

A photograph of a middle-aged couple in a kitchen. The woman, on the left, has short blonde hair and wears glasses and a grey turtleneck. The man, on the right, has dark hair and is wearing a blue button-down shirt over a white t-shirt. They are both smiling and looking at each other. In the background, there is a large window with a grid pattern and wooden kitchen cabinets.

Turn Your Savings
into Retirement Income



OPENING



What types of retirement planning have you done so far?



A.

Met with an
advisor

B.

Met with a Fidelity
representative

C.

Used online
tools

D.

I'm just
getting started

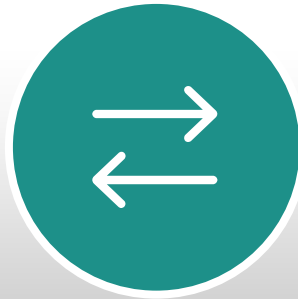
AGENDA



Three key retirement income topics



**Importance
of a plan**



**Factors to
consider**



**Developing
your plan**



The importance of having
a retirement income plan

IMPORTANCE



How do you envision your retirement?

IMPORTANCE



Important retirement questions



**When will
you retire?**



**Where will
you retire?**



**What will you
be doing?**



IMPORTANCE



Adjusting to retirement



**Going
to work**



**Doing
your job**



**Relying on a
paycheck**

In retirement, you'll be responsible for creating your own paycheck

IMPORTANCE



The benefits of having a retirement income plan include_____.

IMPORTANCE



A retirement income plan can help you:



**Make your retirement
savings last**



**Live the retirement
you envision**



**Build
a legacy**



Factors to consider when transitioning
your savings into retirement income

CONSIDER



Potential sources of retirement income



Reliable Income

- Pension plans
- Income annuities
- Social Security



Investment Income

- 401(k)'s
- IRA's
- HSA's



Other Sources

- Employment
- Rental property
- Trusts/inheritances

5–10

years before you retire

CONSIDER



3

Categories of
retirement expenses



Essential Expenses

- Groceries
- Utilities
- Health care



Discretionary Expenses

- Travel
- Hobbies
- Dining out



Emergency Expenses

- Unforeseen health issue
- Home repair
- Auto repair

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What worries you the most about your retirement income?



A.

Possibility I'll
outlive my money



B.

Effects of inflation
on my income



C.

Rising health
care costs

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Factors affecting your retirement savings and income



**Your
withdrawal rate**



**Effects of
inflation**



**Long-term
investment**



**Longer
lifespans**



**Health care
costs***

Estimate based on a hypothetical opposite-sex couple retiring in 2022, 65-years-old, with life expectancies that align with Society of Actuaries' RP-2014 Healthy Annuitant rates projected with Mortality Improvements Scale MP-2020 as of 2022. 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.

CONSIDER



Your
withdrawal
rate

A variety of income sources



Interest
From Savings



Social
Security

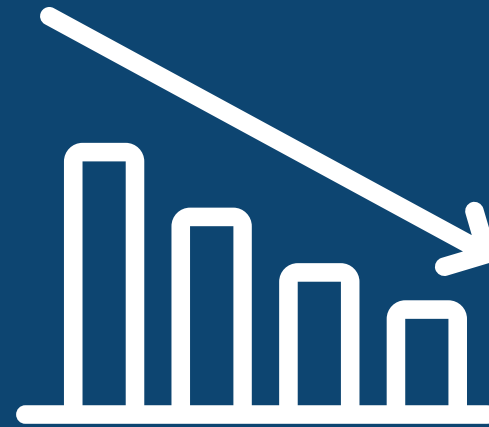


Real Estate
Revenues



IRA

CONSIDER



The value of your money could
decline over time

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Long-term
investing



Select an asset mix to
help meet your needs and goals

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Longer
lifespans



30—40

years in retirement

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Health care
costs

Single retiring

\$546

Per month

Couple retiring

\$1,092

Per month

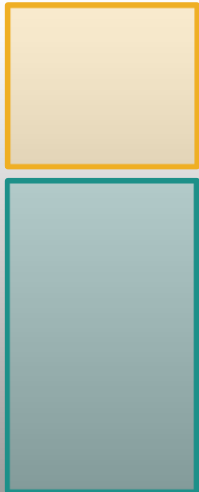
Estimate based on a hypothetical opposite-sex couple retiring in 2022, 65-years-old, with life expectancies that align with Society of Actuaries' RP-2014 Healthy Annuitant rates projected with Mortality Improvements Scale MP-2020 as of 2022. Actual assets needed may be more or less depending on actual 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.

CONSIDER

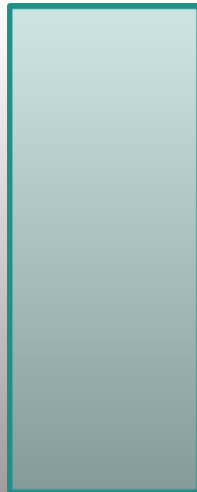


Retirement income and retirement expenses

Income Gap



Estimated
income



Estimated
expenses



Sam

\$4,284

Estimated income per month

- \$6,104

Estimated expenses per month

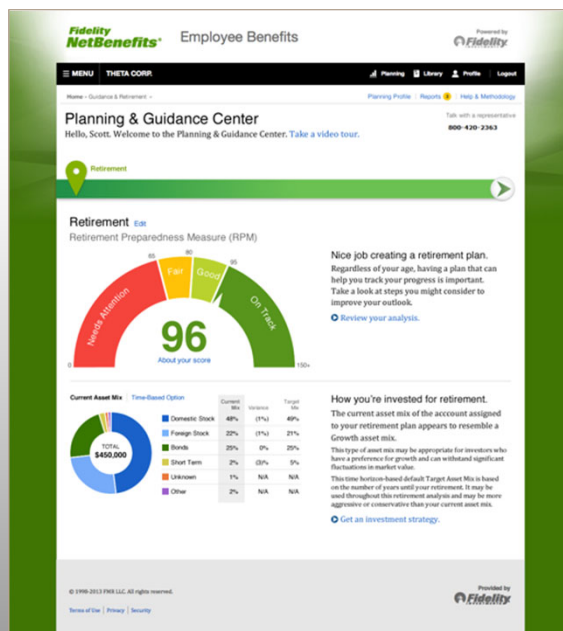
\$1,821

Potential gap per month

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Identifying potential gaps



IMPORTANT: The projections or other information generated by the Planning & Guidance Center's Retirement Analysis regarding the likelihood of various investment outcomes are hypothetical in nature, do not reflect actual investment results, and are not guarantees of future results. Your results may vary with each use and over time.

If your retirement income estimate is not anticipated to meet your expenses, consider:



Delaying retirement and continuing to work



Spending less now and saving more for later

IMPORTANCE



Common retirement income sources



Pension



Social Security



IRA



**Workplace
savings plan**

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Managing your tax situation

» **Understand how benefits and income are taxed**

» **Estimating your tax bracket can help you:**

- Reduce taxes and save more
- Adjust your taxable & nontaxable investment mix
- Choose how much to put in each investment



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

Fidelity does not provide legal or tax advice. The information herein is general in nature and should not be considered legal or tax advice. Consult an attorney or tax professional regarding your specific situation.

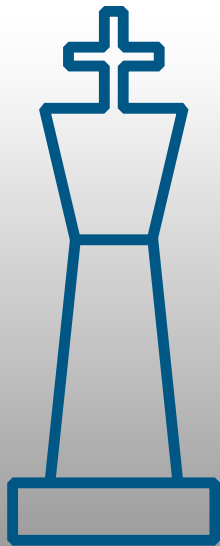


How to develop a
retirement income plan

DEVELOP



Potential income strategies



Taking systematic withdrawals



Using other income before claiming Social Security



Living off earnings and interest



Bucketing your investments

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Taking systematic withdrawals
from your investments

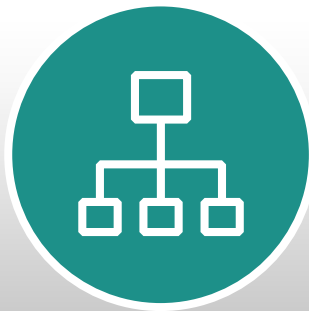
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Systematic withdrawals



**Determine
income need**



**Establish
asset allocation**



**Identify
investment mix**



**Invest and
manage**

DEVELOP



How much should you withdraw annually?

A circular gauge with a dark blue center and a yellow-orange border. A teal-colored wedge-shaped marker is positioned at the top of the circle. The text '2-3%' is displayed in large teal font.

2-3%

Annual withdrawal rate

A circular gauge with a dark blue center and a yellow-orange border. A teal-colored wedge-shaped marker is positioned at the top of the circle. The text '4-5%' is displayed in large teal font.

4-5%

Annual withdrawal rate

A circular gauge with a dark blue center and a yellow-orange border. A teal-colored wedge-shaped marker is positioned at the top of the circle. The text '6-7%' is displayed in large teal font.

6-7%

Annual withdrawal rate

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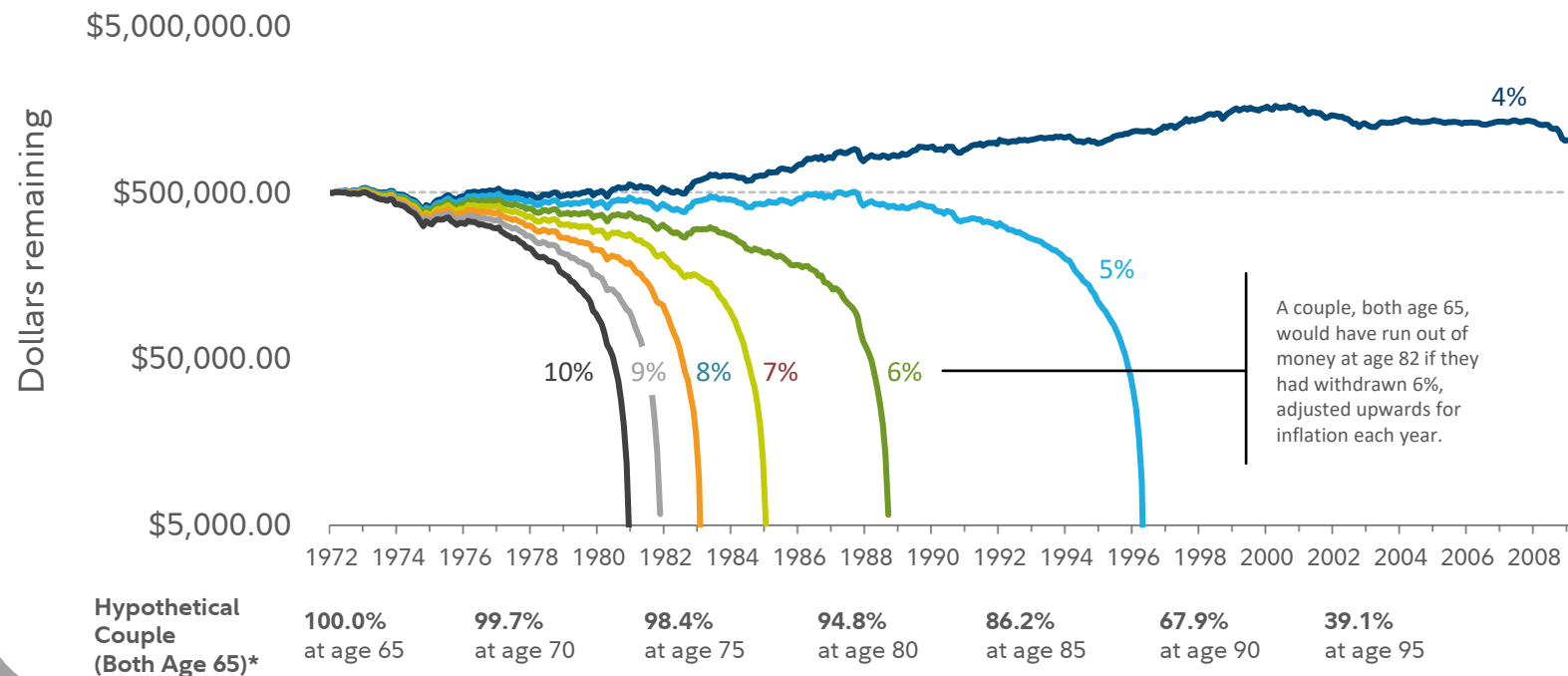


How much should you
withdraw annually?





Impact of different withdrawal rates



*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.

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Withdrawal rate example



Sam

\$500k
in retirement savings

4% withdrawal rate

IRS-required minimum distribution (RMD)

\$500,000

x 4%

\$20,000

\$500,000

÷ 26.5

\$18,868

The change in the RMDs age requirement from 72 to 73 applies only to individuals who turn 72 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 plan accounts starting in 2024). Please speak with your tax advisor regarding the impact of this change on future RMDs.

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Living off interest and
account earnings

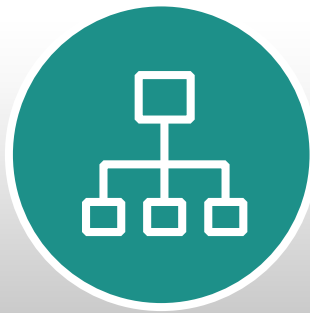
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Income from interest and account earnings



**Determine
income need**



**Identify
asset allocation**



**Manage
reinvestments**

You could lose money by investing in a money market fund. An investment in a money market fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Before investing, always read a money market fund's prospectus for policies specific to that fund.

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» Using other income
sources until you start
claiming Social Security



When to claim your benefit

PERMANENT REDUCTION
IF CLAIMING BEFORE FRA

DELAYED
RETIREMENT CREDITS

AGE 60

Earliest age
for surviving
spouse benefits

AGE 62

Earliest age
to claim
Benefit permanently
reduced 25%–30%
Can reduce surviving
spouse benefit

AGE 65

Medicare
eligibility

FRA
AGE 66–67

Full
Retirement Age
Full Social Security
benefit available

AGE 70

Maximum
benefit
Maximum surviving
spouse benefits

DEVELOP

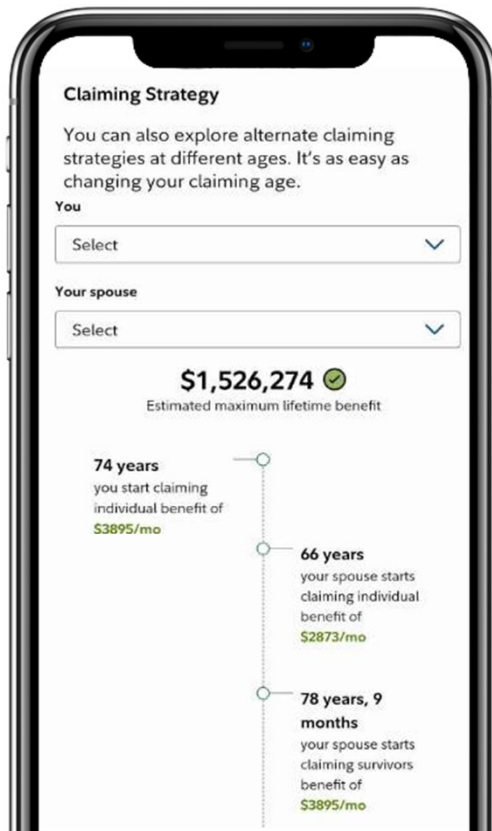


Claiming before Full Retirement Age

FULL RETIREMENT
AGE OF 67

AGE		BENEFITS %
62	→	70%
65	→	87%
68	→	108%
70	→	124%

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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

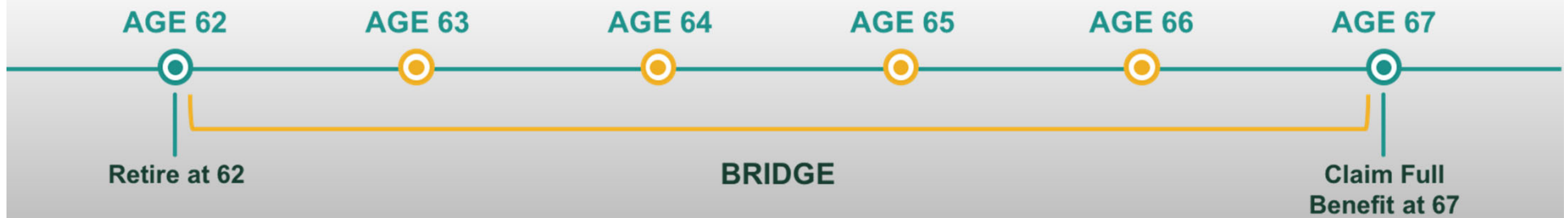
See how waiting to claim may help you to maximize your monthly benefit

Screenshots are for illustrative purposes only.

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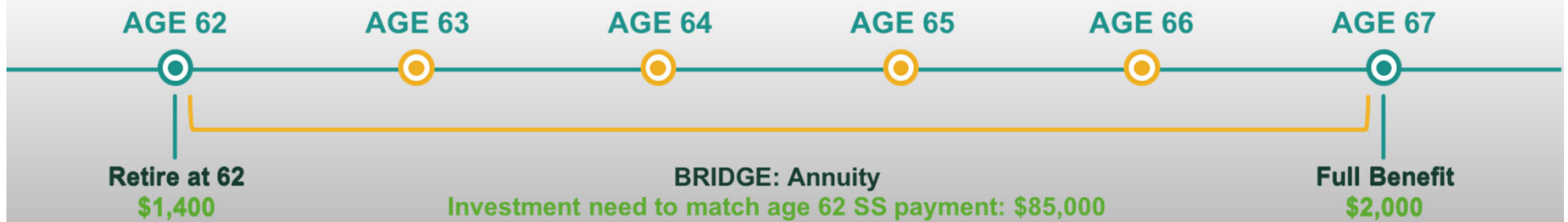
Bridge strategy



DEVELOP



Bridge strategy implemented

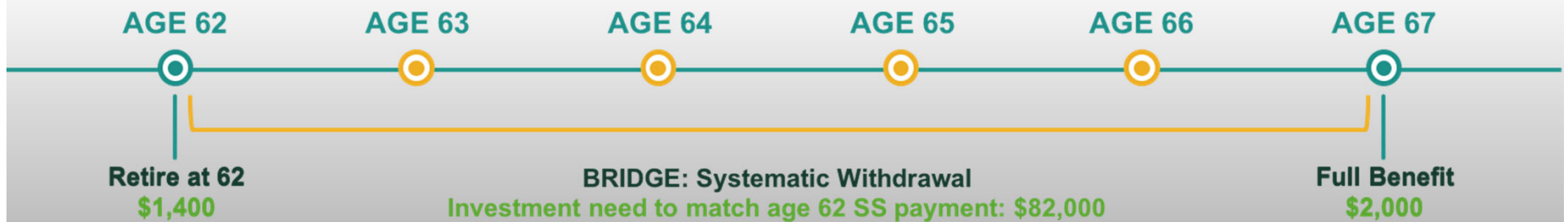


For illustrative purposes only.
FRA can be 66 or 67, depending on the year you were born. For additional information, please visit [SSA.gov](https://www.ssa.gov).

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Bridge strategy implemented



For illustrative purposes only.
FRA can be 66 or 67, depending on the year you were born. For additional information, please visit [SSA.gov](https://www.ssa.gov).

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“Bucketing” your investments to generate both income and growth

DEVELOP



3

Buckets

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Conservative
Bucket



Moderate
Bucket



Aggressive
Bucket

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Monitoring and adjusting your investment buckets



**Conservative
Bucket**



**Moderate
Bucket**



**Aggressive
Bucket**

Periodically shift the gains from the moderate and aggressive buckets over one bucket

DEVELOP



Some strategies work together

Sam



67
years old

\$500k
in retirement plan

\$833
per month

Interest only
(2% interest)

\$1,667
per month

Systematic
Withdrawal

\$1,758
per month

Income Annuity &
Systematic Withdrawal

Option 1: Interest income only, assumes a 2% interest rate, a starting balance of \$500,000 at the beginning of the period and that no taxes, fees or expenses are taken into consideration. The income figure is for year one only. The principal amount is subject to market change, and the interest payment is recalculated each year based on the revised principal amount. Option 2: Systematic withdrawal plan only, assumes \$500,000 initial balance and a 4% annual withdrawal rate with no taxes, fees or expenses taken into consideration. The income figure is for year one only. The principal amount is subject to market change, and the payment increases each year with inflation. Option 3: Systematic withdrawal plan (SWP) coupled with a single life annuity. SWP assumes a \$250,000 initial balance and a 4% withdrawal rate for the first year with no taxes, fees or expenses taken into consideration. The income figure is for year one only. The principal amount is subject to market change, and the payment increases each year with inflation. In addition, a hypothetical annuity for a 67 year old male is purchased with \$250,000 which provides a \$925 monthly payout, which is based on a single life with a cash refund annuity and a CPI-U COLA distributed by Fidelity Insurance Agency, Inc., as of April 15, 2019. For the annuity, rates are subject to change. Payments do not reflect the impact of taxes. Beginning with the first payment anniversary, income payments are adjusted for increases (if any) in the Consumer Price Index for All Urban Consumers (CPI-U). A contract with a CPI-U increase will provide lower initial income payments than an otherwise identical contract without a cost-of-living adjustment. A contract's financial guarantees are solely the responsibility of and are subject to the claims-paying ability of the issuing insurance company.



Take the next steps



NEXT STEPS



Workshop summary

**Monitor
your plan**



**Assess your
financial situation**



**Review your
income goals**



NEXT STEPS



**Take your
next step**



**Call for help
800.603.4015**



**Visit the Planning &
Guidance Center**

NEXT STEPS



Thank You!

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.

30-Day Treasury Bill Index measure the annual total return of a short-term obligation that is not interest-bearing (it is purchased at a discount); it can be traded on a discount basis for 91 days.

S&P 500 Index is a market capitalization-weighted index of 500 common stocks chosen for market size, liquidity, and industry group representation to represent US equity performance.

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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

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.

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Note: Anyone born in 1929 or later needs 10 years of work (40 credits) to be eligible for Social Security retirement benefits. People born before 1929 need fewer years of work. Contact the Social Security Administration for more details

Screenshots are for illustrative purposes only.

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