



**For Immediate Release**

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**FIDELITY® RESEARCH FINDS COUPLES MAKE NO PROGRESS IN JOINT PLANNING AND MANAGEMENT OF RETIREMENT FINANCES DESPITE HISTORIC MARKET VOLATILITY**

*Only 15 Percent of Couples Express Confidence in Each Other's Ability to Manage Finances*

BOSTON, June 10, 2009 – Fidelity Investments® today released the results of its second Couples Retirement Study<sup>1</sup>, first fielded in 2007, that tests communication, knowledge and agreement about finances and retirement planning issues between husbands and wives.

The results show that despite two years of unprecedented economic and financial instability, which has severely impacted most American households, husbands and wives have done little to improve their communication, planning and management of retirement finances. Of great concern is that only 15 percent of couples feel confident that both of them could assume responsibility for their joint finances if necessary.

In comparing this year's study results to two years ago, couples show little progress in how they approach day-to-day finances, longer-term investing decisions and retirement planning basics. For example, the study found that less than half of couples make decisions jointly regarding the day-to-day financial decisions of the household such as budgeting and bill payment (45 percent). Even fewer couples jointly discuss investment decisions for retirement savings (38 percent). And on critical retirement decisions, 60 percent of couples don't agree on their respective retirement ages, 44 percent are not in agreement on whether they will work in retirement, and 42 percent have different ideas regarding their expected lifestyle in retirement.

"Many couples told us that they have fewer assets, will need to delay retirement and work longer, and are worried about the impact of inflation and rising healthcare costs on their retirement savings, yet they aren't talking, planning or managing their finances jointly to address these very important issues," said Kathleen A. Murphy, president, Personal Investing, Fidelity Investments.

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<sup>1</sup> 2009 Fidelity Investments Couples Retirement Study. Online survey fielded in April 2009 through Knowledge Networks Inc.'s nationally representative panel and conducted by Richard Day Research.

## **Reactions to Market Turmoil**

When couples were asked whether their risk tolerance had changed as a result of the recent volatility, many husbands and wives reported being more risk averse, with 41 percent of husbands and 54 percent of wives indicating a lower risk tolerance for their investments. As well, 73 percent of husbands and 64 percent of wives indicated their gut reaction during the crisis was to “stay the course”, while 15 percent of husbands and 18 percent of wives reported a sense of “panic” and wanting to “pull out of the market”.

It is very important, especially during highly volatile markets, that couples talk regularly and openly about their financial situation, assessing their time horizon, risk tolerance and asset allocation, deciding on a course of action and making appropriate changes to their holdings if needed.

This joint decision making process may lead some couples to decide they need to delay retirement or adjust their lifestyle expectations. In fact, husbands and wives in this year’s study both report that they anticipate their expected retirement age to increase by one year -- with husbands now planning to retire at age 64 and wives at 63. And, less than half (49 percent) of couples expect a comfortable lifestyle in retirement.

## **Retirement Planning Efforts**

Couples generally agree what unpredictable financial issues in retirement concern them most, citing health care expenses (57 percent), inflation’s impact on savings (41 percent - up 13 percentage points since 2007) and Social Security reductions (19 percent) as their top three.

To allay some of these concerns, couples should jointly research their health care options, understand the Medicare application process that includes timelines and premiums, and assess their need for supplemental insurance. Couples should also review their Social Security strategy jointly to decide at what age they will begin taking payments -- factoring in longevity, taxes, employment and spousal considerations.

Although couples agree about their top financial concerns in retirement, they have not developed better planning habits. In fact, nearly 10 percent fewer couples report they had completed critical plans -- be that a retirement plan, an estate plan, or a will -- as compared to 2007. Fidelity recommends that couples who have not yet completed a retirement plan start the process by simply evaluating their essential and discretionary expenses, and then list all sources of predictable income, including Social Security and pensions, to see if they are on track to meet their retirement goals. Fidelity provides free, easy-to-use online tools that can help couples with this process including Fidelity’s myPlan® Retirement Quick Check<sup>2</sup> and Retirement Income Planner<sup>3</sup>.

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<sup>2</sup> Retirement Quick Check is an educational tool offered for use by Fidelity Brokerage Services LLC, member NYSE, SIPC

“We recognize that every couple’s situation is different, with many husbands and wives experiencing a job transition right now, others assessing whether they are able to retire, and some simply juggling the competing financial demands of raising a family,” said Murphy. “Each of these life events has clear financial implications that couples need to jointly discuss and then agree upon a plan of action.”

To help couples and all investors address these critical retirement planning issues and navigate through these life events, Fidelity has taken several actions over the past few months to offer services that are available free of charge to both customers and non-customers alike. A new life stage micro site is available to any couple where they can jointly assess their unique needs and be guided to appropriate tools, services and products. In addition, couples can attend any of Fidelity’s free seminars on more than 20 financial topics, or conduct a couples’ consultation over the phone, or in-person at an investor center, with one of the firm’s financial representatives.

### **Investment Product Ownership & Understanding**

Fidelity’s study this year showed that ownership of retirement investment products continues to be at high levels, but there is still confusion among couples regarding what they own and how these products work. For example:

- **Annuities:** Thirty-nine percent of couples don’t agree on whether they own an annuity, and less than one-quarter of couples know the actual amount of money their annuity will generate for them in retirement.
- **Life insurance:** Although eighty percent of couples agree that at least one of them has life insurance, when asked if they understood the insurance coverage rule of thumb (7 times annual income), more than 9 out of 10 couples (95 percent) did not, and upon learning of it, nearly half (49 percent) agree they do not have enough coverage based on this rule.
- **IRAs:** Fifty-nine percent of couples agree they own an IRA, while 26 percent don’t agree. In more than one-in-ten couples (11 percent), one of the spouses does not know when they can begin withdrawing funds from their own IRA.
- **Real estate:** Forty-four percent of couples don’t agree about whether they will need to sell real estate to help fund their retirement.

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<sup>3</sup> Retirement Income Planner is an educational tool developed and offered for use by Strategic Advisers, Inc., a registered investment adviser and a Fidelity Investments company.

“With the decline in pensions, uncertainty around Social Security and increasing healthcare costs, we’re encouraged by the high ownership levels of retirement investment products,” said Jon J. Skillman, president of Fidelity Investments Life Insurance Company. “Now the challenge is to help couples be better prepared for retirement by understanding what they own, how these products work, and their impact on retirement income.”

Fidelity conducted the research with just over 500 married couples, comprising Baby Boomers and older pre-retirees, born between the years of 1937 and 1964.

### **About the Study**

The 2009 Fidelity Investments Couples Retirement Study was conducted online in April 2009 by Richard Day Research, an independent research firm, with a national sample from Knowledge Networks of 502 couples, including 157 couples from the 2007 Fidelity Investments Couples Retirement Research Study, who meet the following criteria: Married couples with household income of at least \$75K or investable assets of \$100K or more; age 45 to 72; and plan to retire from their full-time profession.

### **About Fidelity Investments Life Insurance Company (FIL)**

Established in 1987, Fidelity Investments Life Insurance Company (FIL), and for New York residents, Empire Fidelity Investments Life Insurance Company®, New York, N.Y., develop and market their own insurance products, in addition to offering access to a number of insurance products from other from well-known carriers.<sup>4</sup> FIL maintains an A+ (strong<sup>5</sup>) rating from S&P and an A+ (superior, 2nd highest) rating from A.M. Best.<sup>6</sup>

### **About Fidelity Investments**

Fidelity Investments is one of the world's largest providers of financial services, with custodied assets of nearly \$2.7 trillion, including managed assets of \$1.3 trillion as of April 30, 2009. Fidelity offers investment management, retirement planning, brokerage, and human resources and benefits outsourcing services to over 20 million individuals and institutions as well as through 5,000 financial intermediary firms. The firm is the largest mutual fund company in the United States, the No. 1 provider of workplace retirement savings plans, the largest mutual fund supermarket and a leading online brokerage firm. For more information about Fidelity Investments, visit [www.fidelity.com](http://www.fidelity.com).

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Neither Richard Day Research nor Knowledge Networks, Inc. is affiliated with Fidelity Investments.

The experience of the couples who responded to the 2009 Fidelity Investments Couples Retirement Study may not be representative of the experiences of all investors.

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<sup>4</sup> Fidelity Brokerage Services LLC, Member NYSE, [SIPC](#), and/or Fidelity Insurance Agency, Inc., distribute fixed and variable insurance products issued by Fidelity Investment Life Insurance Company, Empire Fidelity Investments Life Insurance Company, New York, NY, and certain third party insurance companies, which are not affiliated with Fidelity Investments.

<sup>5</sup> S&P rating reflects solid position in the variable annuity market, operating performance, capitalization, liquidity and investment quality, 5/20/09.

<sup>6</sup> A.M. Best rating reflects company's financial strength, 4/01/08.