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PLANNING & GUIDANCE

Turning Age 70½

Preparing for your Minimum Required Distributions.

SIMPLE STEPS TO CONTINUED SECURITY

This guide will help you understand the new requirements and possibilities that begin at age 70½. Just follow our Action Plans to take advantage of the opportunities that lie ahead.

Why 70½ is a Major Milestone

If you've been saving money in a tax-deferred vehicle, the law generally requires that you begin making withdrawals, or Minimum Required Distributions (MRDs), at age 70½. This makes turning 70½ an important time — not only to understand the MRD rules, but also to consider their broader implications for your overall financial retirement income plan. As always, Fidelity will be there to help you through this process.

You'll learn about:

- ☐ Making a new plan for new rules at 70½.
- ☐ Understanding MRDs.
- ☐ Planning your new tax strategy.
- ☐ Planning your distributions to your advantage.
- ☐ Putting your plan into action.

Making a New Plan for New Rules at 70½

There's more to this milestone than just taking Minimum Required Distributions (MRDs). How you take them — and what you do with them — make a big difference.

It's time for a good look at your overall retirement plan.
Fidelity can discuss your current situation with you to see how your MRD fits into your retirement plan. By incorporating your MRD into your plan, you'll streamline the annual process of taking the MRD and make sure that your MRD is put to the best use for your overall investment strategy. Through Fidelity Retirement Income Advantage℠, a suite of services designed to help you manage your retirement assets, we can work with you to create or update a retirement income plan that will help you pursue the retirement you've always envisioned.

If you're not already familiar with MRD rules, this brochure will instruct you on the basics. It will also recommend simple steps that will assist you in taking your MRD. But it's just as important that you understand the wider implications of MRD rules for your portfolio and adjust your financial plan to avoid the pitfalls and profit from the opportunities of MRDs.

We have some ideas that can help you get the most from your distributions. And as you reach age 70½ and press on into the future, we'll be with you every step of the way to help make your retirement years everything you want them to be.

ACTION PLAN

- ☐ Read on to learn more about MRDs.
- ☐ Create or review your retirement income plan.
- ☐ Prepare to adjust your plan to optimize your distributions.

HERE'S HELP

- Take advantage of Fidelity's online Retirement Resource Center at *Fidelity.com/Retirement* and access our retirement income planning tool.
- Call 1-800-544-4774 to discuss your retirement income planning needs and to get answers to your questions about MRDs and other aspects of managing your finances in retirement.

Understanding Minimum Required Distributions

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At age 70½, the law generally requires that you begin taking money out of your IRAs, 401(k) plans, and other tax-deferred savings vehicles. It's important to pay attention to the rules — but it doesn't have to be difficult.

Be aware of what's required.
The federal government established tax-deferred savings plans to help you save for retirement. Once you reach age 70½, however, the IRS wants to ensure that these accounts are used for what they were intended — retirement income — rather than a tax-sheltered estate for heirs. Here's a basic summary of what the IRS requires:

- By April 1 of the year after you turn 70½, the IRS generally requires that you begin taking withdrawals, called Minimum Required Distributions (MRDs), from your retirement accounts. This requirement applies to all accounts or plans into which you contributed tax-deferred assets or in which you have tax-deferred earnings. Examples include Traditional IRAs, Rollover IRAs, SIMPLE IRAs, Keogh plans, and SEP-IRAs, as well as most 401(k) and 403(b) plans.

- There is one major exception: You are not required to take MRDs from a Roth IRA during your lifetime, and you cannot satisfy an MRD requirement with a withdrawal from a Roth IRA.

- After age 70½ you are required to take an MRD every year from each of your eligible tax-deferred vehicles for the rest of your life. You must satisfy the MRD requirements separately for each of your accounts.

You can begin taking distributions from your Retirement Plan without penalty sooner than the law requires. Between the ages of 59½ and 70½, you can withdraw as much or as little as you want. You simply have to pay the taxes on the distributions at your ordinary income tax rate.

It pays to avoid the penalties.
The penalty for taking less than your MRD after 70½ can be severe. If you withdraw less than the required amount, the IRS may assess a penalty equal to 50% of the amount of the MRD not taken. There is no penalty for withdrawing more than the MRD, however.

Consider your options for receiving your MRD.
You can request that your MRD be sent directly to you or deposited in your bank account so that you can use it immediately to cover expenses. If you prefer, you can have it placed in a non-retirement investment account so that it will potentially continue to earn income.

Let us help you keep it simple.
Generally, your MRD is determined by a formula, established by the IRS, that is based on your MRD-eligible account balances and your age. To avoid calculating their own MRDs, many retirees use automatic withdrawal services that ensure the appropriate withdrawals are made.

Fidelity's Personal Withdrawal Service will do exactly that. You can easily establish a schedule of automatic withdrawals from your Fidelity account and have the money sent to you or deposited into another Fidelity account or your own bank account. In addition, our online MRD Calculator will help you determine the amount of your MRD and enable you to see how these distributions will affect your retirement financial plan.

ACTION PLAN

- ☐ When you turn 70, identify your MRD-eligible accounts.
- ☐ Make sure you know the deadline for taking your first MRD.
- ☐ Calculate your MRD now or secure any assistance you need.

HERE'S HELP

- Request a copy of Fidelity's *Your Guide to Taking Your MRD* for more information and help with your MRD calculations.
- Visit the Retirement Resource Center at ***Fidelity.com/retirement*** for online MRD calculation tools and to learn more about or to enroll in our Personal Withdrawal Service.
- Contact your tax advisor. This may be particularly helpful if you have non-Fidelity tax-advantaged retirement accounts or another special situation, such as a trust as the beneficiary on an account.

Planning Your New Tax Strategy

Knowing the IRS rules on MRDs is one thing. Understanding their implications for your overall financial picture is another — and it's essential that you do so.

How your MRD will be taxed.
Your withdrawals will be taxed as ordinary income for the tax year in which they're taken. They may also be subject to state and local taxes. If you've made nondeductible, after-tax IRA contributions, taxes would be due only on any earnings on those contributions when they're withdrawn. The IRS requires Fidelity to withhold 10% of your MRD for prepayment of federal income taxes (excluding Roth distributions), and applicable state and local taxes may also be withheld. You can elect not to have any taxes withheld or to have taxes withheld at a rate of greater than 10%. Of course, your actual tax due may be more or less than 10%. Each year, withdrawals and any tax withholding from your Fidelity tax-advantaged retirement accounts will be reported on Form 1099-R to both you and the IRS.

Considering Delaying Your First MRD?

If you're considering delaying your first MRD, you may want to take a closer look at your two options.* Taking your first MRD in the year that you turn 70½ can reduce the amount of your second MRD, allowing you to keep more money invested in your retirement account, and potentially reducing the tax you will pay.

OPTION 1: Delay your first MRD	If you turn 70½ and decide to wait to take your first MRD until April 1 of the following year, your calculation will be based on the prior year-end balance, which includes the undistributed year one MRD amount. Assuming no other market value changes in your account, both MRDs will be based on $300,000.	Using the Uniform Table, your MRD amounts would be: **MRD #1 = $10,949.00** **MRD #2 = $11,320.75** **Total: $22,269.75**
OPTION 2: Take your first MRD	If instead you take your first MRD by December 31 of the year you turn 70½, your second MRD will be based on the prior year-end balance, which does not include your first MRD amount. Assuming no other market value fluctuations in your IRA, your year two MRD would be based on a lower fair market value of $289,051 due to the year 1 MRD being already distributed.	Using the Uniform Table, your MRD amounts would be: **MRD #1 = $10,949.00** **MRD #2 = $10,907.00** **Total: $21,856.00**

* These options are hypothetical and assume you have $300,000 in a single IRA when you turn 70½.

Watch those deadlines carefully.
You generally have until April 1 of the year following the calendar year you turn 70½ to take your first annual MRD. This is known as your required beginning date, or RBD. In subsequent years, the deadline is December 31.

If you take your first MRD between January 1 and April 1 of the year after you turn 70½, you still need to take your second MRD by December 31 of the same year. Since IRA and Keogh distributions are taxed as ordinary income, this may push you into a higher tax bracket. Also note that if you take your first MRD between January 1 and April 1 of the year after you turn 70½, your December 31 account balance — on which your second MRD is based — is not reduced by the amount of that first MRD.

Consider your timing options.
If you turn 70½ this year, you have the option to take your first MRD on or before December 31 of this year — or to postpone taking your MRD until April 1 of next year. Delaying your first MRD means your retirement assets will remain invested tax-deferred for a longer period. But before you decide to delay, consider the following:

- By taking two distributions in a single tax year, you will likely owe more taxes in the second year, and may even push yourself into a higher marginal tax rate.
- Your second MRD will be based on a higher marginal values since the first MRD amount will be reflected in the account balance that is used to calculate your second MRD.

ACTION PLAN

- ☐ Decide when you should begin taking distributions.
- ☐ Calculate how much tax you will pay.
- ☐ Plan for prepayment of taxes.

HERE'S HELP

- Fidelity's online Retirement Resource Center at ***Fidelity.com/retirement*** has detailed information about MRD deadlines and calculations as well as updates on IRS rules governing MRDs.
- The IRS offers excellent and extensive online information about MRDs at ***www.IRS.gov***.

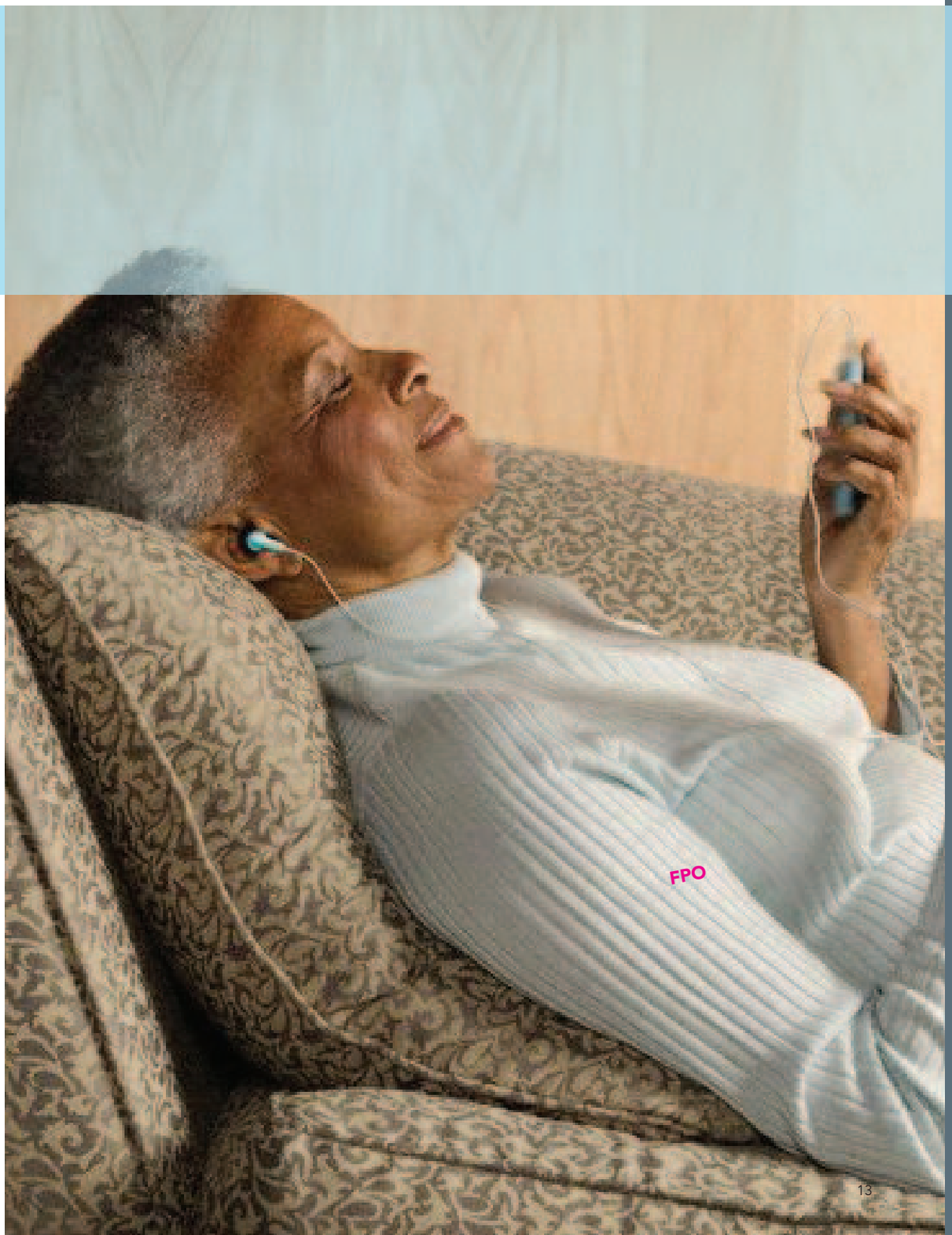
Planning Your Distributions to Your Advantage

Before money begins to flow out of your tax-advantaged accounts, plan ahead to make sure it goes where it will benefit you the most.

Decide whether to spend or invest your MRD.
The funds that must be withdrawn from your tax-deferred accounts can either become a part of your current income stream or moved to any of a wide variety of investment vehicles to potentially keep your money growing.

That's why it's so important to consider your MRD within the context of your overall financial situation. As a first step in this process, contact Fidelity to discuss how your MRD fits into your overall retirement income plan and whether you will need some or all of your MRD to meet immediate expenses. Even if you don't need additional income now, using your MRD for current expenses may keep you from having to make withdrawals from another account that you would prefer to leave intact.

Review your investment options.
Whatever portion of your MRD is not used for immediate income can be reinvested in a non-retirement account. With a Fidelity Account® you can invest in stocks, bonds, and mutual funds and access your money by check, credit card, or phone. Plus, when you sign up for our Personal Withdrawal Service, Fidelity will waive the usual minimum investment requirements for your account.



Consider these additional suggestions:

- **Consolidating your assets** is a good way to simplify the management of your investments and your MRD. If you have retirement investments at other financial institutions, now may be the time to consider consolidating them at Fidelity. It can make it easier to keep track of your assets and may potentially minimize your account maintenance fees.

- **Fidelity Portfolio Advisory Services℠** offers you portfolio management by professionals who will identify an appropriate asset allocation strategy and mutual fund mix for reaching your goals. Your investment team will monitor your portfolio's performance and continually conduct trades and take advantage of new investment opportunities to build and protect your financial assets.

- **A Lifetime Income Annuity** can be purchased with some or all of your IRA or Keogh assets to comply with IRS rules for taking your MRD from that portion of your retirement assets. An income annuity can create a regular, lifelong cash flow to help you cover immediate expenses and keep up with inflation at the same time.

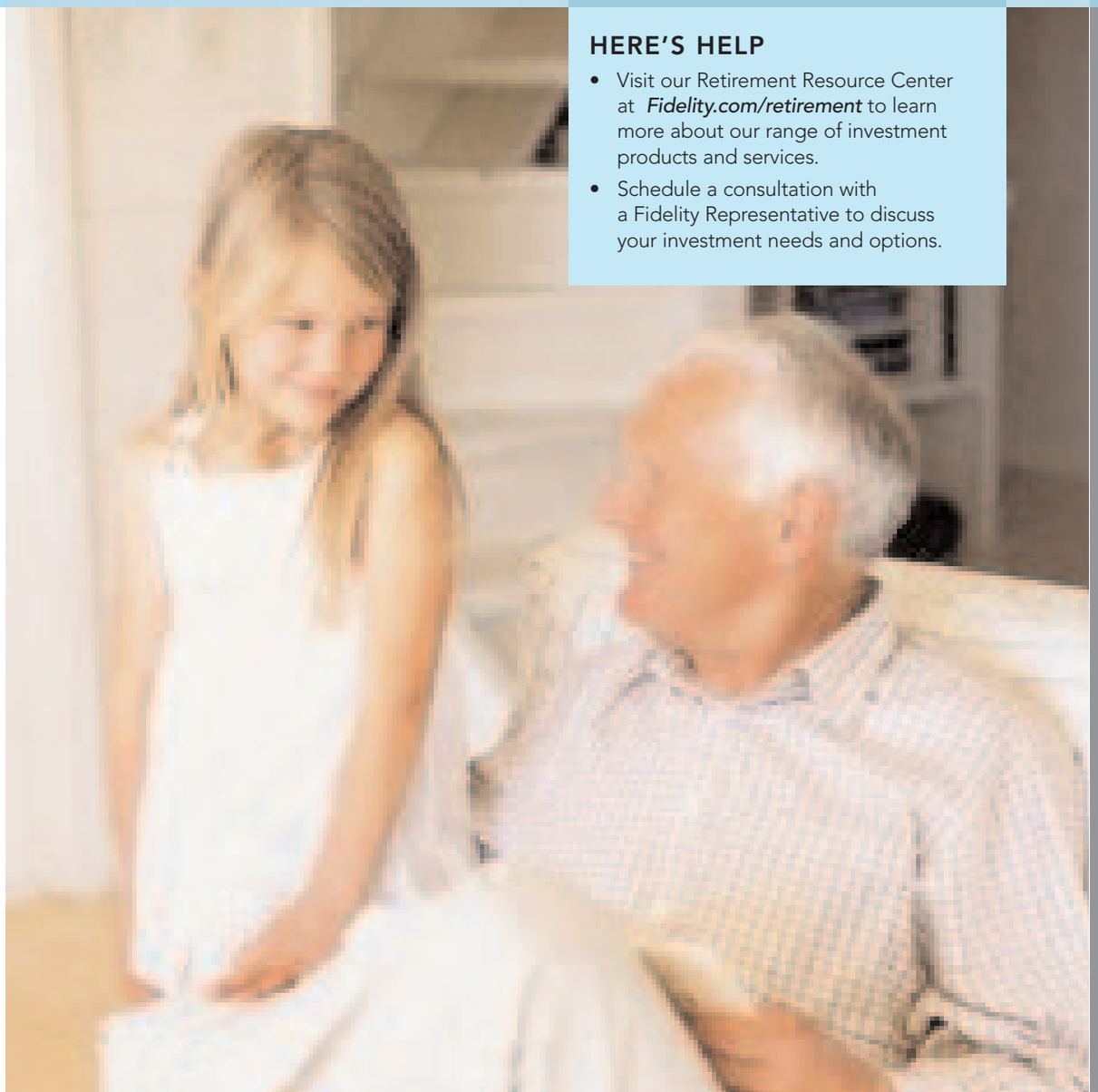
If you're unsure what general strategy or which specific investments are right for you, contact Fidelity for the guidance you need. We can meet with you to discuss your current situation and review how your MRD fits into your portfolio and into your overall retirement income plan.

ACTION PLAN

- ☐ Research investment options for your MRD distribution.
- ☐ Consider consolidating your portfolio at Fidelity.

HERE'S HELP

- Visit our Retirement Resource Center at *Fidelity.com/retirement* to learn more about our range of investment products and services.
- Schedule a consultation with a Fidelity Representative to discuss your investment needs and options.



Putting Your Plan into Action

It's a good idea to get started on your plan for passing the 70½ milestone as soon as possible. Following are some first steps you may want to consider.

1 **Determine your MRD obligation.** Visit the Retirement Resource Center at ***Fidelity.com/retirement*** for online MRD calculation tools.

2 **Set up a distribution plan.** For maximum convenience, you can download an enrollment form for Fidelity's Personal Withdrawal Service at the online Retirement Resource Center at ***Fidelity.com/retirement***.

3 **Incorporate your MRD into your retirement plan.** Call a Fidelity Retirement Specialist at 1-800-544-4774 for more information, for an MRD consultation, or to reassess your overall retirement income plan.

WE'RE HERE TO HELP

Fidelity offers you a wealth of online resources for making the most of your retirement. Just visit our Retirement Resource Center at ***Fidelity.com/retirement*** to find planning tools and information that can help both to simplify the management of your retirement plan as well as to broaden its potential.