

SIMPLE-IRA Plan

An easy-to-manage retirement plan for small businesses.





WHAT'S A SIMPLE-IRA?

The Savings Incentive Match Plan for Employees is a company-sponsored retirement plan similar to a 401(k). Employees can automatically deposit a percentage of their salary into a retirement account before federal income taxes are withheld. Plus, earnings grow tax deferred until withdrawn.

The Name Says It All

The Fidelity SIMPLE-IRA plan is designed to make retirement planning easy for small businesses. Similar to a 401(k) plan, it allows your employees to save for their own retirement while saving on taxes—with you pitching in to help them get ahead. It's a great way to attract and retain the best employees. Best of all, the plan requires minimal maintenance—because you already have a business to run.

Inside, you'll discover how:

- You and your business may benefit
- Your employees can save for retirement
- Fidelity gives you an advantage

About 70% of employees say a retirement plan is critical or very important when choosing a job.*

*Source: 2007 Fidelity Investments Small Business study

Benefits for Employers

Give your business an advantage with an easy but comprehensive retirement plan.

A simple solution for employers and employees.

A SIMPLE-IRA plan operates very much like a 401(k) plan—without all the administrative work. It lets your employees contribute a portion of their compensation to an Individual Retirement Account (IRA) before federal taxes are withheld. As their employer, you also contribute to their accounts. Deposits and any earnings grow tax deferred until withdrawn.

Easy for them, easy for you.

For employers, there are a few major advantages to a SIMPLE-IRA. It:

- Is easy to administer
- Is inexpensive to maintain, compared to other plans
- Lets you save on taxes while saving for your own retirement

Strengthen your workforce.

In today's competitive economy, it can be difficult to retain your best employees—not to mention attract the best candidates. Studies show that effective retirement plans can play a part in convincing employees to come on board and stay with you.

Invest in your employees' futures.

Another benefit of a SIMPLE-IRA plan is that it shows your employees you are invested in them. You're required to make contributions to every employee's plan, either by matching their contributions or with a predetermined percentage. The plan provides you the flexibility to adjust your contributions annually as your business changes.

Experience significant tax advantages.

Of course, you can save on your own taxes when you contribute to your own account in the SIMPLE-IRA plan. But as an employer, you can also receive a refundable tax credit for up to 50% of the first \$1,000 of administrative and retirement education expenses over the first three years of a new plan.¹ Plus, all contributions made on behalf of employees can be deducted as a business expense.

Manage your plan with ease.

Managing and maintaining a SIMPLE-IRA plan is simple. There are no annual employer tax filings required by the IRS. Nor are there any time-consuming and costly tests to perform each year. It's also easy to set up, and you can manage the plan online.

¹ This credit applies to small-business plans with fewer than 100 employees (each with compensation in excess of \$5,000 in the preceding year) that established their plan after 12/31/01 and have at least one participant who is a nonhighly compensated employee.

Is your company eligible?

A SIMPLE-IRA is:

- Designed for businesses that have 100 or fewer employees. (The IRS rules generally require employers to count employees receiving at least \$5,000 in compensation.)
- Often best suited for businesses with 10 or fewer employees
- For businesses that are not currently offering another retirement plan, such as a 401(k) or SEP-IRA

Benefits to Employees

Set your employees up for success and give them a head start.

Twice as effective for retirement.

Some small-business retirement plans place responsibility for an employee's retirement squarely on the shoulders of the employer. A SIMPLE-IRA plan is unique because it lets employees and employers join forces to save for an employee's retirement.

Employees can contribute up to 100% of their compensation for the year, up to \$10,500 for 2008 and \$11,500 for 2009, and employers can match employee contributions or contribute a set amount. Together, the plan could give your employees a big head start.

Tax advantages for employees.

Employees experience two major tax advantages with a SIMPLE-IRA:

- **Reduction in income taxes**—Contributions are deducted from the employee's compensation prior to federal income tax
- **Potential for faster growth**—All contributions and earnings grow tax deferred until withdrawn, allowing assets to potentially compound faster

Employees control their investments.

A SIMPLE-IRA puts your employees in the driver's seat for their retirement investing. All contributions from

each employee—as well as any employer contributions—are directed into their own SIMPLE-IRA. Each employee can then decide how to best invest their contributions and earnings, as well as execute any trades.

And, employees can access their money for an emergency. Penalties may apply.²

However, early penalties may be waived if distribution is due to death, disability, qualified expenses such as first-time home purchase, qualified higher education expenses, and certain major medical expenses.³

Fidelity helps you manage your plan by offering your employees:

- Dedicated Retirement Representatives who are available toll free to help answer their questions about the plan or their investment options
- Access to their accounts 24 hours a day online or by phone
- Free educational materials to help them make informed investment decisions
- Regular account statements and year-end tax information

² Withdrawals taken before age 59½ will incur a 25% penalty when taken within the first two years of participation in the plan and a 10% penalty after the first two years.

³ First-time home purchase has a lifetime limit of up to \$10,000. Major medical expenses only qualify when in excess of 7.5% of adjusted gross income. Other qualified expenses include health insurance premiums paid by certain unemployed individuals, substantially equal periodic payments, and an account of an IRS levy. Funds can also be transferred to beneficiaries upon death without penalty. Penalties can also be waived when funds are rolled over or transferred to another SIMPLE-IRA, or rolled over or transferred to another type of IRA after the employee has participated in the SIMPLE-IRA plan for two years.



Which employees are eligible?

Generally speaking, you are required to make the plan available to all employees who:

- 1.** Have earned at least \$5,000 in compensation from your company in any previous years AND
- 2.** Are expected to earn at least \$5,000 in compensation from your company in the current year.

As you design the plan to meet your needs, you have the ability to broaden the definition to include more employees. For example, you may make your plan available to all employees as soon as they are hired.

How You Benefit with Fidelity

Choice. Simplicity. Planning. Service. Get it all with Fidelity.

Choose from a range of investment options.

Every individual has different retirement goals. Maybe you're close to retirement and want a beach house when you hang it up. Maybe you're still young and want to travel in retirement. That's why Fidelity provides you and your employees with a variety of investment options to potentially meet any retirement investing needs.

And we'll help you choose.

Making the right decisions for your retirement investments can be difficult. We'll help you make more informed decisions with a variety of planning tools, including:

- **myPlan® Retirement Quick Check and Fidelity Portfolio Review⁴**—These tools help answer questions like, "When can I retire? What if I delayed a year? What's a good investment strategy to help make my savings grow?"
- **Fund Evaluator**—Identify funds online according to your own investment criteria.
- **Online tax forms and information**—Convenient Web access to your tax forms and helpful tax information.

Fund your plan online easily using the Fidelity PlanManager.®

Fidelity PlanManager is the easy, convenient, and secure way to make contributions to your SIMPLE-IRA plan. By allowing you to contribute online, it eliminates the need to write checks to your plan and can reduce errors. It's virtually 24/7, so you can make contributions whenever you need to. And even if you're using a payroll vendor to make your SIMPLE-IRA contributions, Fidelity PlanManager is an easy way to monitor the total contributions made in your plan year-to-date.

⁴ Fidelity Portfolio Review is an educational tool developed by Strategic Advisers, Inc., a registered investment adviser and a Fidelity Investments company, and offered for use by Fidelity Brokerage Services, Member NYSE, SIPC. Retirement Income Planner is an educational tool developed and offered for use by Strategic Advisers, Inc. The projections or other information generated by Fidelity's Retirement Income Planner and myPlan® Retirement Quick Check regarding the likelihood of various investment outcomes are hypothetical in nature, do not reflect actual investment results, and are not guarantees of future results. Results may vary with each use and over time. myPlan® Retirement Quick Check is an educational tool offered for use by Fidelity Brokerage Services.

⁵ Other fees and expenses, including those that apply to a continued investment in the fund, are described in the fund's current prospectus. Fidelity Brokerage Services or its brokerage affiliate may receive remuneration for providing certain recordkeeping or shareholder services to these fund families. Fidelity reserves the right to charge a transaction fee under certain circumstances for funds otherwise available without paying such a fee to Fidelity. See the Commission Schedule for complete details.



Access a wide array of funds.

With a SIMPLE-IRA plan, you can choose from over 4,700 funds:

- **Over 200 Fidelity Funds**—Take advantage of Fidelity's expertise with funds that include growth, growth and income, bond, index, and international funds. Fidelity Funds don't have any sales loads or transaction fees, and often don't require a minimum investment.⁵
- **Over 4,500 funds through FundsNetwork®** — FundsNetwork offers you funds from other well-known companies. And there are more than 500 available for a SIMPLE-IRA that have no sales loads, transaction fees, or minimum investment.⁵

Visit [Fidelity.com/simplefunds](https://www.fidelity.com/simplefunds) to see a list of funds that are eligible for a SIMPLE-IRA plan.

How It Works

Easy and flexible for employees. The same for you.

Two ways to help employees save.

With the SIMPLE-IRA plan, you are required to contribute to each participating employee's plan. There are two ways you can help them save for retirement:

- **3% Matching Contribution⁶**—You match employee contributions dollar-for-dollar, up to 3% of their total compensation for the year. If an employee doesn't contribute to their account, you don't either.
- **2% Nonelective Contribution**—You contribute 2% of each participating employee's compensation,⁷ regardless of their contributions.

If you are primarily interested in encouraging employees to save for their own retirement, you may want to consider the Matching Contribution. If you prefer to use the SIMPLE-IRA to reward eligible employees, consider the Nonelective Contribution.

Dedicated service every step of the way.

From establishing your plan to everyday questions, we'll provide you with the customer service you need.

- **Special reports for employers**—You'll receive monthly Plan Level Statements, which are a summary report of certain plan activity, including all contributions; and a Plan Summary Description containing an annual summary of the benefits and features of your plan.
- **Employee literature**—To help you get your employees enrolled and active, we'll provide you with kits that contain useful information for employees as well as the account paperwork.
- **Toll-free plan support**—Our SIMPLE Service Team will assist you in establishing your plan. Once you're up and running, our Retirement Specialists can answer questions about your plan, provide updates on the market value of your plan assets, and help you with any changes to your plan.

⁶The 3% match on compensation may not exceed \$11,500 for those employees under age 50 or \$14,000 for employees age 50 and older for 2009.

⁷Maximum compensation on which employer nonelective contributions can be based is \$245,000 for 2009. For self-employed individuals, compensation means net earnings from self-employment.

Employee Contribution

Your 3% Match

2% Nonelective

The employee contributes 5% of their \$40,000 salary, or \$2,000.

You match the employee's contribution dollar-for-dollar at 3% of the employee's compensation.
(3% x \$40,000 = \$1,200)

Employer contributes 2% of the employee's compensation.
(2% x \$40,000 = \$800)

The employee contributes 2.5% of their \$40,000 salary, or \$1,000.

Since the employee only contributes 2.5% (\$1,000), the employer would only contribute \$1,000.

Employer contributes 2% of the employee's compensation.
(800)

The employee has a plan, but does not contribute any of their \$40,000 salary.

You are not required to contribute.

Employer contributes 2% of the employee's compensation.
(800)

Important note on the 3% Matching Contribution: You can generally reduce your match to as little as 1% of each participant's compensation for any two years in a five-year period.

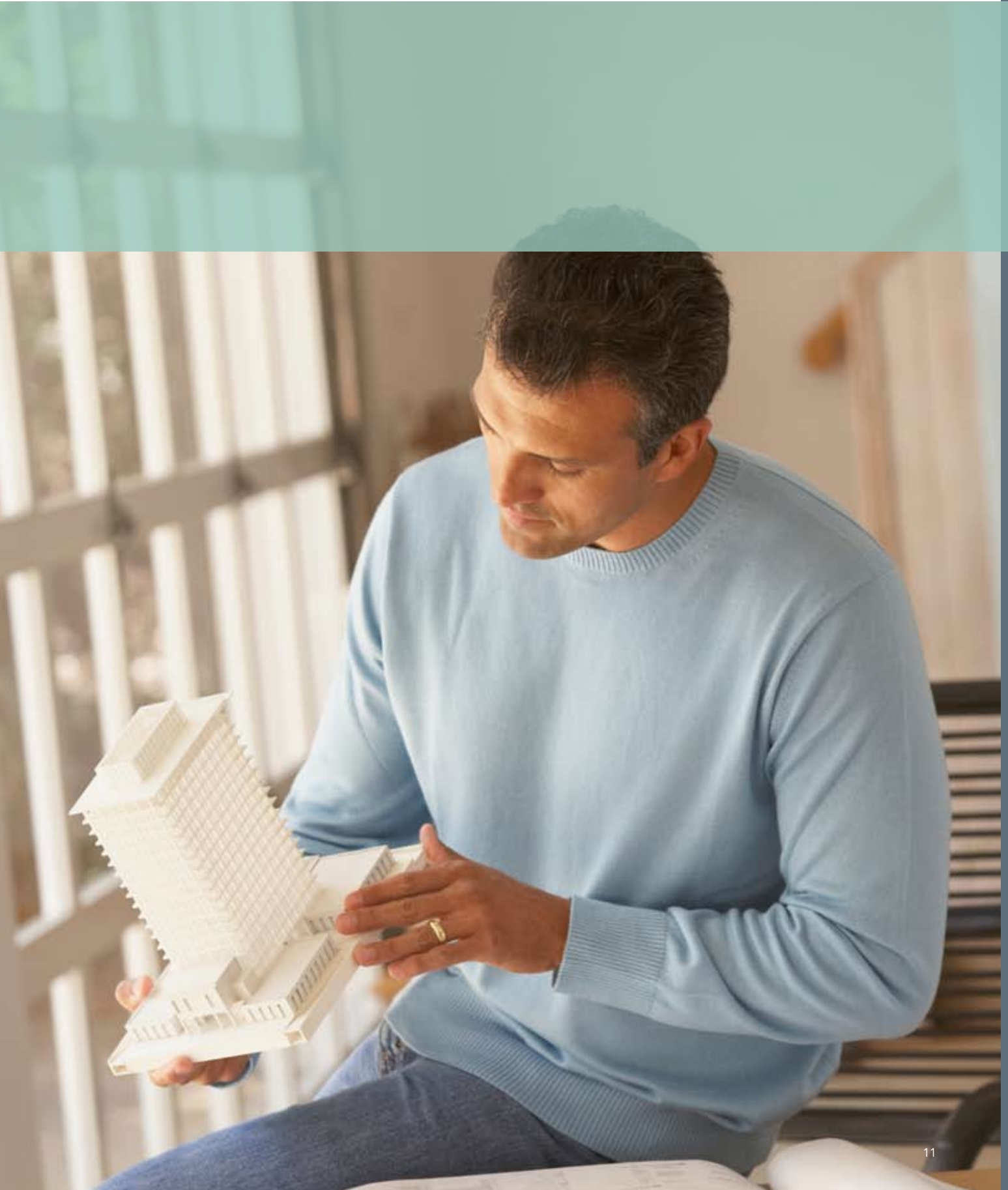
SIMPLE-IRA at a Glance

Features	SIMPLE-IRA
1. Eligibility	<ul style="list-style-type: none"> • Companies with as many as 100 employees that do not currently maintain another retirement plan, however, may be best suited for companies with fewer than 20 • Available to sole proprietors, partnerships, corporations, 'S' corporations • Must include employees who have earned at least \$5,000 in any preceding two years, and are reasonably expected to earn at least \$5,000 during the current year
2. Key Advantage	<ul style="list-style-type: none"> • Salary reduction plan with less administration • Low cost with option of \$25 per participant or \$350 plan fee⁸
3. Deadlines	<ul style="list-style-type: none"> • Established by October 1* • Employer contributions are due by employer's tax-filing deadline, plus extensions • Salary deferrals should be deposited as soon as possible, but no later than 30 days following the last day of the month for which the deferrals are withheld
4. Funding Responsibility	<ul style="list-style-type: none"> • Funded by employee salary-deferral contributions and employer contributions
5. Employer Contribution	<ul style="list-style-type: none"> • Match employee contributions dollar for dollar up to 3% of compensation, up to \$11,500 for 2009; can be reduced to as low as 1% in any two out of five years Or • Contribute 2% of each eligible employee's compensation,⁹ up to \$4,900 for 2009
6. Employee Salary Deferral	<ul style="list-style-type: none"> • Up to 100% of compensation, not to exceed \$11,500 for 2009
7. Employee Catch-Up Contribution	<ul style="list-style-type: none"> • An additional salary deferral of up to \$2,500 if age 50 or older
8. Administrative Responsibilities	<ul style="list-style-type: none"> • No Form 5500 filings • Certain annual employee notifications
9. Vesting of Contributions	<ul style="list-style-type: none"> • Immediate
10. Access to Assets	<ul style="list-style-type: none"> • Withdrawals at any time. If employee is under age 59½, withdrawals may be subject to a 25% penalty if taken within the first two years of beginning participation and a possible 10% penalty if taken after that time period

⁸The brokerage account fee has been eliminated (except on SIMPLE-IRAs). Fund expenses and brokerage commissions still apply. Depending on your situation, fees may include low-balance fees, short-term trading fees, and account closing fees.

⁹The maximum compensation on which contributions can be based is \$245,000 for 2009.

*Must be established by 10/1 of the current year to be effective for that year.





Get Started Today

You want your small business to thrive. A SIMPLE-IRA lets you stay focused on your business goals while helping you and your employees work toward your retirement goals.

- 1 Go to [Fidelity.com/simpleforms](https://www.fidelity.com/simpleforms).** You can find everything you need to get started there. If you'd like a SIMPLE-IRA Plan Establishment kit sent to you, call 1-800-544-5373 or visit a Fidelity Investor Center.
- 2 Establish your SIMPLE-IRA plan.** Fill out the Adoption Agreement, Company Profile Form, and Electronic Funding Services Form and return them in the envelope provided.
- 3 Enroll your employees.** Once your company paperwork is received, we'll send you kits to enroll your employees. Simply return their applications to complete their enrollment.

Click	Fidelity.com
Call	1-800-FIDELITY
Visit	Fidelity Investor Centers



Fidelity Investments is one of the world's largest providers of financial services, with custodied assets of \$3.3 trillion, including managed assets of more than \$1.5 trillion as of September 30, 2007. Fidelity offers investment management, retirement planning, brokerage, and human resources and benefits outsourcing services to more than 23 million individuals and institutions as well as through 5,500 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.

Before investing, consider the funds' investment objectives, risks, charges, and expenses. Contact Fidelity for a prospectus containing this information. Read it carefully.