retirement savings last

Enjoy the retirement lifestyle you envisioned

Build a legacy for your family

Feel prepared for what's ahead

Five key risks

Keep these in mind as you prepare to create your retirement income plan

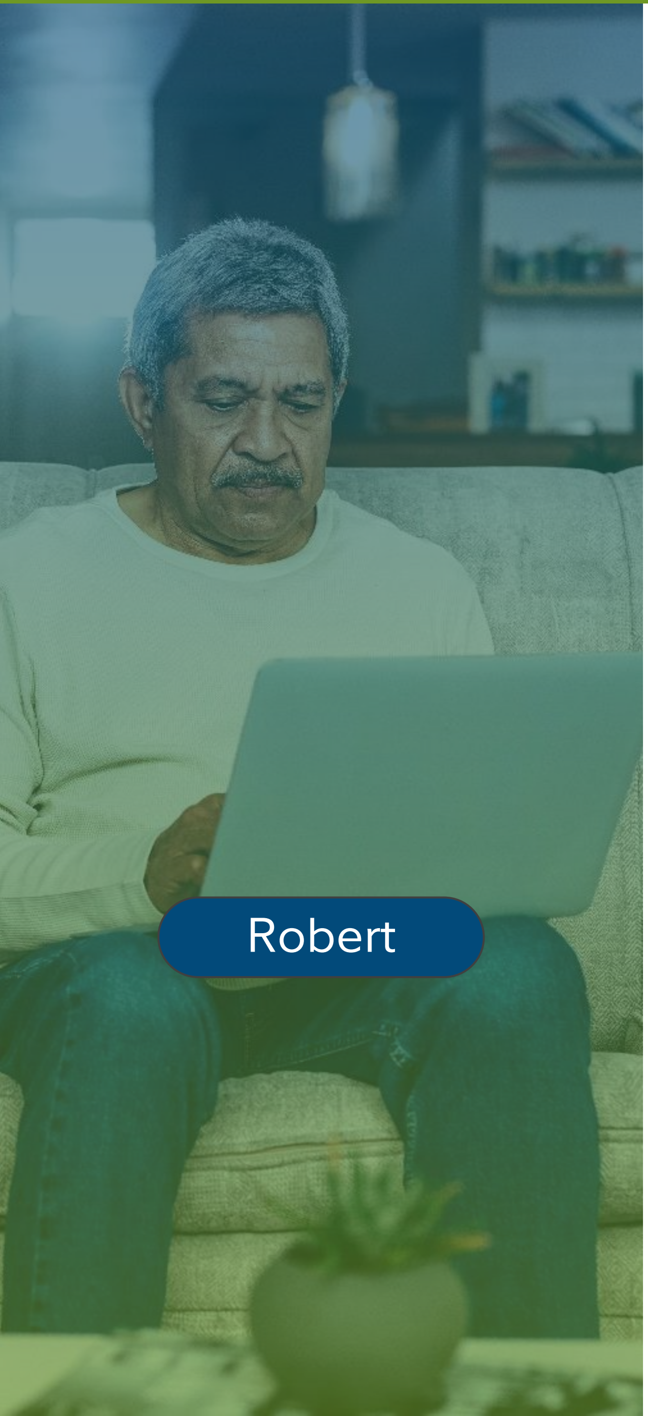
Withdrawals
Not taking out too much, too soon

Inflation
Not letting it eat away your savings' purchasing power

Longevity
Making sure your plan covers the full length of your life

Medical
Taking into consideration rising medical costs

Allocation
Ensuring your plan can weather the changing markets



Combined impact of returns and withdrawals

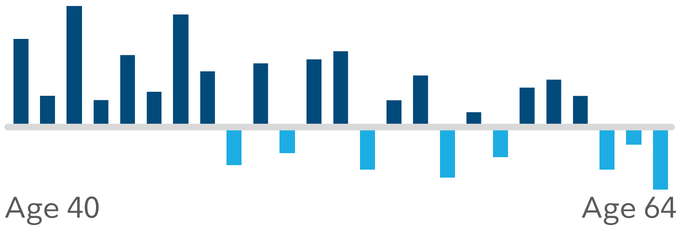
The sequence of market returns you experience in retirement can affect your portfolio's value over time

Return sequence

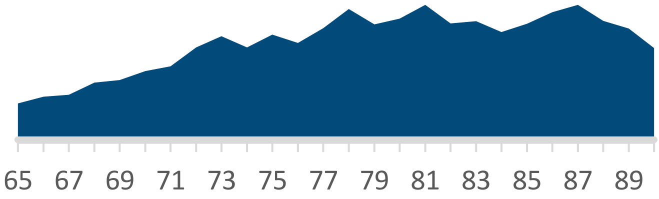
Portfolio value

SCENARIO 1

Positive portfolio returns during early years, negative returns later on

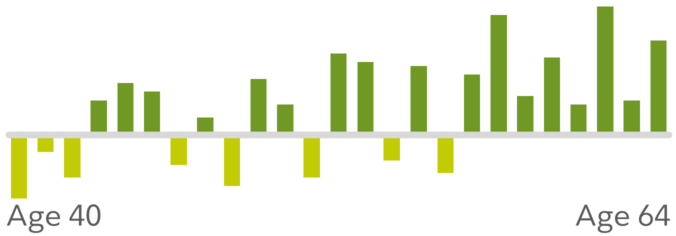


Portfolio grows throughout retirement, even with ongoing withdrawals

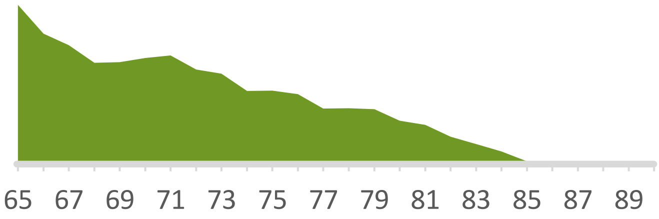


SCENARIO 2

Negative portfolio returns during early years, positive returns later on



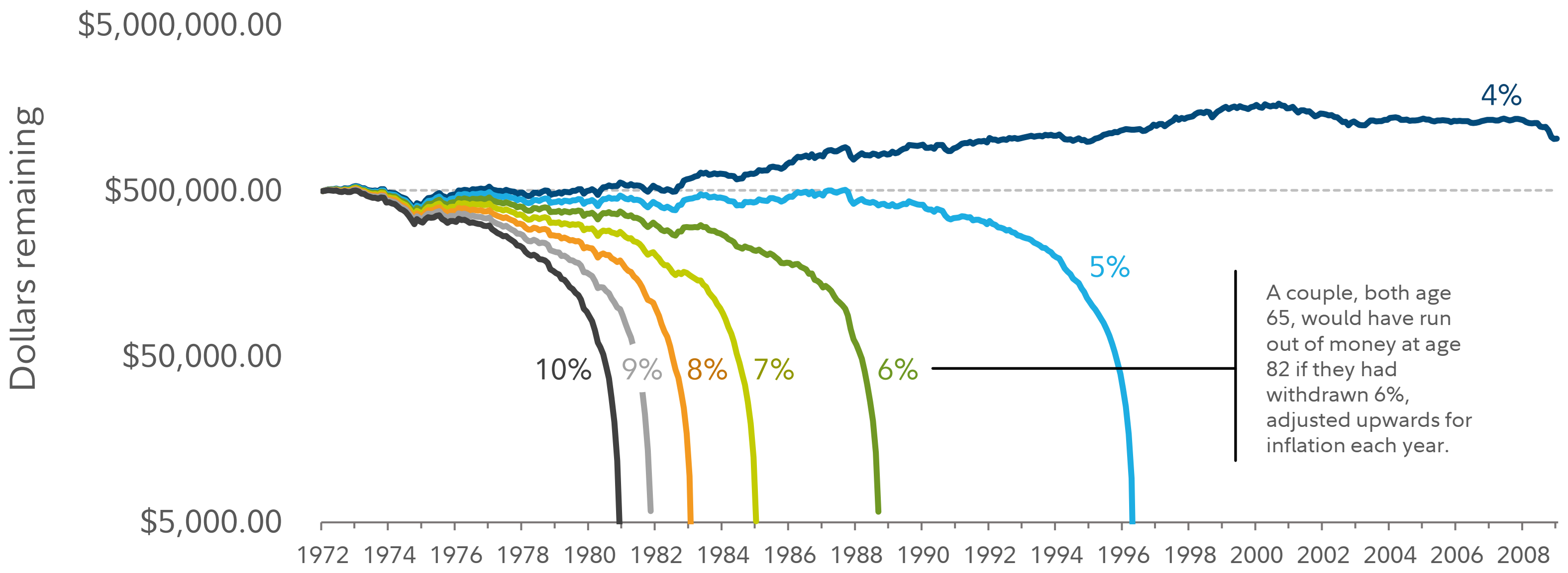
Portfolio is depleted throughout retirement, along with ongoing withdrawals



These hypothetical examples are for illustrative purposes only. It is not intended to predict or project investment results. Your rate of return may be higher or lower than that shown above.

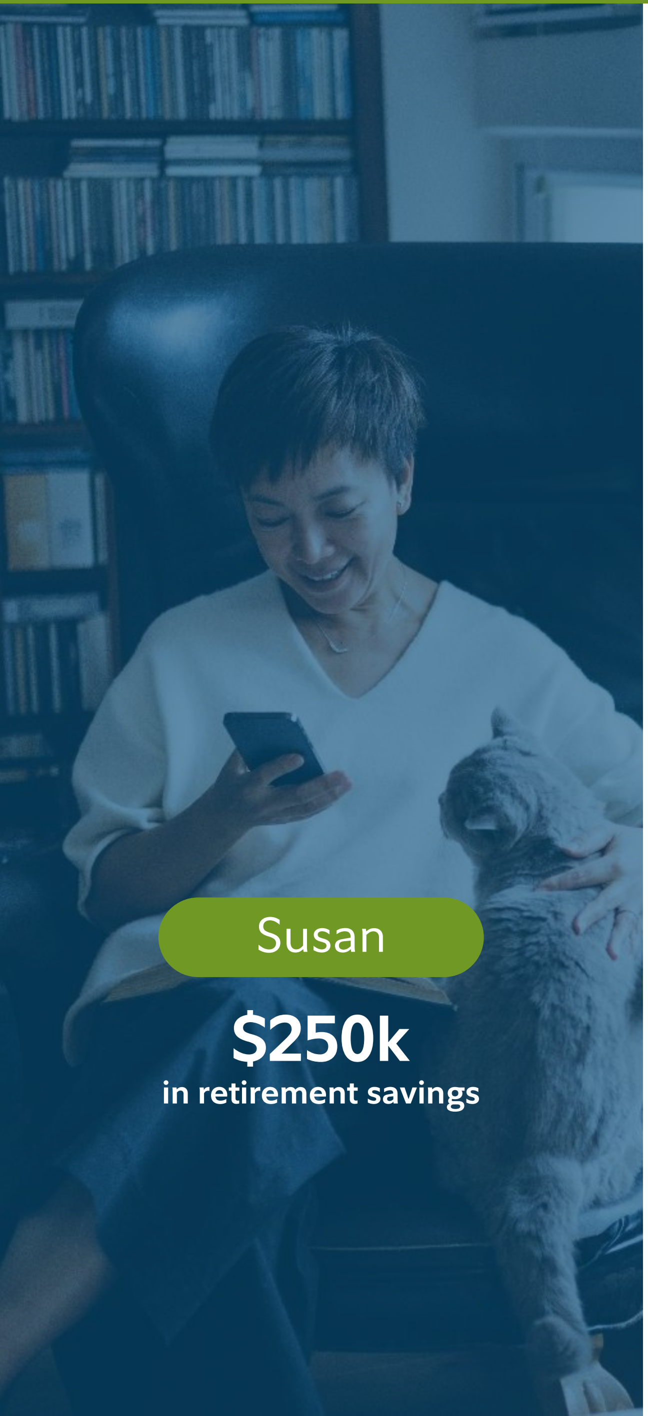
Impact of different withdrawal rates

Choosing a rate that helps your money last longer



Hypothetical Couple (Both Age 65)*						
100.0% at age 65	**99.7%** at age 70	**98.4%** at age 75	**94.8%** at age 80	**86.2%** at age 85	**67.9%** at age 90	**39.1%** at age 95

*Hypothetical value of assets held in an untaxed account after adjusting for monthly inflation-adjusted withdrawals and performance. Initial investment of $500,000 invested in a portfolio of 50% stocks, 40% bonds, and 10% short-term investments. Hypothetical illustration uses historical monthly performance, from Morningstar, for the 35-year period beginning January 1972: stocks, bonds, and short-term investments are represented by the S&P 500® Index, U.S. intermediate-term government bond, and U.S. 30-day T-bills, respectively. Initial withdrawal amount based on 1/12th of applicable withdrawal rate multiplied by $500,000. Subsequent withdrawal amounts based on prior month's amount adjusted by the actual monthly change in the Consumer Price Index for that month. This chart is for illustrative purposes only and is not indicative of any investment. Past performance is no guarantee of future results.



Withdrawal rate example

Factoring in annual required minimum distribution (RMD)

4% withdrawal rate

$250,000 x 4%

= $10,000

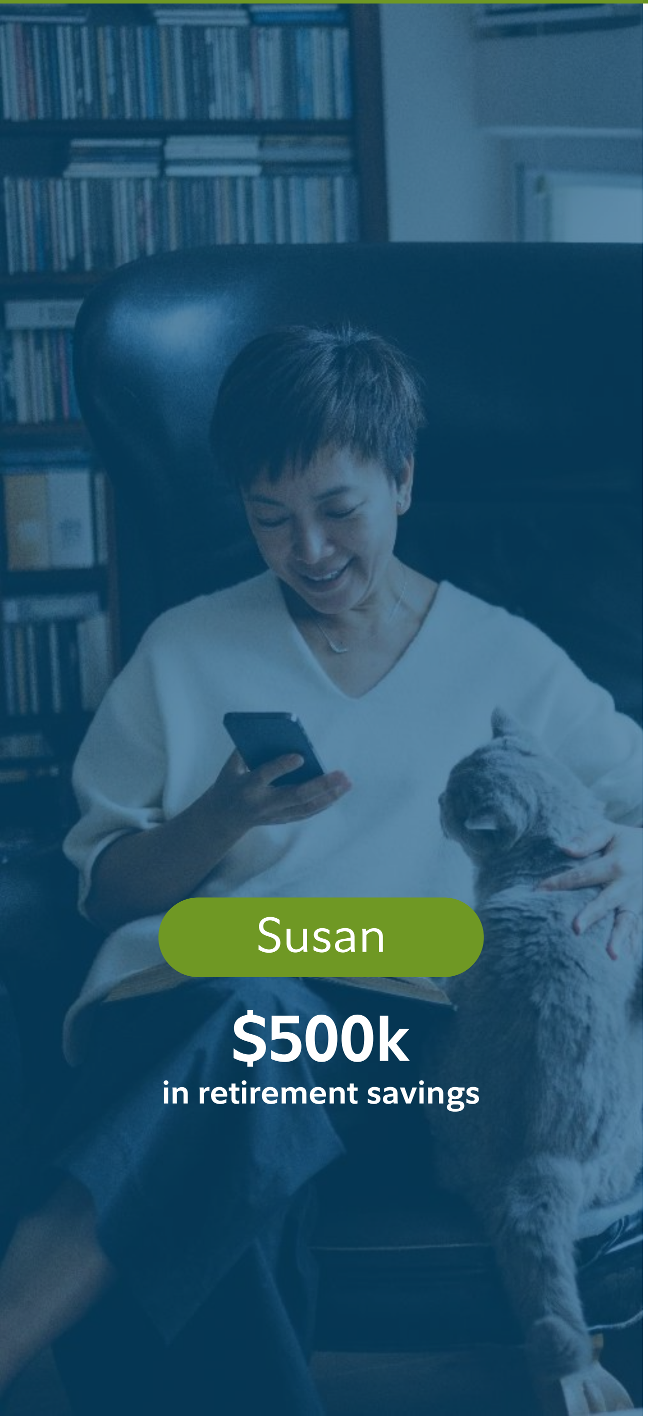
IRS-required minimum distribution (RMD)

$250,000 ÷ 26.5

= $9,434

Annual withdrawal amount must meet/exceed RMD

The change in the RMDs age requirement from 72 to 73 applies only to individuals who turn 73 on or after January 1, 2023. After you reach age 73, the IRS generally requires you to withdraw an RMD annually from your tax-advantaged retirement accounts (excluding Roth IRAs, and Roth accounts in employer retirement plans accounts after December 31, 2023). Please speak with your tax advisor regarding the impact of this change on future RMDs.



Withdrawal rate example

Factoring in annual required minimum distribution (RMD)

4% withdrawal rate

$500,000 x 4%

= $20,000

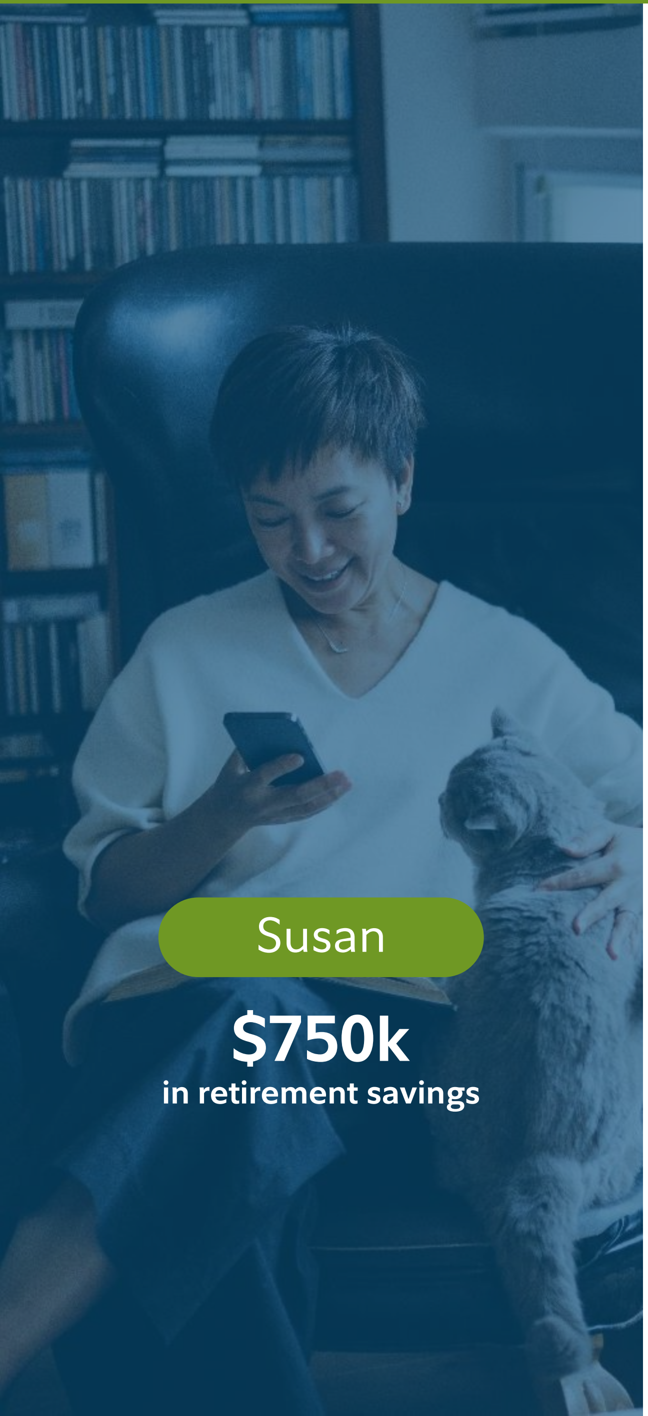
IRS-required minimum distribution (RMD)

$500,000 ÷ 26.5

= $18,868

Annual withdrawal amount must meet/exceed RMD

The change in the RMDs age requirement from 72 to 73 applies only to individuals who turn 73 on or after January 1, 2023. After you reach age 73, the IRS generally requires you to withdraw an RMD annually from your tax-advantaged retirement accounts (excluding Roth IRAs, and Roth accounts in employer retirement plans accounts after December 31, 2023). Please speak with your tax advisor regarding the impact of this change on future RMDs.



Withdrawal rate example

Factoring in annual required minimum distribution (RMD)

4% withdrawal rate

$750,000 x 4%
= $30,000

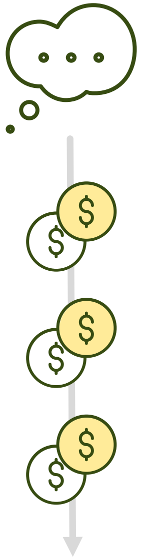
IRS-required minimum distribution (RMD)

$750,000 ÷ 26.5
= $28,302

Annual withdrawal amount must meet/exceed RMD

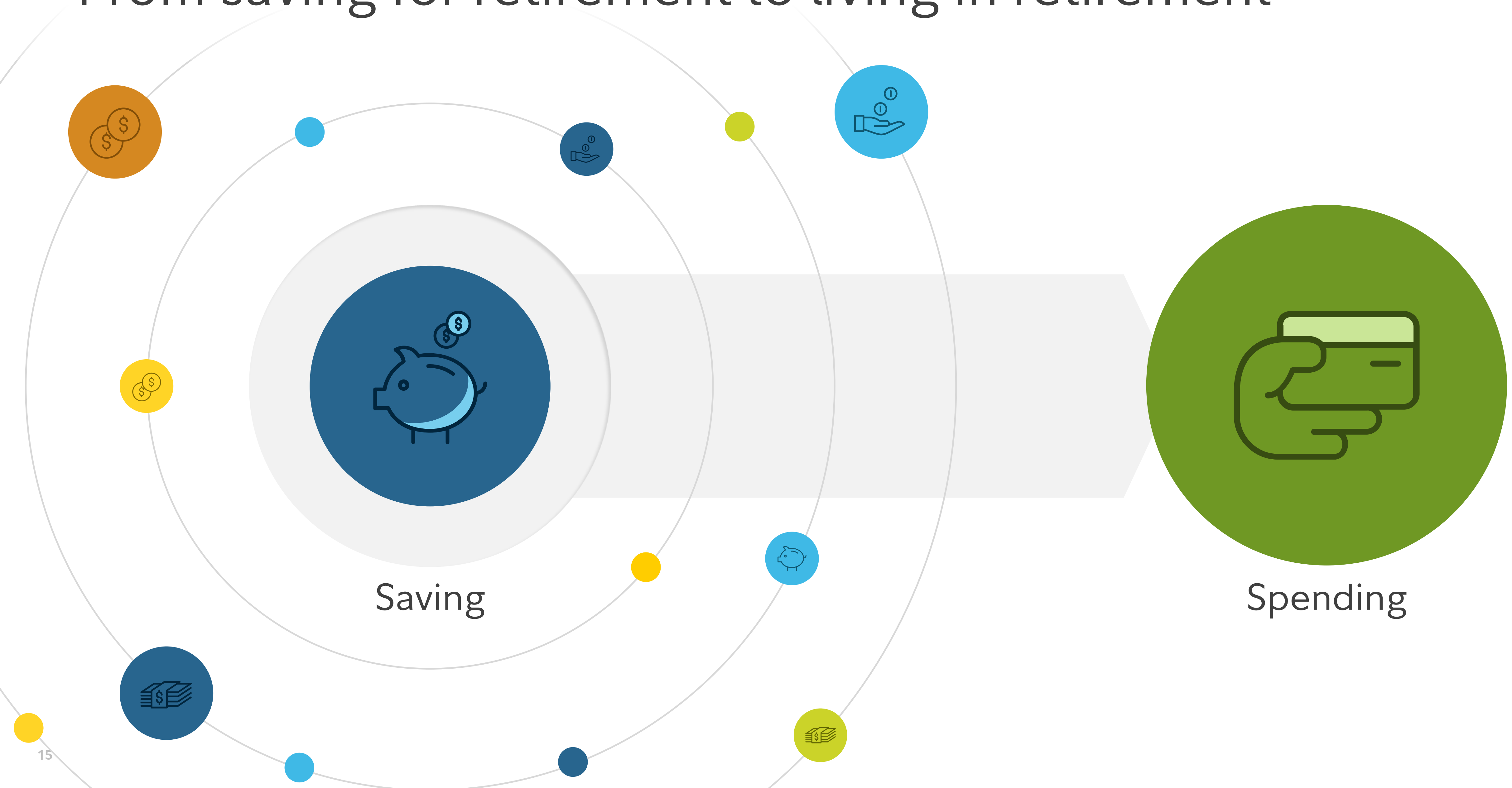
The change in the RMDs age requirement from 72 to 73 applies only to individuals who turn 73 on or after January 1, 2023. After you reach age 73, the IRS generally requires you to withdraw an RMD annually from your tax-advantaged retirement accounts (excluding Roth IRAs, and Roth accounts in employer retirement plans accounts after December 31, 2023). Please speak with your tax advisor regarding the impact of this change on future RMDs.

Why the 5 key risks are so important



Consider these risks while you build a steady and predictable income stream to replace your paycheck

From saving for retirement to living in retirement



Creating your retirement income plan

Identify your income sources and expenses

Income sources

- Predictable Income Sources (Social Security, Pension, and Annuities)
- Part-time Work
- Rental Property

Withdrawal sources

- Retirement Accounts (Traditional/Roth 401(k), 403(b), IRA, etc.)
- Savings Accounts
- Brokerage Accounts
- Equity Compensation
- CDs

Expenses

- Essential Expenses
- Discretionary Expenses

Your retirement income plan

Putting it all together

Sources		Expenses
Predictable income (Income Sources) Social Security, pensions, fixed income annuities	→	**Essential expenses** Food, housing, health care, taxes, your other must-haves
+		
Your personal savings (Withdrawal Sources)	→	**Essential expenses gap**
+		
Your remaining savings and investment income (Withdrawal Sources)	→	**Discretionary expenses** Retirement nice-to-haves

The building blocks of your plan

Predictable income

to cover your essential expenses

Growth potential

to meet your long-term goals

Flexibility

to adjust as your needs change

Predictable income

Identify your main sources of predictable income.

Understand the rules and limitations of each type.

Use predictable income to cover essential expenses.

What are the main sources of predictable income?

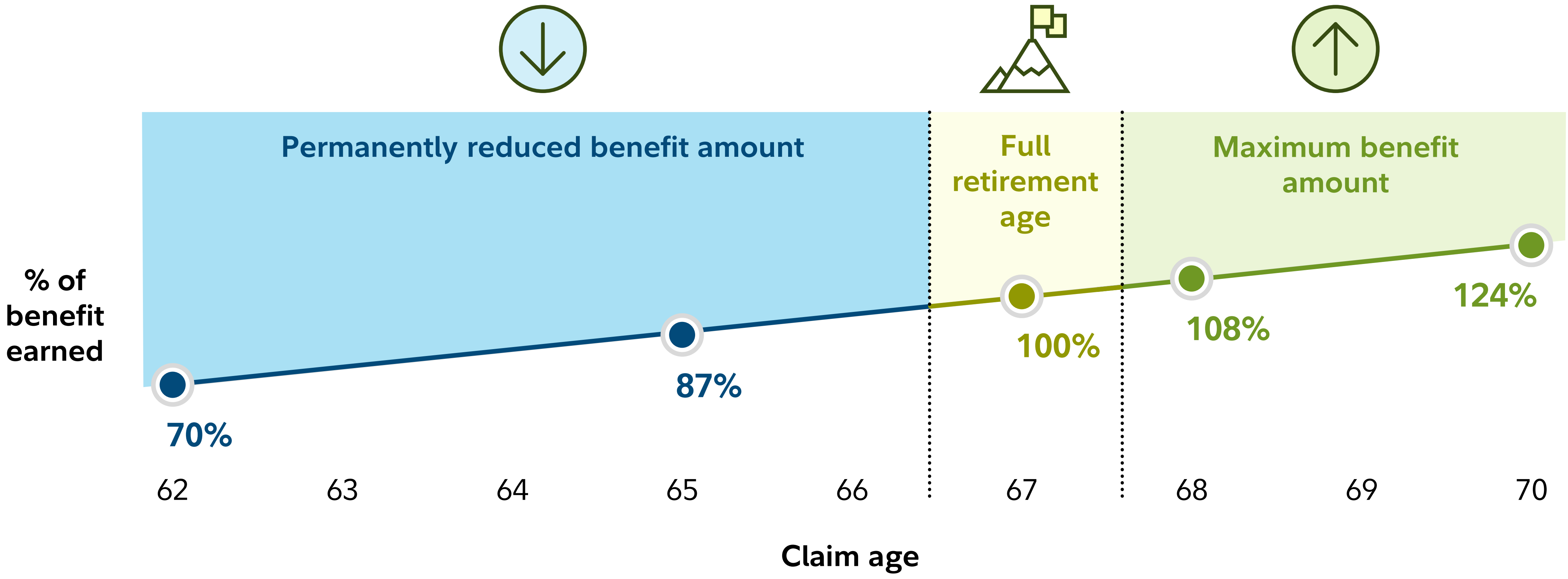
Social Security

Pensions

Income annuities

Social Security

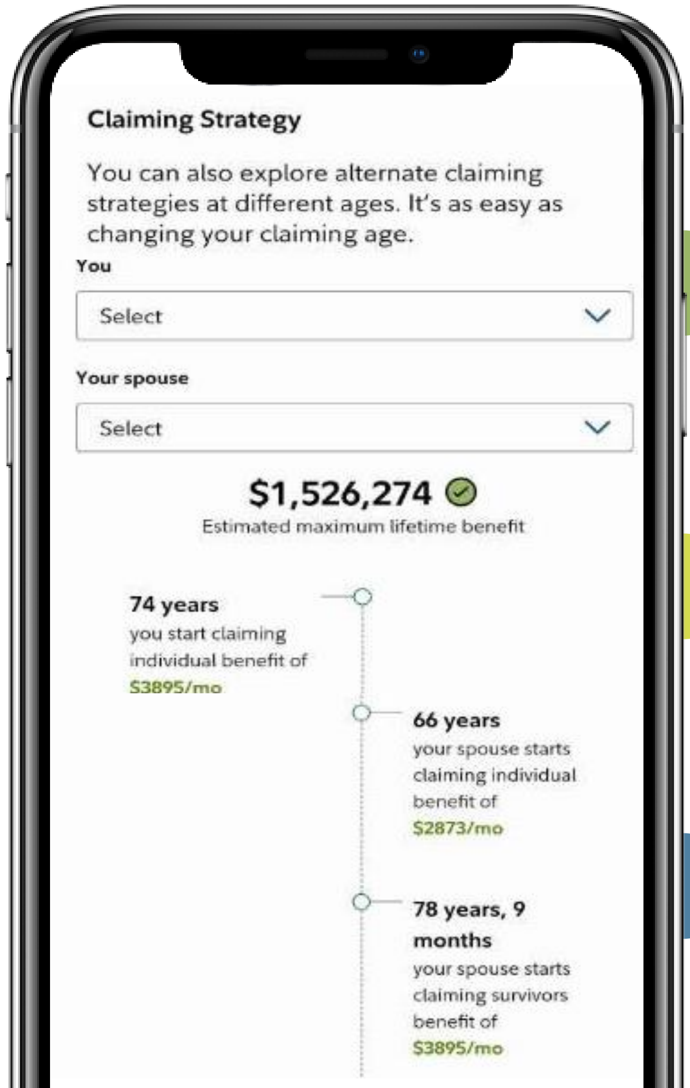
Improve your pay-out by waiting to claim benefits



 Always consult an attorney who can help you by drafting the appropriate legal documents to suit your particular needs.

Optimizing your claiming strategy

Using our Social Security Benefit Calculator



Determine a Social Security claiming strategy that works best for your retirement plan

- Compare estimated monthly & lifetime benefits across different claiming ages
- Review individual, spousal and survivor benefits in various scenarios
- See how waiting to claim may help you to maximize your monthly benefit

NetBenefits.com/socialsecurity

Screenshots are for illustrative purposes only.

Pensions

What to keep in mind

The options you choose for your payouts make a difference

When you start to receive pension payouts influences your payout amount

Once you start payments, you’re locked in

Guaranteed income annuities

Consider these annuities to help pay for essential expenses

Immediate income annuity[1]

Receive income each month for your lifetime

Payments remain the same regardless of market fluctuations

Deferred income annuity[2]

Often invest 2–10 years before needing the income

Start securing lifetime income early may require a lower upfront investment

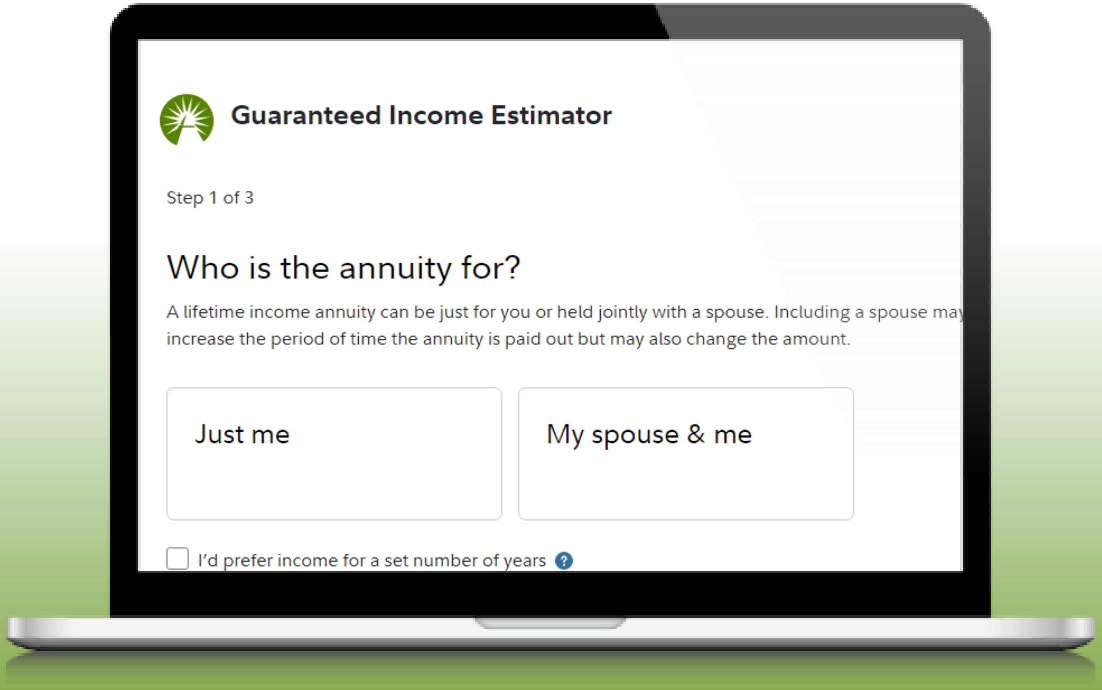
[1] In order to provide an income stream, there is no or limited access to assets.

[2] Deferred income annuity contracts are irrevocable, have no cash surrender value, and no withdrawals are permitted prior to th e income start date.

Annuity guarantees are subject to the claims-paying ability of the issuing insurance company.

Guaranteed Income Estimator

Estimate how much you could have every month with a guaranteed income annuity.

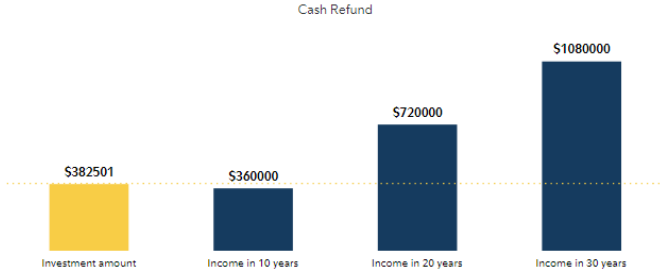


Lifetime income for you

How is this calculated?

Lifetime benefit	Investment Amount	Minimum payout	Description
Cash Refund	$382,501	$382,501	Guaranteed income for your life. Your beneficiaries would receive a lump-sum payout of your initial investment less any payments received. See more
10 years guaranteed	$381,359	$360,000	Guaranteed income for your life. If you pass away before 10 years, your beneficiaries will receive payments for the remaining period. See more
20 years guaranteed	$400,574	$720,000	Guaranteed income for your life. If you pass away before 20 years, your beneficiaries will receive payments for the remaining period. See more
Withdrawal Benefit	$455,688	$455,688	Guaranteed withdrawals for your life. Income increases each year for the first 10 years or until you start withdrawals, whichever comes first. See more

Your cumulative income over time*

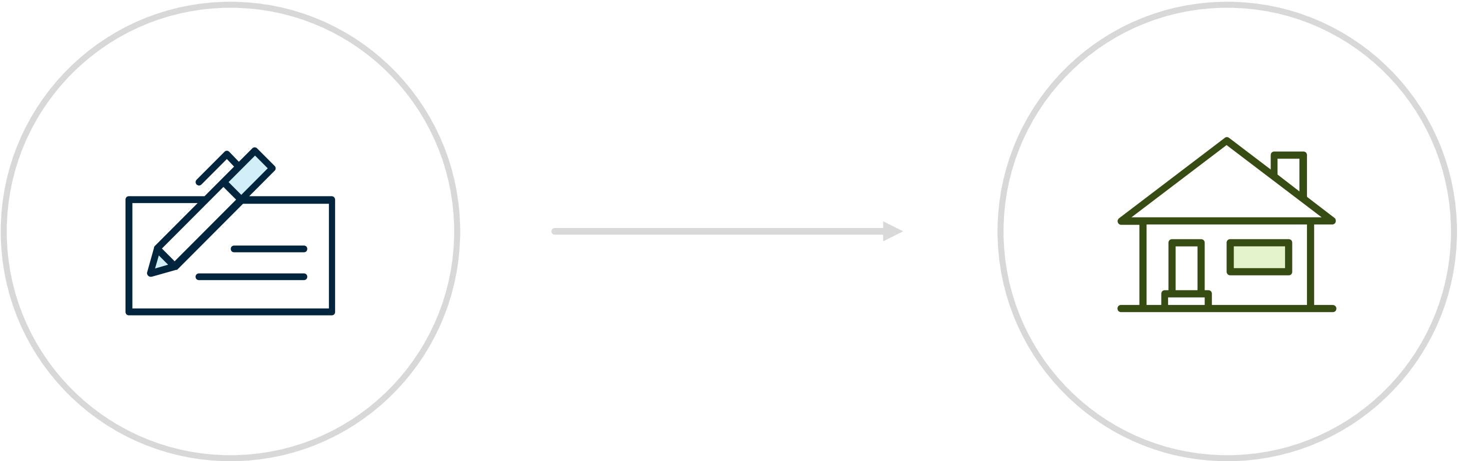


For illustrative purposes only

Screen shots for illustrative purposes.

Align predictable income to essential expenses

Maintain your lifestyle regardless of market fluctuations



Predictable Income

Social Security, pensions,
fixed income annuities

Essential expenses

Food, housing, health care,
taxes, your other must-haves

Growth potential

Use investment income to fund discretionary spending.

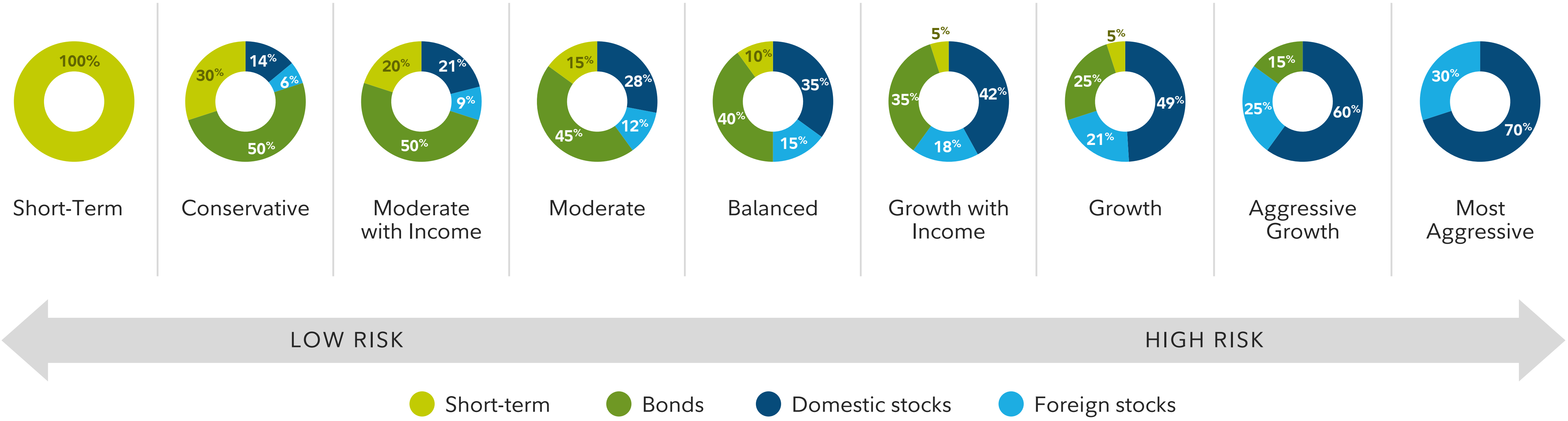
Reassess your appetite for risk and adjust asset allocations.

Meet your long-term needs and keep up with inflation.

Growth potential

Build an investment strategy and remain disciplined

Target asset mixes



The purpose of the target asset mixes is to show how target asset mixes may be created with different risk and return characteristics to help meet an investor's goal. The four asset mixes above do not represent the full range of target asset mixes. You should choose your own investments based on your particular objectives and situation. Remember, you may change how your account is invested. Be sure to review your decisions periodically to make sure they are still consistent with your goals. These target mixes were developed by Fidelity Investments. Asset allocation does not ensure a profit or guarantee against a loss.

Flexibility

Create a plan that can adapt to life’s inevitable curveballs.

Prepare for the unexpected with flexible spending.

Review and adjust your plan as your priorities change.

Prepare for the unexpected

Build flexibility into your plan

Create an emergency fund

Save for nonessentials

Sell investments if needed

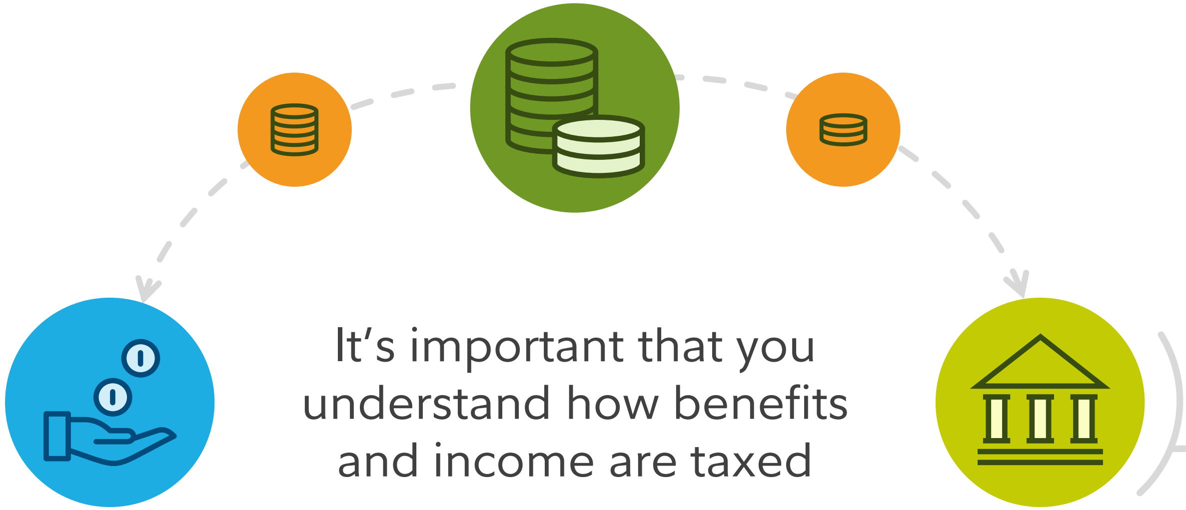
Understand the need for trade-offs

Potential income strategies

- Using other income before claiming Social Security
- Taking systematic withdrawals
- Living off earnings and interest

The best strategy for you will depend on your goals and financial situation

Managing your tax situation



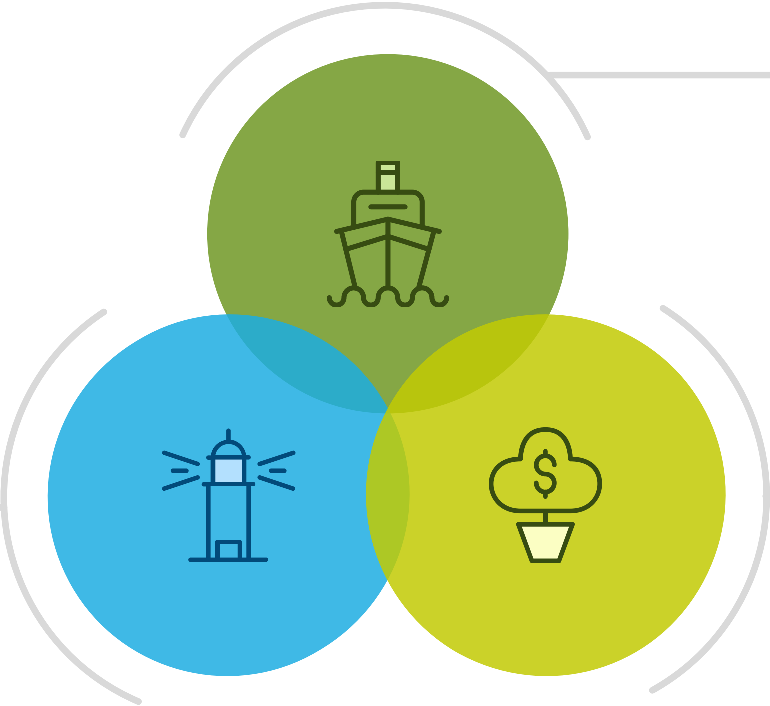
It's important that you understand how benefits and income are taxed

- **Estimate your tax bracket**
  - Reduce taxes and save more
  - Adjust your taxable and non-taxable investment mix
  - Choose how much to put in each investment
- **Consult with a tax advisor**

Resources

Approaching retirement

Getting started with fidelity resources



Creating your retirement income plan

In review

Take action

Social Security benefit calculator

Determine a Social Security claiming strategy that works best for your retirement plan

NetBenefits.com/socialsecurity

Retirement decision guide

Make informed decisions as you prepare for and transition into retirement

NetBenefits.com/retirementdecisionguide

Call for help
800.603.4015

Thank you!

Important information

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

Investing involves risk, including risk of loss.

Fidelity does not provide legal or tax advice. The information herein is general and educational in nature and should not be considered legal or tax advice. Tax laws and regulations are complex and subject to change, which can materially impact investment results. Fidelity cannot guarantee that the information herein is accurate, complete, or timely. Fidelity makes no warranties with regard to such information or results obtained by its use, and disclaims any liability arising out of your use of, or any tax position taken in reliance on, such information. Consult an attorney or tax professional regarding your specific situation.

Diversification does not ensure a profit or guarantee against a loss.

Stocks are represented by the Standard and Poor's 500 Index (S&P 500® Index). The S&P 500® Index is a registered service mark of The McGraw-Hill Companies, Inc., and has been licensed for use by Fidelity Distributors Corporation and its affiliates. It is an unmanaged index of the common stock prices of 500 widely held U.S. stocks that includes the reinvestment of dividends.

Bonds are represented by the U.S. Intermediate Government Bond Index, which is an unmanaged index that includes the reinvestment of interest income.

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

Inflation is represented by the Consumer Price Index, which monitors the cost of living in the United States

Important information

Annuity guarantees are subject to the claims-paying ability of the issuing insurance company.

Income annuities have limited or no access to assets. Withdrawals of taxable amounts and taxable income received from an annuity are subject to ordinary income tax. Withdrawals of taxable amounts taken before age 59½ may be subject to a 10% IRS penalty.

Fixed income annuities may be offered as distribution options from retirement plans to eligible participants or purchased outside of the plan. Annuities available as distributions from retirement plans are selected by the plan fiduciary and subject to the terms of the plan. The forms of annuity payout may be subject to requirements imposed by the Internal Revenue Code.

Fixed annuities available at Fidelity for purchase outside of a retirement plan are issued by third-party insurance companies, which are not affiliated with any Fidelity Investments company. These products are distributed by Fidelity Insurance Agency, Inc., and, for certain products, by Fidelity Brokerage Services LLC, Member NYSE, SIPC.
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Participants should carefully consider all the available options and the applicable fees and features of each before moving their retirement assets.

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Fixed annuities available at Fidelity for purchase outside of a retirement plan are issued by third-party insurance companies

Important information

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

In general, the bond market is volatile, and fixed income securities carry interest rate risk. (As interest rates rise, bond prices usually fall, and vice versa. This effect is usually more pronounced for longer-term securities.) Fixed income securities also carry inflation risk and credit and default risks for both issuers and counterparties. Unlike individual bonds, most bond funds do not have a maturity date, so holding them until maturity to avoid losses caused by price volatility is not possible.

You cannot invest directly in an index. Past performance does not guarantee future results.

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