
Fidelity INVESTMENTS
Income Diversification
CREATING A PLAN TO SUPPORT YOUR LIFESTYLE IN RETIREMENT
2017


By creating a diversified income plan with the right mix of investments, you'll feel more secure and prepared as you transition into retirement.
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Develop an Ongoing Strategy with Fidelity

- Education on retirement challenges and how to overcome them
- Resources to help inform and assist in creating a diversified income plan
- Insights for making more prudent and informed decisions

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Common Questions

1
What planning have you done to replace your paycheck?

2
How many of you have thought about how your cash flow in retirement will respond to market volatility?

3
Have you considered how your investments will generate income in retirement?

4

Considering the Challenges

Creating Your Plan

Building with the Right Blocks

Today’s Agenda

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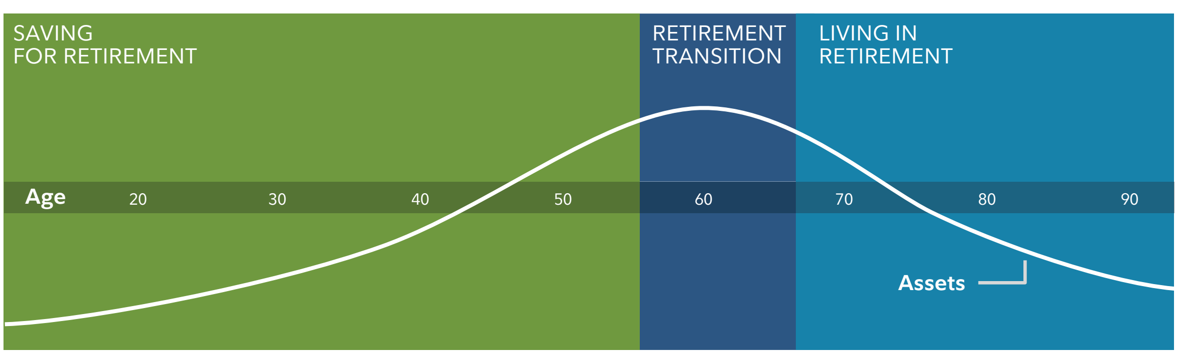
Transitioning to Retirement

- **Guarantees**[1] to help your retirement plan succeed
- **Growth potential** to meet your long-term needs
- **Flexibility** to refine your plan over time



[1] Guarantees apply to certain insurance and annuity products and are subject to product terms, inclusions, and limitations, and to the insurer's ability and financial strength.

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Considering the Challenges

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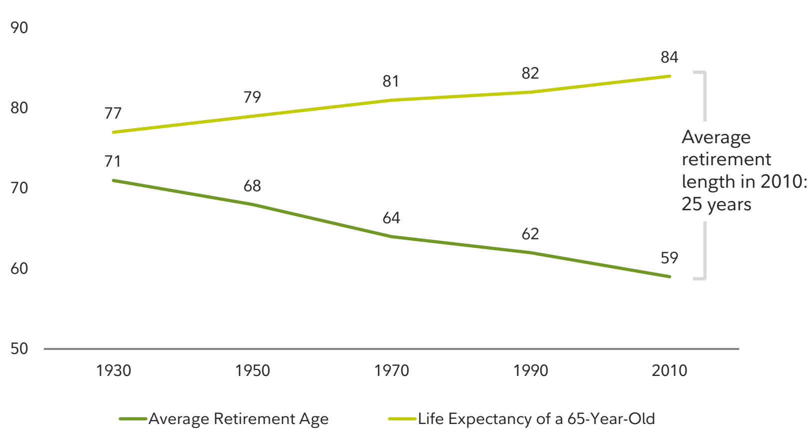
Longer Retirement

People are retiring earlier and living longer



How do you envision your lifestyle in retirement?

How will your retirement be different from prior generations?

Source: Centers for Disease Control and Prevention—National Center for Health Statistics, U.S. Census, Bureau of Labor Statistics and Gallup, as of June 2015.

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Shifting Responsibility

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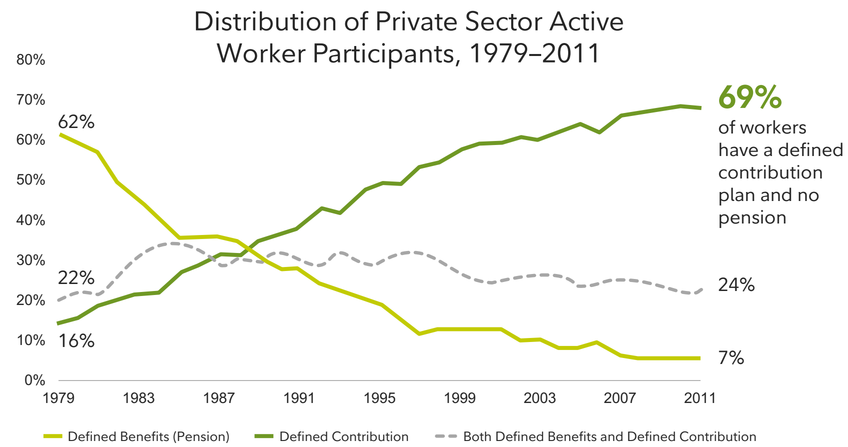
Retirement plan types are shifting



How were you compensated during your working years? How will that change in retirement?

What is your current plan to replace your paycheck while living in retirement?

Source: U.S. Department of Labor, Form 5500 Summary Report, Employee Benefit Research Institute (EBRI) estimates, as of June 2015.

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Longer Retirement

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Life spans can be longer than expected

	65-year-old man	65-year-old woman	65-year-old couple*
50% Chance	87 years	90 years	94 years
25% Chance	93 years	96 years	98 years

What planning have you done to prepare yourself for a long retirement?

What do you need to do to ensure that you do not outlive your assets?

***At least one surviving individual.**
Source: Society of Actuaries RP-2014 Mortality Table projected with Mortality Improvement Scale MP-2014 as of 2016. For illustrative purposes only.

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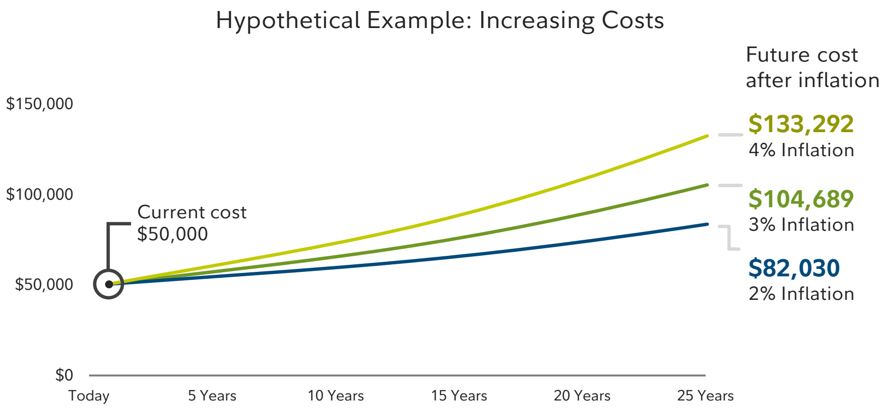
Increasing Costs

Inflation can affect buying power over time



How will the impact of inflation affect your spending power in retirement?

How important is it to grow your portfolio to maintain your lifestyle throughout retirement?

Source: Fidelity Investments. All numbers were calculated based on hypothetical rates of inflation of 2%, 3%, and 4% (historical average from 1926 to 2016 was 3%) to show the effects of inflation over time. This hypothetical example is for illustrative purposes only. It is not intended to predict or project inflation rates. Actual inflation rate may be higher or lower than those shown here.

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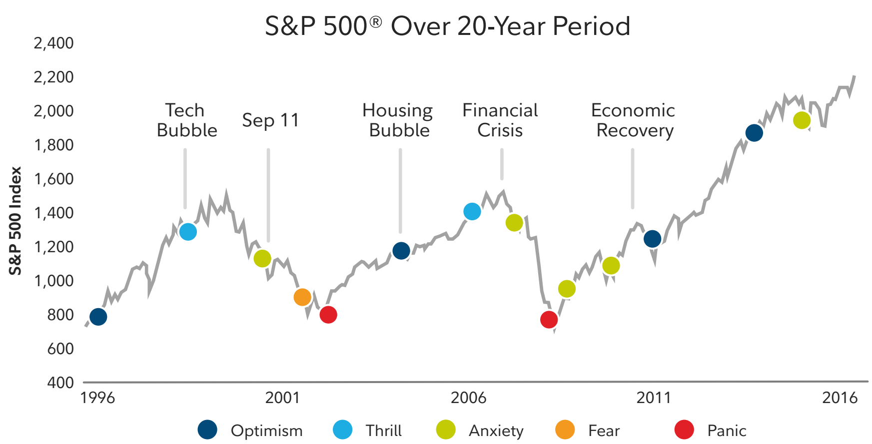
Market Volatility

Market fluctuations can trigger emotional reactions



How have your investment beliefs changed in response to market volatility?

How has that experience influenced your investment decision?

Source: Fidelity Investments, December 31, 2016. Past performance is no guarantee of future results.

The S&P 500® Index is a market capitalization–weighted index of 500 common stocks chosen for market size, liquidity, and industry group representation. S&P and S&P 500 are registered service marks of Standard & Poor's Financial Services LLC.

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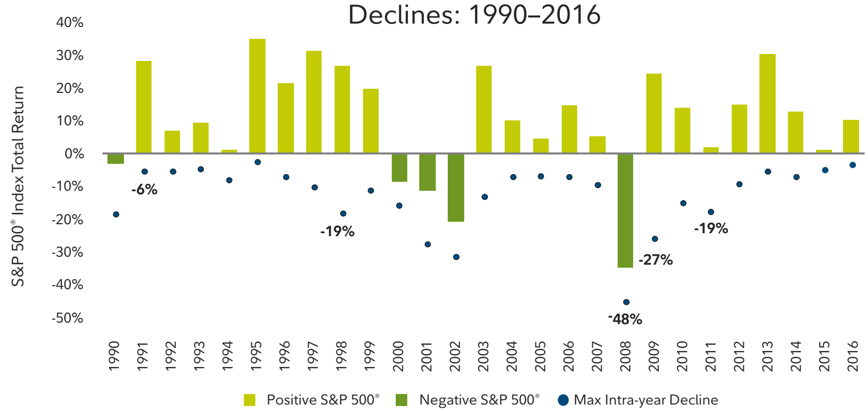
Market Volatility

History suggests the market can recover

S&P 500® Index Annual Total Returns and Max Intra-year Declines: 1990–2016



How does market volatility influence your investment strategy?

How important is it to remain disciplined during periods of market volatility

Past performance is no guarantee of future results. It is not possible to invest directly in an index. Returns are based on index price appreciation and dividends. Max intra-year decline refers to the largest index drop from a peak to a trough during the calendar year. Not intended to represent the performance of any Fidelity fund or strategy. For illustrative purposes only. Data as of 12/31/2016.

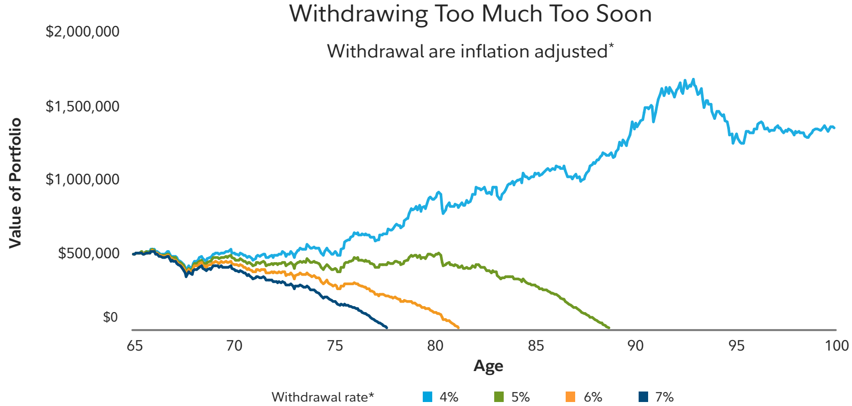
Source: Standard & Poor's, Bloomberg.

Impact of Withdrawals in Retirement

Withdrawing too much too soon can be costly

Withdrawing Too Much Too Soon

Withdrawal are inflation adjusted*



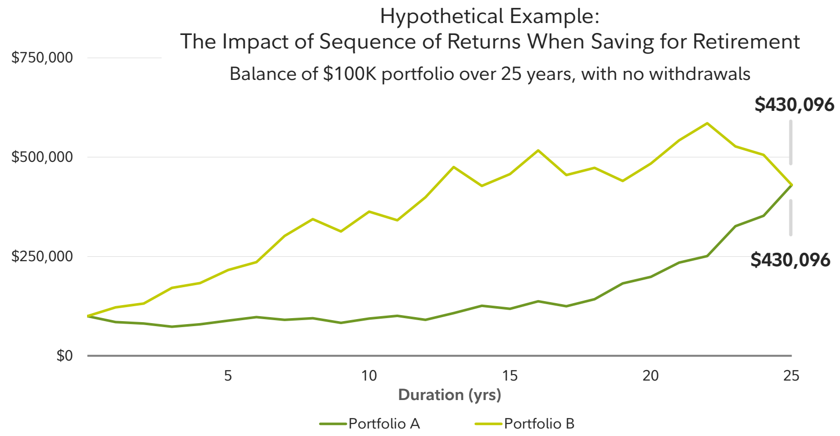
Will your current plan sustain your cash flow needs throughout your lifetime?

What happens if you withdraw too much income too soon?

***Hypothetical value of assets held in a tax-deferred account after adjusting for monthly 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 Ibbotson Associates, 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.**

Impact of Portfolio Returns When Saving for Retirement

Return sequence may have no impact when accumulating assets for retirement



What impact has market returns had on your retirement account balance?

Sequence of returns risk revolves around the timing or sequence of a series of adverse investment returns. In this example, two portfolios, A and B, each begin with $100,000. Each experiences exactly the same returns over a 25-year period — only in inverse order — or "sequence." Portfolio A has the bad luck of having a sequence of negative returns in its early years. Portfolio B, in stark contrast, scores a few positive returns in its early years. See slide 36 for returns and balances for each of the 25 years in each portfolio.
This hypothetical example is not intended to predict or project investment results. Your actual results may be higher or lower than those shown here.

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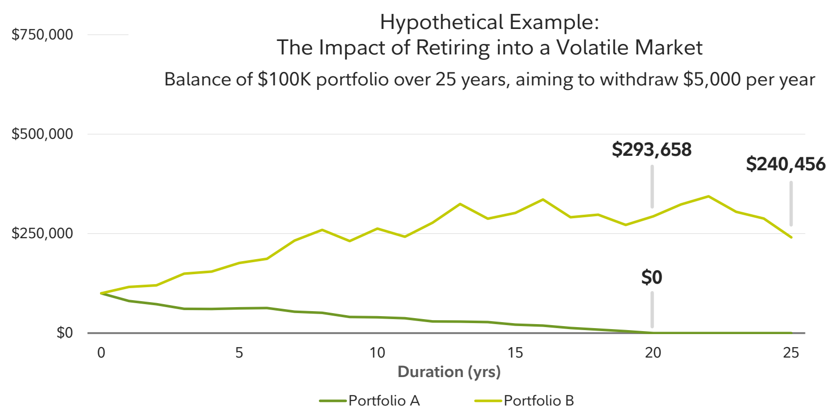
Combined Impact of Portfolio Returns and Withdrawals

Return sequence may have significant impact when taking withdrawals in retirement



What concerns you about withdrawals combined with market declines in retirement?

How is investing while taking income different?

Sequence of returns risk revolves around the timing or sequence of a series of adverse investment returns. In this example, two portfolios, A and B, each begin with $100,000. Each aims to withdraw $5,000 per year. Each experiences exactly the same returns over a 25-year period—only in inverse order—or "sequence." Portfolio A has the bad luck of having a sequence of negative returns in its early years and is completely depleted by year 20. Portfolio B, in stark contrast, scores a few positive returns in its early years and ends up two decades later with more than double the assets with which it began. Please see slide 37 for returns and balance for each of the 25 years in each portfolio.
This hypothetical example is not intended to predict or project investment results. Your actual results may be higher or lower than those shown here.

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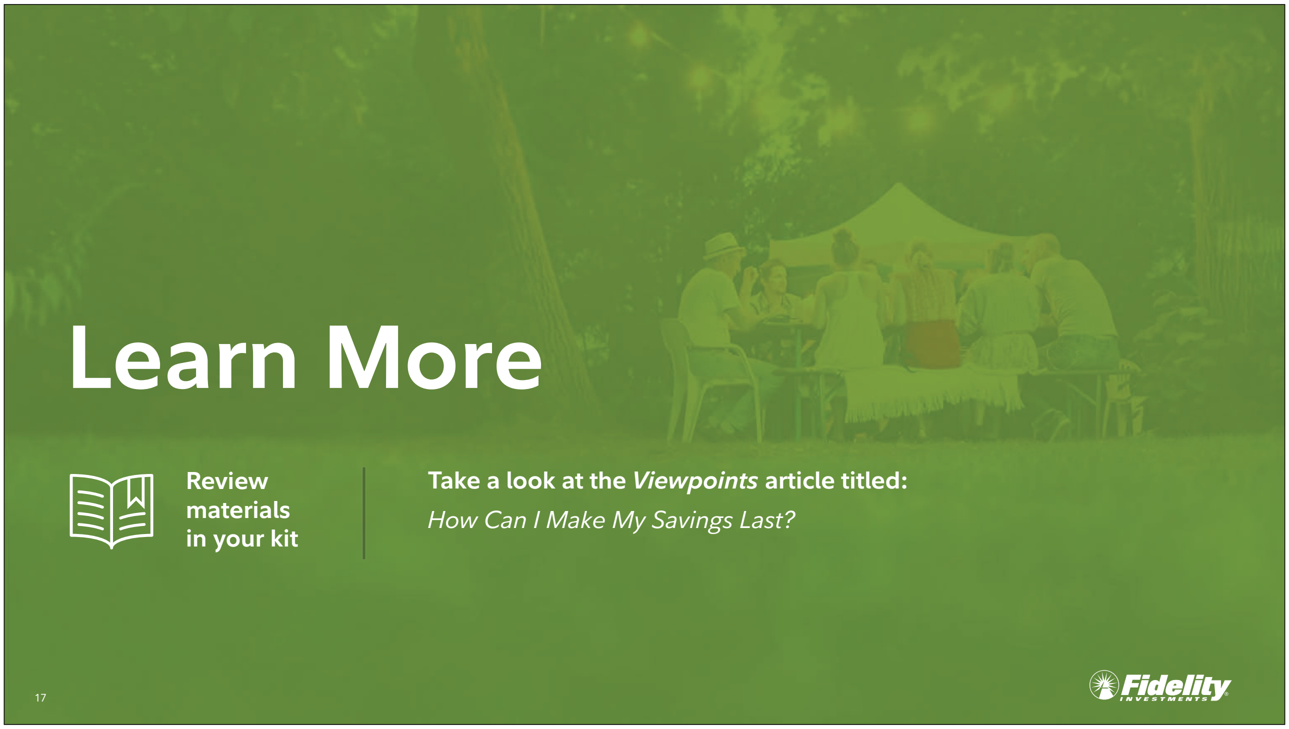
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Review materials in your kit
Take a look at the *Viewpoints* article titled:
How Can I Make My Savings Last?
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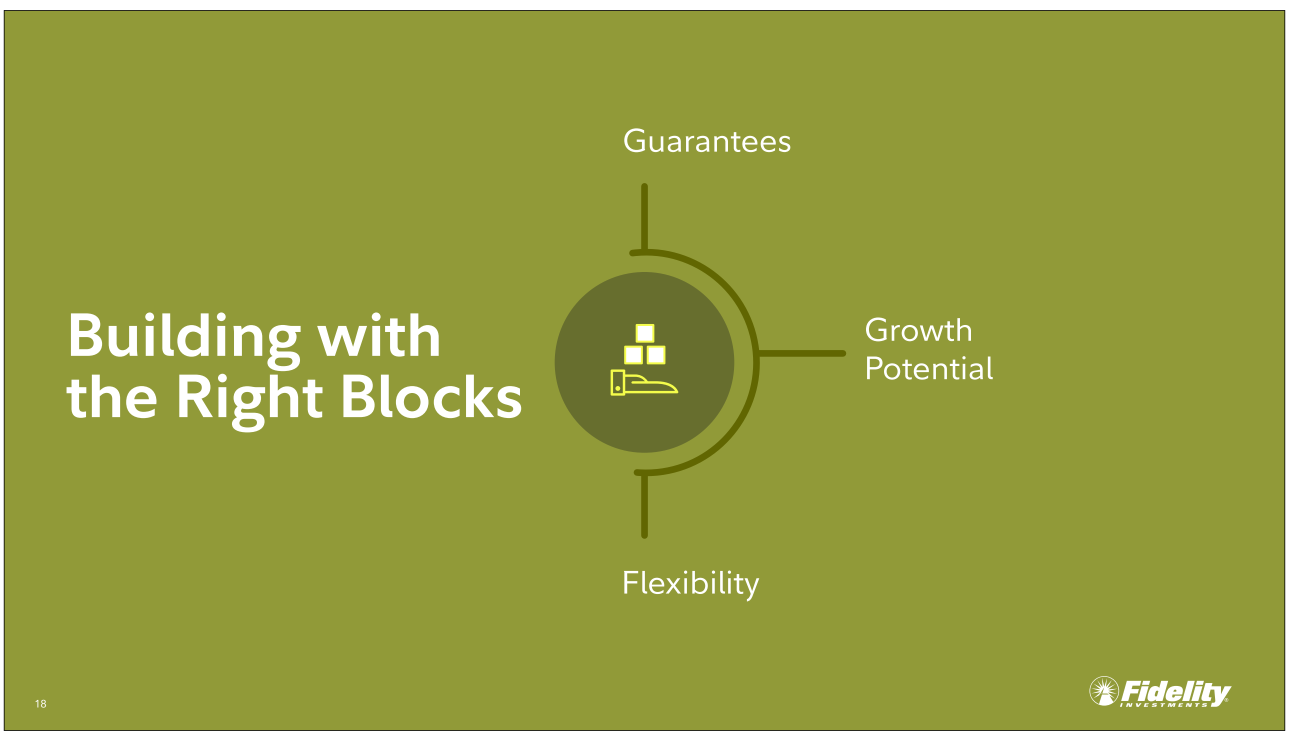
Building with the Right Blocks
Guarantees
Growth Potential
Flexibility
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Guarantees
to help your retirement plan succeed

What guaranteed sources of income are you expecting in retirement?

Growth
Potential to meet your long-term needs

How are you investing for growth potential?

Flexibility
to refine your plan over time

Why is flexibility important to you?

The Building Blocks

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Plan Your Lifestyle in Retirement

Understand your expenses

Understand your expenses: Essential vs. discretionary

Guaranteed Income →	**Essential Expenses**
Investment Income →	**Discretionary Expenses**

Use **guaranteed sources of income** to cover **essential expenses**

How much will the lifestyle you envision in retirement cost?

How much of this is non-negotiable?

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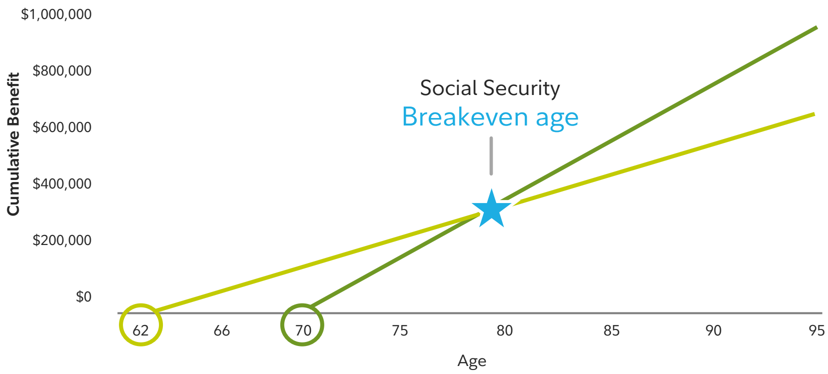
Guarantees

Reliable income to cover essential expenses

Hypothetical Example: Social Security Breakeven Age



What strategy are you currently considering for taking Social Security?

What are your other existing sources of reliable retirement income?

Source: ssa.gov.

Based on information input to Social Security Quick Calculator for an individual turning 62 in 2016 with earnings of at least $118,500. This hypothetical example is for illustrative purposes only. It is not intended to predict or project your Social Security breakeven age.

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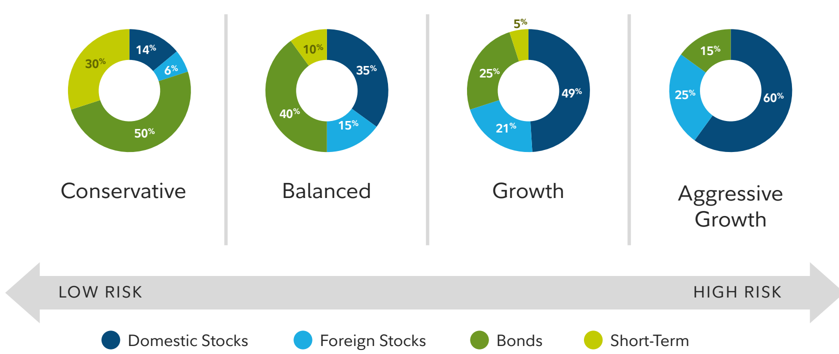
Growth Potential

Build an investment strategy and remain disciplined

Target Asset Mixes



How would you describe your current asset allocation strategy?

How might your asset allocation strategy change as you transition to needing income?

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.

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Growth Potential

Managing your investment portfolio

1. **Do your research**
Filter through thousands of investments.

2. **Choose investments**
Know what to buy, and when to buy it.

3. **Monitor your portfolio**
Keep an eye on your investments as markets change.

4. **Rebalance**
Make sure your investment mix stays aligned with your goals.

5. **Manage for taxes**
Use all the strategies appropriate for you.

Do you enjoy doing this own your own?

Do you know how much risk you are taking on?

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

Past performance is no guarantee of future results.

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Flexibility

Creating your diversified income plan

	LIFETIME INCOME		INVESTMENT INCOME	COMBINED INCOME
	Social security, pensions	Annuities with guaranteed lifetime income	Principal, interest, dividends	
Volatility	✓	✓		✓
Longevity	✓	✓		✓
Inflation	(✓)	(✓)	✓	✓
Uncertainties		(✓)	✓	✓

✓ Strong Alignment (✓) Moderate Alignment

Note: The terms "moderate" and "strong" above are intended to represent which product categories generally align with a desired objective. The check marks do not, however, precisely represent the features and benefits of specific products. Certain features and benefits are subject to product terns, exclusions, and limitations.

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

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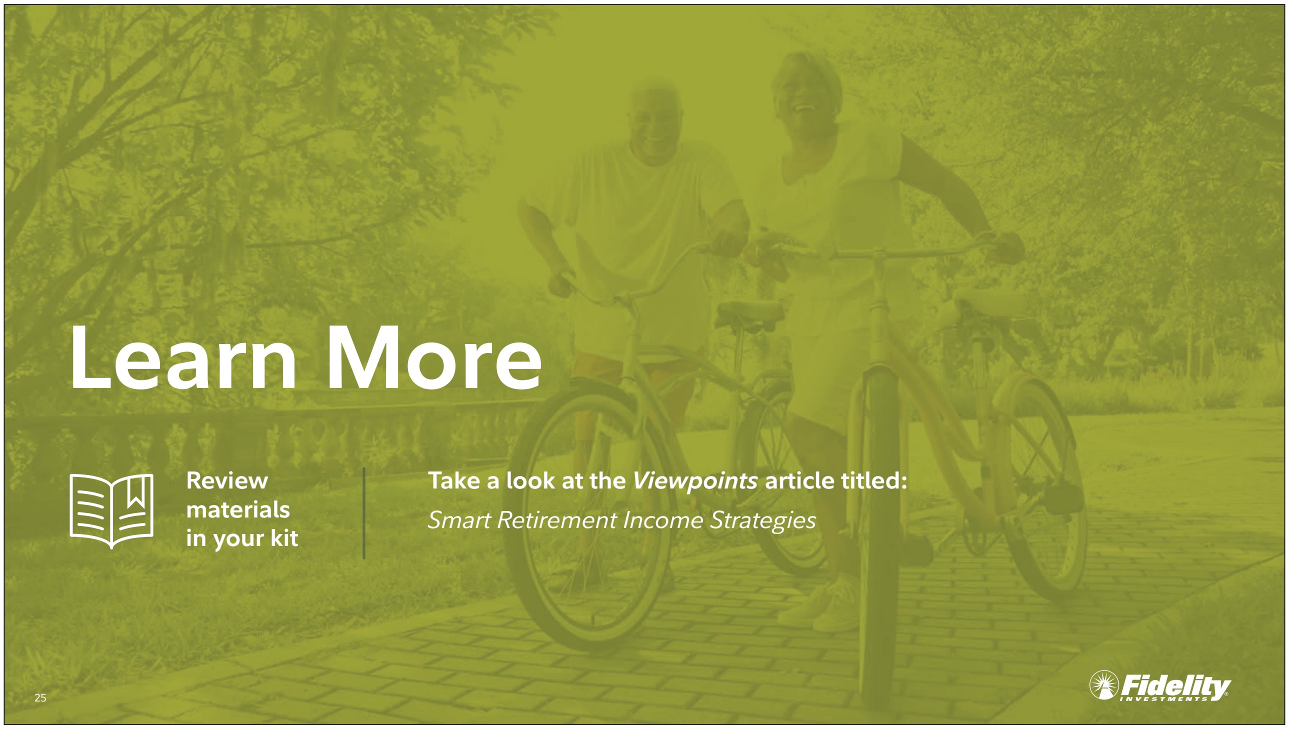
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Smart Retirement Income Strategies
25
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Creating Your Plan
Diversified Income
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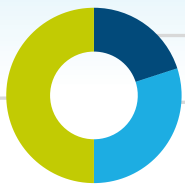
Creating Your Diversified Income Plan

A hypothetical investment portfolio

Emergency Fund (3–6 months of living expenses)	FOR RETIREMENT INCOME	Reserves (assets not required for income)

Diversified Income Plan: Seeks to cover essential expenses with guaranteed income sources, and use withdrawals from an investment portfolio to help cover discretionary expenses.



This is a sample hypothetical diversified income plan. The products and allocations appropriate for any given individual will vary.

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In Review

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Next Steps

Review materials

Review the *Viewpoints* articles:

- *How Can I Make My Savings Last?*
- *Smart Retirement Income Strategies*

Online variety of retirement topics:

fidelity.com/viewpoints/retirement/overview

Attend additional seminars:

- Fundamentals of Retirement Income Planning
- Retirement Planning with Annuities
- What to Know Before Taking Social Security

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How Fidelity Can Help

Meet with a Fidelity investment professional

Create a retirement income plan

Implement your plan with the right mix of investments

Refine your portfolio over time to help meet your lifestyle

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Why Fidelity

WE BELIEVE IN MAKING THE COMPLEX, SIMPLER

- Planning and Advice
- Trading
- Straightforward Pricing
- Expert Insights and Investing Tools
- Security and Privacy

Advice refers to investment management services offered within our professionally managed accounts. Guidance provided is educational.

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Wealth Planning Overview

Investment Strategy

- Asset Allocation
- Tactical Allocation
- Asset Location
- Tax-Efficient Investing
- Taxable Savings Strategy

Retirement Planning

- Savings Strategy
- Income Strategy
- Personal (Taxable, IRA, Annuity)
- Workplace Investments
- Benefits and Social Security
- Health Care/ Long-Term Care

Income Protection

- Disability
- Premature Death Protection
- Outliving Income

Asset Protection

- Estate Planning
- Wills
- Trusts
- Wealth Transfer
- Charitable Giving

Family Conversations

- Education
- Living Expenses: Children and Parents
- Assisting Parents and Relatives

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Disclosures

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

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

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Impact of Portfolio Returns When Saving for Retirement

Hypothetical Example

	Portfolio A		Portfolio B	
YEAR	RETURN	BALANCE	RETURN	BALANCE
0		$100,000		$100,000
1	-15%	$85,000	22%	$122,000
2	-4%	$81,600	8%	$131,760
3	-10%	$73,440	30%	$171,288
4	8%	$79,315	7%	$183,278
5	12%	$88,833	18%	$216,268
6	10%	$97,716	9%	$235,732
7	-7%	$90,876	28%	$301,737
8	4%	$94,511	14%	$343,981
9	-12%	$83,170	-9%	$313,022
10	13%	$93,982	16%	$363,106
11	7%	$100,561	-6%	$341,320
12	-10%	$90,505	17%	$399,344
13	19%	$107,701	19%	$475,219
14	17%	$126,010	-10%	$427,697
15	-6%	$118,449	7%	$457,636
16	16%	$137,401	13%	$517,129
17	-9%	$125,035	-12%	$455,073
18	14%	$142,540	4%	$473,276
19	28%	$182,451	-7%	$440,147
20	9%	$198,871	10%	$484,162
21	18%	$234,668	12%	$542,261
22	7%	$251,095	8%	$585,642
23	30%	$326,423	-10%	$527,078
24	8%	$352,537	-4%	$505,995
25	22%	$430,096	-15%	$430,096
Arithmetic Mean	6.8%		6.8%	
Standard Deviation	12.8%		12.8%	
Compound Growth Rate	6%		6%	

Sequence of returns risk revolves around the timing or sequence of a series of adverse investment returns. In this hypothetical example, two portfolios, A and B, each begin with $100,000. Each experiences exactly the same returns over a 25-year period, only in inverse order—or "sequence." While saving for retirement, with no withdrawals, both portfolios end up two decades later with four times the assets with which they began.

Combined Impact of Portfolio Returns and Withdrawals

Hypothetical Example

Sequence of returns risk revolves around the timing or sequence of a series of adverse investment returns. In this example, two portfolios, A and B, each begin with $100,000. Each aims to withdraw $5,000 per year. Each experiences exactly the same returns over a 25-year period— only in inverse order—or "sequence." Portfolio A has the bad luck of having a sequence of negative returns in its early years and is completely depleted by year 20. Portfolio B, in stark contrast, scores a few positive returns in its early years and ends up two decades later with more than double the assets with which it began.

	Portfolio A		Portfolio B	
YEAR	RETURN	BALANCE	RETURN	BALANCE
0		$100,000		$100,000
1	-15%	$80,750	22%	$115,900
2	-4%	$72,720	8%	$119,772
3	-10%	$60,948	30%	$149,204
4	8%	$60,424	7%	$154,298
5	12%	$62,075	18%	$176,171
6	10%	$62,782	9%	$186,577
7	-7%	$53,737	28%	$232,418
8	4%	$50,687	14%	$259,257
9	-12%	$40,204	-9%	$231,374
10	13%	$39,781	16%	$262,594
11	7%	$37,216	-6%	$242,138
12	-10%	$28,994	17%	$277,452
13	19%	$28,553	19%	$324,217
14	17%	$27,557	-10%	$287,296
15	-6%	$21,204	7%	$302,056
16	16%	$18,796	13%	$335,674
17	-9%	$12,555	-12%	$290,993
18	14%	$8,612	4%	$297,433
19	28%	$4,624	-7%	$271,962
20	9%	$0	10%	$293,658
21	18%	$0	12%	$323,297
22	7%	$0	8%	$343,761
23	30%	$0	-10%	$304,885
24	8%	$0	-4%	$287,890
25	22%	$0	-15%	$240,456
Arithmetic Mean	6.8%		6.8%	
Standard Deviation	12.8%		12.8%	
Compound Growth Rate	6%		6%	

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Even When Rates Rise, Bond Returns Can Be Resilient

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The 35-year bull market for U.S. Treasury bonds included outsized returns and brought interest rates to their lowest levels in recent decades, but bond yields are only modestly lower when compared to long-term history. During the four decades of rising rates from 1941 to 1981, high-quality investment grade bonds provided positive nominal returns as increasing coupons helped offset the negative impact of price declines.

10-Year U.S. Treasury Yields

	Period of Rising Rates (1941-1981)	Period of Falling Rates (1982-2017)
Average Annualized IG Bond Returns	3.4%	8.0%

IG: Investment Grade. Past performance is no guarantee of future results. Asset class total returns are represented by indexes from Fidelity Investments, Morningstar, and Bloomberg Barclays. Fidelity Investments proprietary analysis of historical asset class performance, which is not indicative of future performance. Sources: U.S. Treasury, Barclays, Bloomberg Finance L.P., Fidelity Investments (AART) as of 2/28/2017.

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