planning your retirement income

Here's a handy worksheet to help you figure out what to do with your retirement savings.

Step 1: Calculate Your Total Retirement Expenses*

If you just recently retired, or are about to retire, a detailed expense analysis is important. You can use the expense table to the right to develop one. Keep in mind that doing a detailed expense analysis generally requires a few months—up to a year—of tracking expenses for an accurate picture. Your check register, credit card statements, and last year's tax return can provide most of the information you'll need. If you prefer to calculate your expenses on line, visit the Web site listed below.

- List all your expenses in "today's dollars"—what things cost today.

Remember: Depending on your lifestyle, some expenses may increase, decrease, or stay about the same in retirement.

*Note: Do not include in the "Your retirement expenses" column significant expenses that will not remain through retirement, such as a mortgage that will be paid off in retirement, or additional medical insurance needed until eligible for Medicare.

To calculate your expenses on line, visit fidelity.com/atwork and click on:

1. LifeStage Planning
2. Nearing Retirement
3. Calculate Your Budget

Your annual expenses

ITEM/EXPENSE	YOUR RETIREMENT EXPENSES*
Housing	
*Rent or mortgage	$ ________
Property taxes and insurance	________
Home/appliance maintenance	________
Utilities	________
Necessities	
Groceries	$ ________
Health and beauty aids	________
Clothing	________
Laundry and dry cleaning	________
Income taxes	
Federal	$ ________
State	________
Social Security	________
Retirement savings contributions	$ ________
Health care	
*Health insurance	$ ________
Medicare premiums	________
Dental and vision care	________
Other uncovered expenses	________
Insurance	
Life insurance	$ ________
Long-term care insurance	________
Routine transportation	
Auto loan or lease payment	$ ________
Insurance	________
Maintenance, excise tax	________
Gasoline	________
Auto club	________
Entertainment	
Club memberships	$ ________
Travel and vacations	________
Hobbies	________
Other	________
Gifts and charitable donations	$ ________
Miscellaneous/other	+$ ________
Total annual expenses	$ ________

Step 2: Calculate Your Lifetime Sources of Income

You can use this table to make a list of your lifetime sources of retirement income, and use the information in the step below. Lifetime sources of income are sources of income that you cannot outlive.

	Income	Estimated annual benefit	How to find out
LIFETIME INCOME	Social Security benefit		Request a Social Security statement from the Social Security Administration.
	Current employer's pension		Request a statement from your employer.
	Former employer's pension		Request in writing a statement from your former employer. Contact Pension Benefit Guaranty Corporation if you cannot contact your former employer.
	Income annuity		Call annuity provider for estimate.
	Total	$	

Step 3: Calculate your income surplus or shortfall

You may have a surplus or shortfall of lifetime income based on your calculations in Steps 1 and 2. Figuring out whether you a have a surplus or shortfall will help you better understand how much financial flexibility you'll have in retirement.

If you have a surplus, you're on the road to a more secure retirement. You may just need to use your other financial savings to compensate for inflation or for extra one-time purchases. If you have a shortfall, you may want to take an inventory of your financial assets and determine how you can use them to generate income to cover your shortfall.

Enter your calculations below to see if you have a surplus or shortfall.

	$ ______________	**Lifetime Sources of Income (Step 2)**
—	**$ ______________**	**Expenses (Step 1)**
=	**$ ______________**	**Surplus or Shortfall?**

For another helpful tool, visit fidelity.com/atwork and click on:

1. **Tools & Calculators**
2. **Planning Calculators**
3. **Fidelity Retirement Planning Calculator**

Step 4: Take Your Financial Assets Inventory

You can use this table to make a list of your retirement assets.

ASSET INVENTORY

Asset	Current value	How to find out
Workplace Savings Plan 403(b)/401(k)/457		Go to **www.fidelity.com/atwork** or call Fidelity at **1-800-343-0860** (or other provider, if applicable) to access account information and check statement. If you are currently participating in your workplace savings plan, click on **NetBenefits.**[SM]
Profit sharing		Call provider's toll-free number to access account information and check statement
IRAs		Check statement
Deferred annuities you plan to cash in/ roll over		Check face value of your annuity
SEPs		Check statement
Keogh plans		Check statement
Stocks		Check statement
Bonds		Check statement
Mutual funds		Check statement
Money market funds		Check statement
Certificates of deposit		Check statement
Treasury bills		Check statement
Savings account		Check statement
Life insurance cash value		Check policy face value
Home*		Ask for real estate appraisal
Business*		Get an appraisal
Others (list)		

*Only include the proceeds from the sale of a home or business.

For other helpful retirement planning tools, visit fidelity.com/atwork and click on:

1. NetBenefits

2. Planning

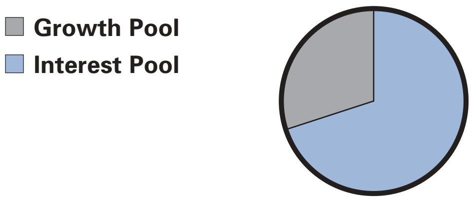
3. Retirement

4. Nearing Retirement

Step 5: Review Investment Strategies

After determining your appropriate asset allocation and retirement income goal, consider the distribution strategy that meets your needs.

Strategy 1: Interest Only Strategy

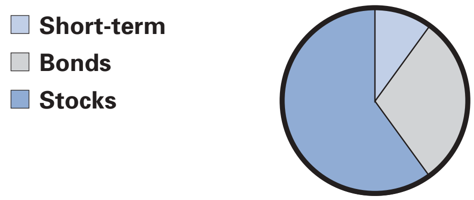


Objective: To help meet income requirements while minimizing inflation risk. Figure out how much income you'll need each year, and then allocate enough of your savings to fixed-income investments in an attempt to generate interest equal to this annual income need. The balance of your retirement savings can stay in growth investments to potentially grow over time. This way, your growth pool can be used to make up for inflation's effects on the income from your fixed-income investments.

Interest Pool: Potentially generates target income through interest from bonds and short-term assets.

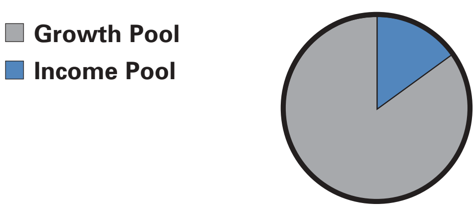
Growth Pool: Portfolio balance is invested in a diversified mix of investments according to your chosen asset allocation.

Strategy 2: Systematic Withdrawal Strategy



Objective: Potentially allows you to generate target income and maintain your asset allocation over time. Invest assets in a diversified mix of investments (short-term, bonds and stocks) according to your chosen asset allocation. Systematically withdraw your targeted income on a pro-rata basis from each fund.

Strategy 3: Standard Split Strategy

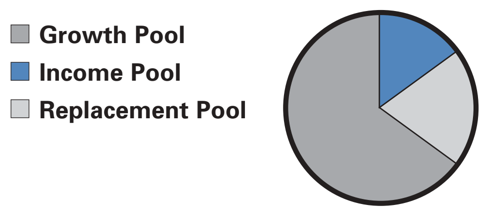


Objective: Generate and replace income over time. In the income pool, you invest in fixed-income, or money market types of investments. The goal is to pay your living expenses for a specific number of years using the money you invest and the interest it generates. The idea is to use some or all of the increased value of the investments in the growth pool to replenish your income pool when it is empty. You simply move the amount you need from the growth pool to the income pool.

Income Pool: Invest a portion of your portfolio in bonds and short-term assets for a specific period of time, such as 1–5 years, potentially generating target income from interest and principle for that period.

Growth Pool: Invest your portfolio balance in a diversified growth mix of investments according to your chosen asset allocation.

Strategy 4: Split Strategy with Replacement Pool



Objective: Generate and replace income over time. Your savings could have a longer time to grow if you spread your assets among three pools. This is a variation on Strategy 3. The idea is to use some, or all, of the growth pool to replenish your income and replacement pools after they are both empty, such as at the end of year 10.

Income Pool: Invest a portion of your portfolio in bonds and short-term assets for a specific period of time, such as 1–5 years, potentially generating target income from interest and principle for that period.

Replacement Pool: Invest a portion of your portfolio in moderate growth investments (such as a mix of stocks and bonds), and use this pool to replace your income pool after a specified period of time, such as 6–10 years. At that point, the pool is used to provide your target income.

Growth Pool: Invest the balance of your portfolio in a diversified growth mix of investments according to your chosen asset allocation.

The purpose of the sample strategies is to show how portfolios may be created with different risk and return characteristics to help meet a customer'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 ensure they are still consistent with your goals. You should also consider any investments you may have outside the plan when making your investment choices. Neither diversification nor asset allocation ensures a profit or guarantees against loss. Please be sure you understand the tax consequences of a distribution.

Step 6. Plan Your Strategy

If you have a shortfall of lifetime income, determine the right strategy for you by working the numbers.

Step 7: Action Plan

List the steps you need to take to jump-start your strategy.

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plan to make it good.

Any assets distributed from your qualified plan, 403(b) plan, or governmental 457(b) plan will be taxed as ordinary income in the year withdrawn; if you are under age 59½ at the time of the distribution, a 10% early withdrawal penalty may apply to any amounts that were rolled into the plan from an IRA or a plan other than another governmental 457(b) plan. If the distribution is eligible to be rolled over, but is not directly rolled over to an eligible plan or IRA, 20% mandatory withholding of federal income tax applies. Federal income tax will not be withheld from governmental 457(b) plan assets if an eligible plan-to-plan transfer is made to another employer's 457 plan that accepts the transfer. Be sure you understand the federal and state tax consequences of any distribution before you initiate one. You may want to consult your tax advisor about your situation.

The plan document and current tax laws and regulations will govern in case of a discrepancy. Be sure you understand the tax consequences and your plan's rules for distributions before you initiate a distribution. You may want to consult your tax advisor about your situation.

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