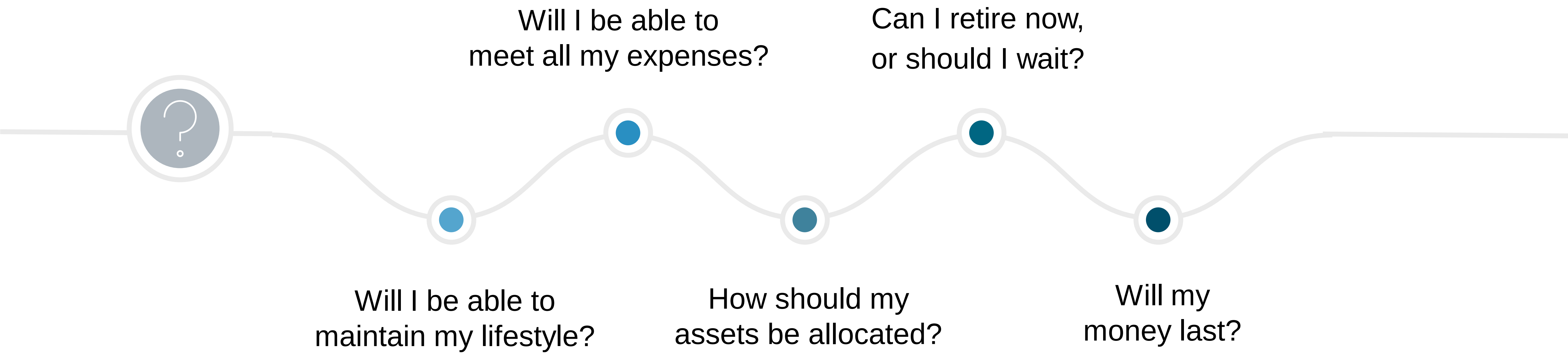
Retirement Income Planning

Planning for income to last your lifetime

Not FDIC Insured • May Lose Value • No Bank Guarantee

You May Be Retired for Longer Than You Think

Questions to consider

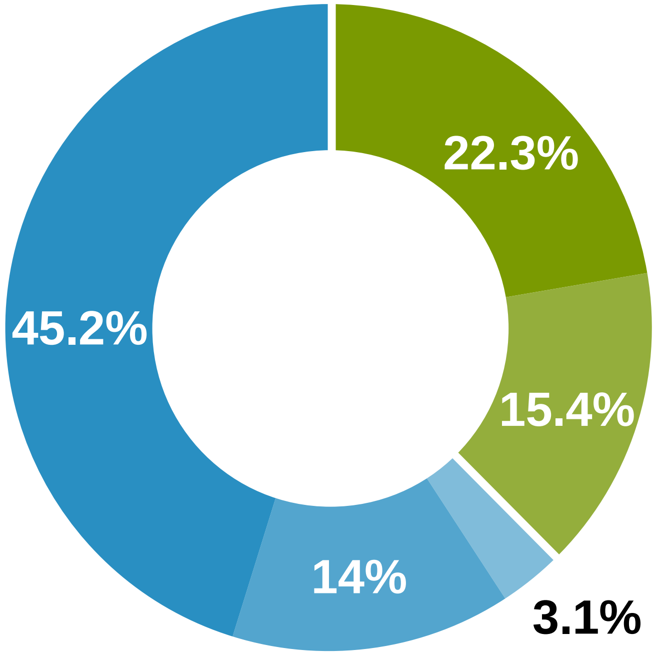


Where Will Retirement Income Come From?

62% may be the retiree's responsibility

62% your own sources

- Earned Income
- Investments
- Other



38% from outside sources

- Pension
- Social Security

Source: Social Security Administration, Income of the Aged Chartbook, 2014 (released April 2016), based on highest quintile of $72,129.
For illustrative purposes only.

For investors.

Agenda

- Learn the financial risks of retirement
- Understand the benefits of creating a retirement income plan
- Use available planning resources
- Take the next step!

Five Key Risks of Retirement

RISK 1	RISK 2	RISK 3	RISK 4	RISK 5
Longevity	Health care expenses	Inflation	Asset allocation	Excess withdrawal

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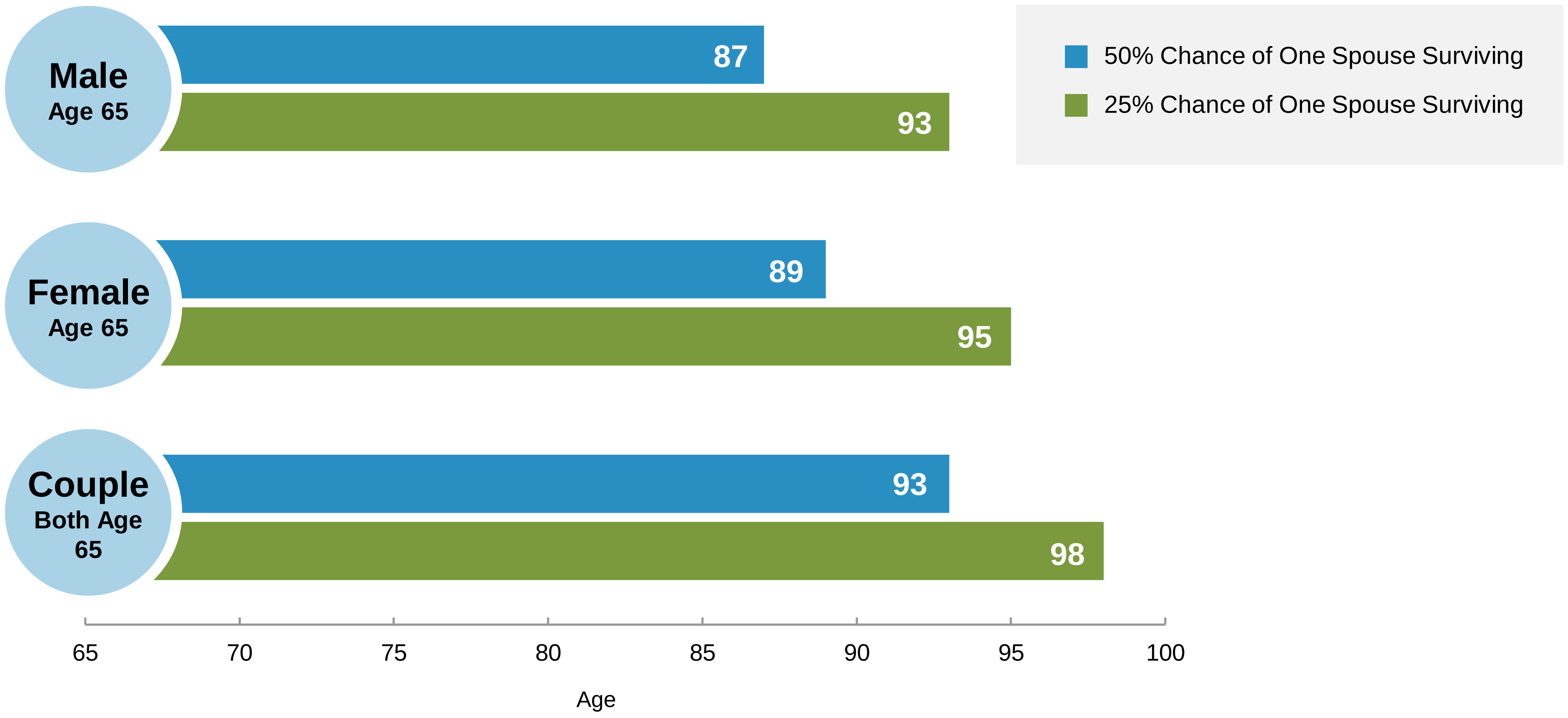
Longevity

Plan for living longer than you think



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Source: Based on Society of Actuaries RP-2014 Mortality Table projected with Mortality Improvement Scale MP-2017 as of 2018.

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Health Care Expenses

Saving for rising costs

Fidelity estimates that a 65-year-old couple will need approximately
$295,000 to cover medical costs in retirement.[1]

The estimate includes:

19% Prescription drug out-of-pocket costs

39% Expenses associated with Medicare Part B and D premiums

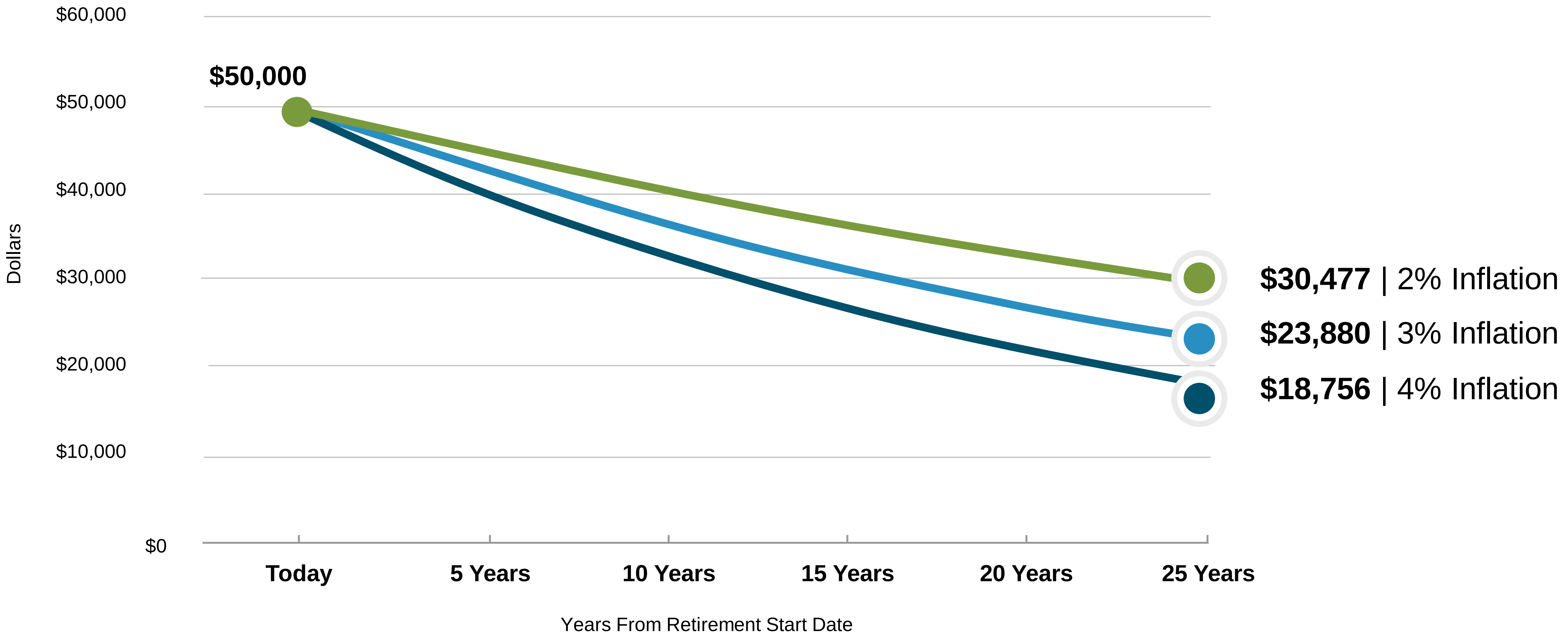
42% Medicare cost-sharing provisions: Copayments, coinsurance, deductibles, and excluded benefits

It does not include other health-related expenses, such as over-the-counter medications, most dental services, and long-term care.

[1] 2020 Retiree Health Care Cost estimate based on a hypothetical couple retiring in 2020, 65-years-old, with life expectancies that align with the 50% mortality age based on the Society of Actuaries RP-2014 Mortality Table projected with Mortality Improvement Scale MP-2017 as of 2018. Actual assets needed may be more or less depending on actual health status, area of residence, and longevity. Estimate is net of taxes. The Fidelity Retiree Health Care Cost Estimate assumes individuals do not have employer-provided retiree health care coverage, but do qualify for the federal government's insurance program, Original Medicare. The calculation takes into account cost-sharing provisions (such as deductibles and coinsurance) associated with Medicare Part A and Part B (inpatient and outpatient medical insurance). It also considers Medicare Part D (prescription drug coverage) premiums and out-of-pocket costs, as well as certain services excluded by Original Medicare. The estimate does not include other health-related expenses, such as over-the-counter medications, most dental services and long-term care.

Inflation

Even low inflation could damage purchasing power

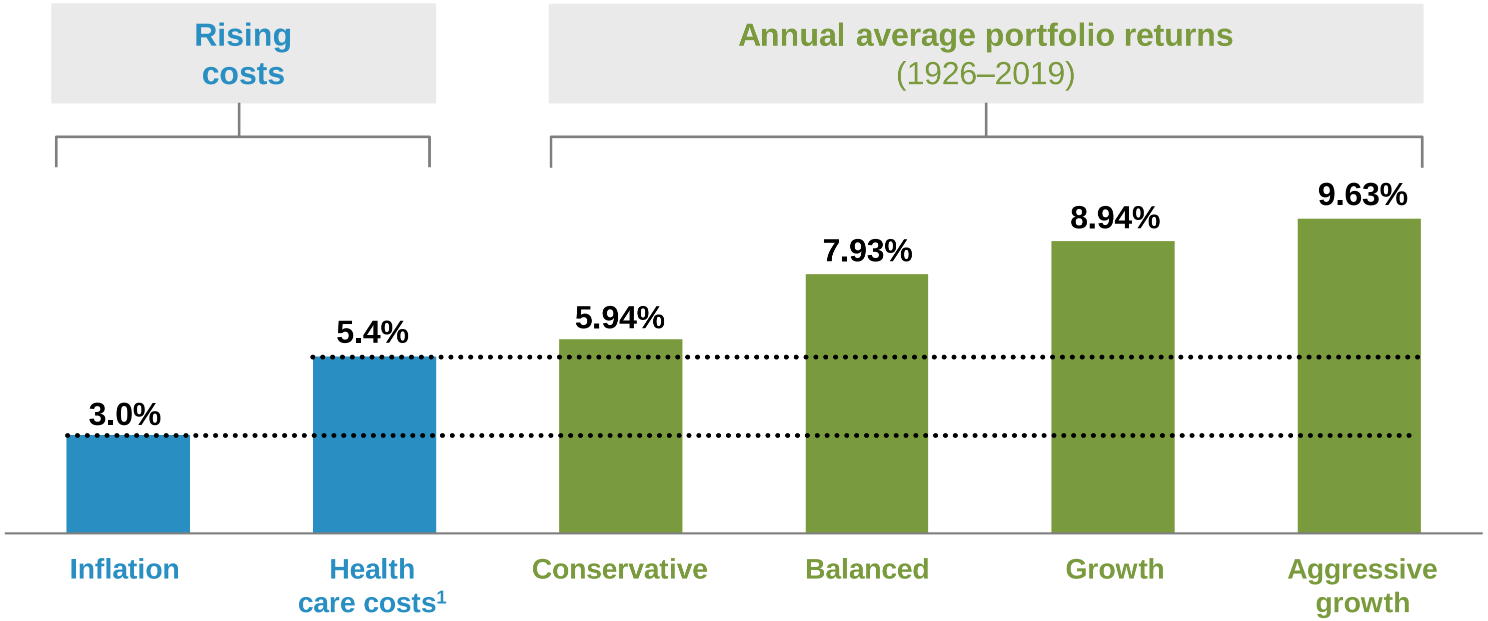


All numbers were calculated based on hypothetical rates of inflation of 2%, 3%, and 4% (historical average from 1926 to 2018 was 3%) to show the effects of inflation over time; actual inflation rates may be more or less and will vary.

Asset Allocation

Retirees need stocks for the long haul

COMPARISON OF AVERAGE ANNUAL RISING COSTS VS. AVERAGE ANNUAL INVESTMENT RETURNS, 1926–2019



Examples of target asset mixes designed to meet various goals[2]

Conservative
20% Stocks, 50% Bonds, 30% Short-Term

Balanced
50% Stocks, 40% Bonds, 10% Short-Term

Growth
70% Stocks, 25% Bonds, 5% Short-Term

Aggressive Growth
85% Stocks, 15% Bonds

[1] Data for health care costs is from the Centers for Medicare and Medicaid Services, National Health Expenditures Estimates 2019–2028.

[2] Stocks are composed of domestic and foreign stocks.

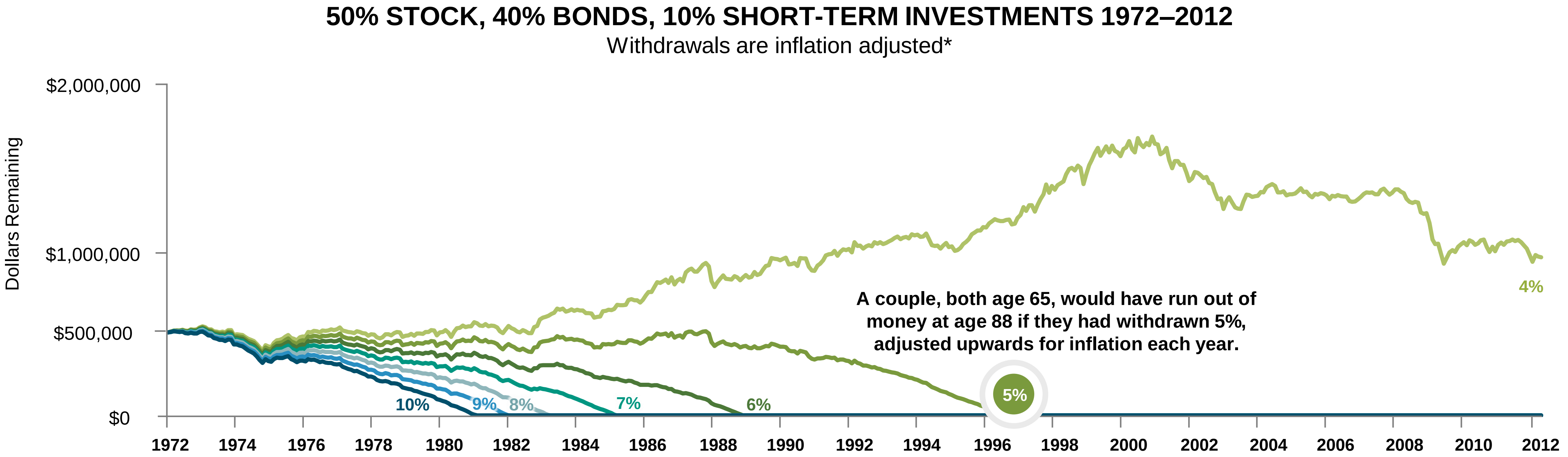
This graph is for illustrative purposes only and does not represent actual or implied performance of any investment option. All indices are unmanaged and it is not possible to invest directly in an index. The graph represents the average annual return percentage for the investment categories shown from 1926 to 2019 from Ibbotson Associates. Past performance is no guarantee of future results. Returns include the reinvestment of dividends and other earnings. Data source: Morningstar Inc., 2020 (1926–2019). Domestic stocks are represented by the S&P 500® Index, bonds are represented by U.S. Intermediate Government Bond Index, and short-term assets are based on the 30-day US Treasury bill. Foreign equities are represented by the MSCI Europe, Australasia, Far East Index for the period from 1970 to the last calendar year. Foreign equities prior to 1970 are represented by the S&P 500® Index. Inflation is represented by the Consumer Price Index. U.S. stock prices are more volatile than those of other securities. Government bonds and corporate bonds have more moderate short-term price fluctuation than stocks but provide lower potential long-term returns. U.S. Treasury bills maintain a stable value (if held to maturity), but returns are generally only slightly above the inflation rate. See "Important Information" on slide 23 for further details. Asset allocation does not ensure a profit or protect against a loss.

 For investors.

Excess Withdrawal

Sustainable withdrawal rates can extend the life of a portfolio

How a couple retiring in 1972 with $500,000 is affected.



Hypothetical Couple (both age 65)*	100% at Age 65	99% at Age 70	98% at Age 75	94% at Age 80	83% at Age 85	63% at Age 90	35% at Age 95

Source: Fidelity Investments. Hypothetical value of assets held in an untaxed account of $500,000 invested in a portfolio of 50% stocks, 40% bonds, and 10% short-term investments with inflation-adjusted withdrawal rates as specified. This chart uses historical monthly performance from January 1972 through December 2012 from Ibbotson Associates; stocks, bonds, and short-term investments are represented by the S&P 500, U.S. Intermediate-Term Government Bonds, and U.S. 30-day T-bills, respectively. You cannot invest directly in an index. This chart is for illustrative purposes only, is not indicative of any investment, and is not intended to project or predict the present or future value of the actual holdings in a participant’s portfolio or the performance of a given model portfolio of securities.

See slide 23 for further details about indices. Past performance is no guarantee of future results.

* Probability of a couple surviving to various ages is based on Annuity 2000 Mortality Table, Society of Actuaries. Figures assume a person is in good health.

 For investors.

Let’s Work Together to Create a Plan

What is a retirement income plan?

A detailed plan that you and your financial representative create to determine how to use your assets to generate income that may last for the rest of your life.

A retirement income plan can help you:

Minimize the key risks

Identify sources of income

Stay on track to live the retirement you want

Retirement Income Planning Process

1. **Inventory expenses vs. income**
2. **Cover essential expenses**
3. **Fund discretionary expenses**
4. **Review plan regularly**

Inventory Expenses vs. Income

1

- Distinguish between your essential and discretionary expenses
- Consider which expenses may increase and which may decrease in retirement
- Consider long-term care coverage

Identify Existing and Potential Sources of Income and Assets

List the income sources you will use to fund your retirement as well as any assets and accounts you may have that could be converted into income.

INCOME	Description of sources of income (including time frames)	MONTHLY INCOME You	MONTHLY INCOME Spouse/ Partner
Annual income		$	$
Social Security		$	$
Pension plans		$	$
Annuity income		$	$
Rental income		$	$
Other		$	$
	Total monthly income	$	$

ASSETS	Where assets are held (name of institution)	Stocks (i.e., both stocks and stock funds)	Bonds (i.e., both bonds and bond funds)	Short-term securities (i.e., cash/ money markets)	INVESTED AMOUNT	
Employer-sponsored retirement savings plans (401(k)s, 403(b)s, SEPs, etc.)					$	$
					$	$
					$	$
					$	$
Traditional IRAs, Rollover IRAs, Roth IRAs					$	$
					$	$
					$	$
					$	$
Taxable mutual funds, individual securities					$	$
					$	$
					$	$
Tax-deferred annuities (fixed and variable)					$	$
					$	$
Savings accounts, checking accounts, CDs					$	$
					$	$
Other					$	$
				Total assets	$	$

Add'l assets/financial events	Description of sources of income (including time frames)	AMOUNT	
Real estate		$	$
Inheritance		$	$
Stock options		$	$
Other		$	$
	Total retirement savings, investments, other assets	$	$

3

Estimate Income Sources

1

Inventory your assets and how they are invested

Identify lifetime income sources

- Social Security
- Pensions
- Annuities

Identify other income sources

- Part-time employment
- Rental income
- Real estate

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		You	Spouse/ Partner
Annual income		$	$
Social Security		$	$
Pension plans		$	$
Annuity income		$	$
Rental income		$	$
Other		$	$
	Total monthly income	$	$

Cover Essential Expenses

2

Earmark lifetime income sources…

Identify lifetime income sources

- Social Security
- Pensions
- Annuities

or

- Regular withdrawals from reliable asset sources

…to pay for essential expenses.

and indicate whether they are essential and if they will vary.		You	Partner	Yes	Yes
Housing	Homeowner's insurance	$	$	☐	☐
	Household repairs and maintenance	$	$	☐	☐
	Mortgage	$	$	☐	☐
	Property tax	$	$	☐	☐
	Rent/condominium fees	$	$	☐	☐
	Other	$	$	☐	☐
Utilities	Electric	$	$	☐	☐
	Oil/gas	$	$	☐	☐
	Telephone/cable/Internet fees	$	$	☐	☐
	Water/sewer	$	$	☐	☐
	Other	$	$	☐	☐
Personal	Clothing	$	$	☐	☐
	Groceries	$	$	☐	☐
	Products & services (haircuts, dry cleaning, etc.)	$	$	☐	☐
	Other	$	$	☐	☐
	Dental, vision, and hearing	$	$		☐

Fill Any Essential Expense Gap

2

Consider using a portion of your assets to…

Purchase an income annuity to guarantee lifetime income*

or

Set up a systematic withdrawal plan to generate income

…and consider long-term care and life insurance to cover potential health cost needs

* Guarantees are subject to the claims-paying ability of the issuing insurance company.

Social Security Considerations

2

When to start

Start collecting Social Security at this age:	62	Full Retirement Age 67	70
Receive this much initially per year	$17,724	$26,856	$34,092
Live to age 70, and receive a total of	$141,792	$80,568	$0
Live to age 80, and receive a total of	$319,032	$349,128	$340,920
Live to age 90, and receive a total of	$496,272	$617,688	$681,840

This hypothetical chart is for illustrative purposes only. The Social Security benefits above are based on one person's hypothetical work history. It assumes the following: 1) person is age 55 in 2020 with a full retirement age of 67; 2) person has pretax income of $75,000 in 2020, all subject to Social Security taxes; 3) person works until benefits are collected; 4) all benefits are shown in today's dollars, pretax; 5) once benefits begin, there is no reduction in benefits due to earned income on or before the full benefit age; 6) cumulative benefit amounts are calculated as initial benefit amount multiplied by the number of years. The cumulative total is not a future savings balance from investing Social Security retirement benefits received; 7) taxes are not taken into account. If they were, amounts would be lower. Benefit estimates were obtained from the Social Security Administration's Online Quick Calculator at www.ssa.gov. This calculator is periodically updated.

Fund Discretionary Expenses

3

Use income from remaining assets…

- Mutual funds
- Brokerage accounts
- IRAs, 401(k)s
- Savings accounts

…to pay for your discretionary expenses.

Recreation	Club memberships	$	$	☐	☐
	Hobbies	$	$	☐	☐
	Travel and vacations	$	$	☐	☐
	Other	$	$	☐	☐
Entertainment	Dining out	$	$	☐	☐
	Movies/theatre/sporting events	$	$	☐	☐
	Other	$	$	☐	☐
Charitable donations and gifts	Charitable donations	$	$	☐	☐
	Gifts	$	$	☐	☐
Custom expenses	Expense 1:	$	$	☐	☐
	Expense 2:	$	$	☐	☐
	Expense 3:	$	$	☐	☐
	Expense 4:	$	$	☐	☐
	Expense 5:	$	$	☐	☐
	Expense 6:	$	$	☐	☐
	Subtotal	$	$		

Consider Income Strategies

3

Possible income strategies to explore:

Interest Only

Live off the interest from your fixed income investments

Bridge

Segregate some assets for immediate income and invest the balance to potentially replenish income sources

Systematic Withdrawals

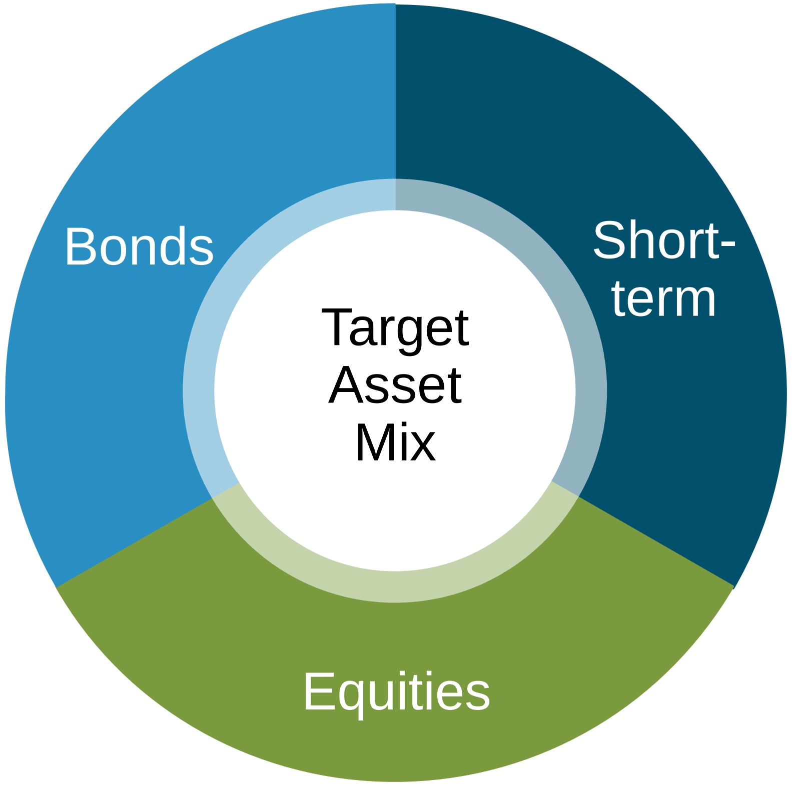
Set up pro rata withdrawals across a well-balanced portfolio

Determine Your Target Asset Mix

3

Key factors to consider with your financial representative

- Time horizon
- Risk tolerance
- Investment experience
- Financial situation



Monitor Your Plan Each Year

4

Meet with your financial representative at least once a year to:

Review
retirement income goals

Reassess
expenses

Rebalance
portfolio

Update
your beneficiary designations

Let’s Get Started

4

- Complete your Shareholder Worksheet.
- Schedule your one-on-one consultation:

[Rep Name]
[Title]
[Phone #]
[Website Address]
[eMail Address]

Important Information

IMPORTANT: The projections regarding the likelihood of various investment outcomes are hypothetical in nature, do not reflect actual investment results, and are not guarantees of future results. Results may vary with each use and over time. Although past performance does not guarantee future results, it may be useful in comparing alternative investment strategies over the long term. Performance returns for actual investments will generally be reduced by fees or expenses not reflected in these hypothetical illustrations.

Charts on slides 9 and 10 are not intended to project or predict the present or future value of the actual holdings in a participant's portfolio or the performance of a given model portfolio of securities.

On slide 9: Generally, among asset classes, stocks may present more short-term risk and volatility than bonds or short-term instruments but may provide greater potential return over the long term. Although bonds generally present less short-term risk and volatility than stocks, bonds contain interest rate risk (as interest rates rise, bond prices usually fall); the risk of issuer default; and inflation risk. U.S. Treasury bills maintain a stable value (if held to maturity), but returns are generally only slightly above the inflation rate. Foreign investments, especially those in emerging markets, involve greater risk, but may offer greater potential return than U.S. investments.

The target asset mixes are hypothetical models and illustrate certain examples of many possible combinations of investment allocations that could help an investor pursue his or her goals; these target asset mixes do not constitute investment advice under the Employee Retirement Income Security Act of 1974 (ERISA). You should choose your own investments based on your particular objectives and situation.

Methodology and information

For the charts shown on slides 9 and 10, which highlight varying levels of stocks, bonds, and short-term investments, the purpose of these hypothetical illustrations is to show how portfolios may be created with different risk and return characteristics to help meet a participant's goals. 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. You should also consider all of your investments when making your investment choices.

All index returns include reinvestment of dividends and interest income. It is not possible to invest directly in any of the indices described above. Investors may be charged fees when investing in an actual portfolio of securities, which are not reflected in illustrations utilizing returns of market indices.

Index Definitions

Standard & Poor's 500 Index (S&P 500) is a market capitalization-weighted index of 500 widely held U.S. stocks and includes reinvestment of dividends.

U.S. Intermediate-Term Government Bond Index is an unmanaged index that includes the reinvestment of interest income.

MSCI EAFE (Europe, Australasia, Far East) Index is an unmanaged market capitalization-weighted index that is designed to represent the performance of developed stock markets outside the United States and Canada and assumes the highest possible withholding taxes are applicable.

The Consumer Price Index is a widely recognized measure of inflation calculated by the U.S. government.

U.S Treasury bills are backed by the full faith and credit of the U.S government.

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