creating your asset allocation strategy

No matter how far away you are from retirement, it makes good financial sense to create a long-term retirement strategy. After all, every decision you make today could affect how you spend your retirement tomorrow. And with Americans living longer and spending more time in retirement—and taking greater responsibility for their retirement future—the decisions you face will be different than any previous generation's.

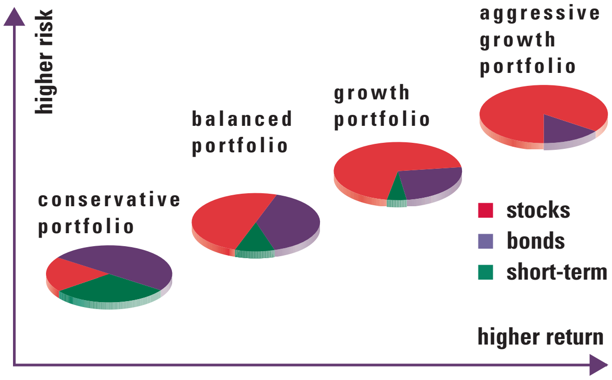
How do you know where to invest your money? With different investment options available to you, how do you choose what's best for you and your situation as you consider retirement? The first step to answering questions like these is to determine your asset allocation strategy—how you invest your savings across the three general investment types or asset classes:

Stocks—also called equities
Bonds—also called fixed-income investments
Short-term investments—such as money market funds or cash equivalents

Properly used, an asset allocation strategy can help you reduce your investment risk and even increase your potential for better returns over time. Generally, choosing an appropriate asset allocation strategy for the long term and sticking with it is a better approach than trying to stay ahead of the markets.

On the following pages you'll find an easy-to-use questionnaire to help you decide upon an asset allocation strategy that's right for you.

Which fit is right for you?



This spectrum does not represent actual or implied performance.

Take a simple first step to a strategy

To determine what type of asset allocation strategy is best for you, you first need to determine what kind of investor you are. The short, self-scoring Investor Profile Questionnaire below is designed to provide an investment strategy that may be right for your retirement savings. To determine your personal asset allocation strategy:

- *Answer each question.*
- *Write the point value of each answer in the box provided.*
- *Calculate your total points.*
- *Compare your total points with the model portfolios at the end of the questionnaire.*

Planning Consideration: Over time, certain investment types have outperformed others. Historically, stocks have outperformed bonds and money market instruments over long periods. So the longer you're putting money away, the more important it may be to place some of it in growth-oriented investments. Shorter-term investment periods may call for more conservative investments, which are less subject to fluctuation. The longer your money can sit and take advantage of market cycles, the more aggressive you may want to be with your investments. (Consider this when responding to questions 1 and 2.) Remember that past performance is not necessarily indicative of future results.

1 In approximately how many years do you plan to retire?

In 4 to 6 years . . . . 52 pts.
In 7 to 10 years . . . . 69 pts.
In 11 to 16 years . . . . 70 pts.
More than 16 years . . . . 71 pts. **Points** ______

2 Do you expect to withdraw or borrow one-third or more of this money from your household retirement savings within seven years?

(for retirement income, purchase of a new home, college tuition, etc.)

No . . . . 20 pts.
Yes, within 3 years . . . . 0 pts.
Yes, in 4 to 6 years . . . . 12 pts. **Points** ______

A. ADD POINTS FROM QUESTIONS 1 AND 2 HERE **Points** ______

▶ Transfer this total to Box A at the end of the questionnaire.

Planning Consideration: Under unforeseen circumstances, such as a loss of income, many people need to draw on "long-term" money for short-term needs. If you don't have an emergency fund, a conservative investment approach may be the most appropriate.

3 Do you have an emergency fund (savings of at least three months' after-tax income)?

No, I do not have an emergency fund.. . . . . 8 pts.
I have an emergency fund, but it is less than three months' after-tax income. . . . . 3 pts.
Yes, I have an adequate emergency fund. . . . . 0 pts. **Points** ______

Planning Consideration: The lower the portion of total assets you're investing, the more aggressive you might wish to be in this portion of your portfolio. But even a diversified mutual fund should not be your one and only investment for your household retirement savings.

4 Approximately what portion of your total investable assets* is in your retirement savings plan at work?

Less than 25% . . . . 0 pts.
From 25% to 50% . . . . 1 pt.
From 51% to 75% . . . . 2 pts.
More than 75% . . . . 4 pts. **Points** ______

* Investable assets include your emergency fund, plan assets, bank accounts, CDs, mutual funds, cash value of life insurance, stocks or bonds, investment real estate, etc., but do not include your primary residence or vacation home.

Planning Consideration: If your income is likely to change, you may have more or less money to meet your expenses and you may have to dip into your long-term investments. A more conservative approach may enable you to depend on money being available.

5 Which ONE of the following describes your expected earnings over the next five years?

(Assume inflation will average 4% a year.)
I expect my earnings to increase and far outpace inflation (due to promotions, new job, etc.) . . . . 0 pts.
I expect my earnings increases to stay somewhat ahead of inflation . . . . 1 pt.
I expect my earnings to keep pace with inflation . . . . 2 pts.
I expect my earnings to decrease (due to retirement, part-time work, economically depressed industry, etc.) . . . . 4 pts. **Points** ______

Planning Consideration: Your comfort level with investment risk is important in determining how aggressively or conservatively you choose to invest.

6 Choose the sentence below that best reflects your feelings about investment risk. Then select the point total that corresponds with how strongly you agree with it.

I want as much assurance as possible that the value of my retirement savings will not go down.			I want to maintain a balanced savings mix with some fluctuation and growth.			I want my money to grow as much as possible, regardless of risk or fluctuation.
Strongly agree	Agree	Somewhat agree	Strongly agree	Agree	Somewhat agree	Agree
12 points	7 points	5 points	3 points	2 points	1 point	0 points

Points ______

Planning Consideration: The more experience you have with these two types of investments, the more comfortable you may be in leaving your money invested while riding out any market downturns.

7a Have you ever invested in individual bonds or bond mutual funds?

(aside from U.S. Savings Bonds)
No, and I would be uncomfortable with the risk if I did . . . . 10 pts.
No, but I would be comfortable with the risk if I did . . . . 4 pts.
Yes, but I was uncomfortable with the risk . . . . 6 pts.
Yes, and I felt comfortable with the risk . . . . 0 pts. **Points** ______

7b Have you ever invested in individual stocks or stock mutual funds?

No, and I would be uncomfortable with the risk if I did . . . . 8 pts.
No, but I would be comfortable with the risk if I did . . . . 3 pts.
Yes, but I was uncomfortable with the risk . . . . 5 pts.
Yes, and I felt comfortable with the risk . . . . 0 pts. **Points** ______

Planning Consideration: You may have responsibility for ongoing family obligations. This may suggest a more conservative approach.

8 How many dependents do you have? (include spouse, children you support, elderly parents, etc.)

None . . . . 0 pts.
One . . . . 1 pt.
Two to three . . . . 2 pts.
More than three. . . . . 4 pts. **Points** ______

Planning Consideration: If a large portion of your income goes toward paying debt, you are more likely to need to have cash available in case of unforeseen circumstances.

9 Approximately what portion of your monthly take-home income goes toward paying off debt other than a home mortgage? (auto loans, credit cards, etc.)

Less than 10% . . . . 0 pts.
From 10% to 25% . . . . 1 pt.
From 26% to 50% . . . . 2 pts.
More than 50% . . . . 6 pts. **Points** ______

Planning Consideration: Your comfort level with investment risk is important in determining how aggressively or conservatively you choose to invest. (Keep this in mind when responding to questions 10 and 11.)

10 Which ONE of the following statements describes your feeling toward choosing your retirement investment choices?

I would prefer investment options that have a low degree of risk associated with them (i.e., it is unlikely that my original investment will ever decline in value). . . . . 10 pts.
I prefer a mix of investment options that emphasizes those with a low degree of risk and includes a small portion of other choices that have a higher degree of risk, but may yield greater returns. . . . . 6 pts.
I prefer a balanced mix of investment options—some that have a low degree of risk and others that have a higher degree of risk but may yield greater returns. . . . . 3 pts.
I prefer a mix of investment options—some would have a low degree of risk, but the emphasis would be on investment options that have a higher degree of risk but may yield greater returns. . . . . 1 pt.
I would select only investment options that have a higher degree of risk but a greater potential for higher returns. . . . . 0 pts. **Points** ______

11 If you could increase your chances of improving your returns by taking more risk, would you...

Be willing to take a lot more risk with all your money? . . . . 0 pts.
Be willing to take a little more risk with all your money? . . . . 3 pts.
Be willing to take a little more risk with some of your money? . . . . 6 pts.
Be unlikely to take much more risk? . . . . 10 pts. **Points** ______

12 Does your spouse participate in a retirement savings plan at work?

A. Yes . . . . 1 pt.
B. No (my spouse doesn't work, doesn't participate, etc.) . . . . 4 pts.
C. Not applicable (I am not married.) . . . . 2 pts. **Points** ______

B. ADD POINTS FROM QUESTIONS 3 THROUGH 12 HERE **Points** ______

SUBTRACT B FROM A FOR YOUR TOTAL SCORE **A** ______ **– B** ______ **= TOTAL SCORE** ______

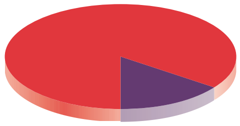
Your total for Box A can be found at the beginning of the questionnaire.

Match your score with the appropriate model portfolio.

If your point total is 70 or more:
Longer-range goals are indicated, and you may want to consider a more aggressive portfolio of stock investments if you can tolerate short-term price swings.

aggressive growth portfolio

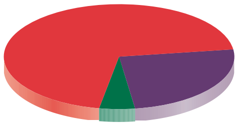
- 85% stocks
- 15% bonds



If your point total is 50–69:
It suggests that you're willing to take on more risk in an attempt to outperform conservative investments over the long term. Consider emphasizing growth as you choose your investments.

growth portfolio

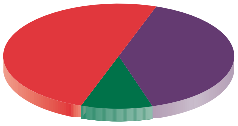
- 70% stocks
- 25% bonds
- 5% short-term investments



If your point total is 20–49 points:
A combination of income and capital growth is indicated. Consider spreading your investments to seek growth combined with less risk over the long term.

balanced portfolio

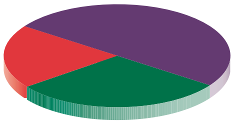
- 50% stocks
- 40% bonds
- 10% short-term investments



If your point total is less than 20 points:
Capital preservation may be more important than long-term growth, so consider a conservative mix of investments more heavily weighted toward bonds and short-term investments for your portfolio.

conservative portfolio

- 20% stocks
- 50% bonds
- 30% short-term investments



The purpose of the sample portfolios is to show how portfolios may be created with different risk and return characteristics to help meet a participant's goal. 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 any investments you have outside the plan when making your investment choices.

Get started on your strategy

Now that you have identified which type of investor you are and which model portfolio is right for you, it's time to put your strategy to work.

To find investments for your portfolio and to invest your retirement savings plan assets according to your investment strategy, you may either:

1. **Go to www.401k.com and log on to NetBenefits℠ for investment options and implementing your strategy.**

   or:

2. **Call Fidelity via your plan's toll-free phone number.** Our retirement investment specialists are trained to answer questions about your plan, your investment options, and to help you create your own investment strategy.

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For more complete information about Fidelity® mutual funds, including fees and expenses, call or write Fidelity for free prospectuses.

Short-term investments are defined as investments with a maturity date of one year or less.

Remember, the asset allocation suggested by the worksheet point total is meant to offer an example of the type of allocation you might want to consider, based on the average person with a similar score. The final decision on an asset allocation model is yours, based on your individual situation, needs, goals, and risk tolerance, which may include factors or circumstances beyond the scope of the worksheet. Furthermore, the example is based on your current assessment of these factors. If any of these factors should change, please review your investment strategy. At a minimum, you should review your allocation on an annual basis.

Keep in mind that the kind of portfolio indicated by your total score or scores is simply a guideline for you to follow, and not a formula that guarantees results.

The investment options offered through the plan were chosen by the plan sponsor. The sample portfolios illustrate some of the many combinations that could be created and should not be considered investment advice.

Unlike mutual funds, most CDs and U.S. Treasuries offer a fixed rate of return and guarantee payment of principal if held to maturity. Unlike most bank products such as CDs, money market mutual funds are not FDIC insured.

An investment in a money market fund is not insured or guaranteed by the U.S. government, and there is no assurance that the fund will maintain a $1 share price.

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