

THE SIMPLE-IRA PLAN AND ITS BENEFITS

What is the SIMPLE-IRA Plan?

The SIMPLE-IRA Plan is an individual retirement account (IRA) plan specifically designed for the employees of smaller companies. With the SIMPLE-IRA Plan, you can:

- Contribute up to 100% of your compensation, up to the limit discussed to the right, per year through automatic salary deferrals each pay period to your SIMPLE-IRA.
- Receive employer contributions.
- Reduce your current federal income tax bill through pretax contributions.
- Accumulate tax-deferred earnings until you withdraw your money.
- Access your money in the event of an emergency.¹
- Become immediately vested in contributions as soon as you—and your employer—make them, meaning that you “own” the contributions as soon as they are made on your behalf.
- Invest the contributions in a variety of ways within your account.

The truth is, you’re in charge of your future. And the SIMPLE-IRA Plan helps make it easier to save for retirement.

Increased salary reduction contribution limits

The limit on elective deferrals for SIMPLE-IRA Plans continues to increase and is \$10,500 for 2008 and \$11,500 for 2009.

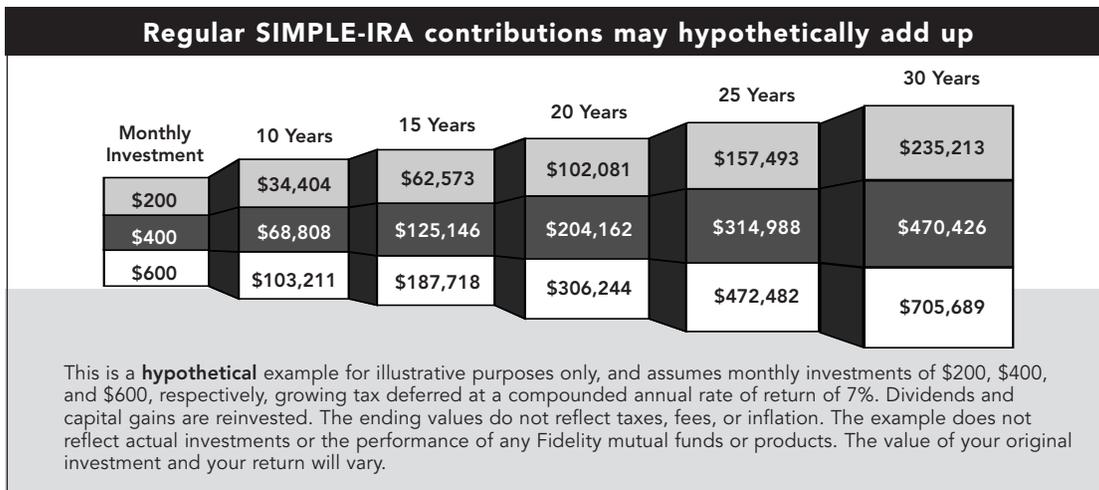
Catch-up contributions

Additionally, participants who are age 50 and older by the end of the tax year may be able to make annual catch-up contributions over and above the elective deferral limit in the following amounts.

For taxable years beginning in	Annual catch-up amount
2008	\$2,500
2009	\$2,500

What are the benefits of the SIMPLE-IRA Plan?

It’s easy. You may find it hard to discipline yourself to save regularly. The SIMPLE-IRA Plan makes it easy because saving for retirement through the plan is automatic. You decide how much you want to defer, and the money is automatically deducted from your paycheck and invested directly into your SIMPLE-IRA by your employer.



¹ Distributions prior to age 59½ and within two years of your first participation in a SIMPLE-IRA Plan through your employer may be subject to a 25% early withdrawal penalty. Distributions after the two-year period and before age 59½ may be subject to a 10% early withdrawal penalty.

THE SIMPLE-IRA PLAN AND ITS BENEFITS (CONTINUED)

It's affordable. You don't have to contribute a lot of money up front to help build a significant retirement nest egg over time. That's because the money invested in your SIMPLE-IRA compounds tax deferred. Instead of paying taxes each year on any investment earnings, 100% of your earnings are reinvested in your SIMPLE-IRA. As your tax-deferred investment earnings potentially accumulate, every dollar can generate additional earnings that continue to multiply over time. You won't be taxed on any earnings until you begin to withdraw your money in retirement—when you could be in a lower tax bracket. The chart on the previous page provides an example of how contributing regularly to your SIMPLE-IRA can help you reach your goals.¹

Your employer will help. Your employer will help you save for retirement by making contributions to your SIMPLE-IRA. The added dollars may certainly give a boost to your retirement savings.

You may reduce your current income taxes. When you save for retirement through your SIMPLE-IRA, the money you contribute to the plan is deducted from your salary before federal income taxes are

determined. As you can see from the table below, those deductions can help reduce your current taxable income, essentially letting you take some of the money that would have gone to pay taxes and instead investing it for retirement. Contributing to your SIMPLE-IRA can actually leave you with more take-home pay than if you had invested the same amount in a taxable savings account.

You may receive a tax credit. A special nonrefundable tax credit is available to individuals who make contributions to SIMPLE-IRAs. The credit applies to the first \$2,000 you contribute. There are certain eligibility requirements² that must be met.

Credit rates are calculated as a percentage of the contribution amount and are based on Annual Gross Income (AGI) levels as outlined below.

Amount of Credit	Individual AGI	Joint AGI	Max Credit
50%	\$0–\$15,000	\$0–\$30,000	\$1,000
20%	\$15,001–\$16,250	\$30,001–\$32,500	\$400
10%	\$16,251–\$25,000	\$32,501–\$50,000	\$100

Save on current income taxes with a SIMPLE-IRA	
Saving on your own	
If you made	\$40,000
and paid federal income taxes of 25%	– \$10,000
and then saved \$200/month	– \$2,400
you would take home	<u>\$27,600</u>
Saving through a SIMPLE-IRA	
If you made	\$40,000
and put \$200/month into your SIMPLE-IRA	– \$2,400
your taxable income would be	\$37,600
your 25% in federal income taxes would be	– \$9,400
and you would take home	<u>\$28,200</u>
Increase in annual take-home pay by contributing to your SIMPLE-IRA	\$600

This hypothetical example is for illustrative purposes only, and does not reflect the effect of FICA, FUTA, RRTA, state, or local taxes on SIMPLE-IRA salary deferrals. Taxes will be due at the tax rates in effect at the time you withdraw from your SIMPLE-IRA.

¹ Periodic investment plans do not ensure a profit or protect against loss in a declining market.

² Eligible taxpayers are individuals 18 years of age or older (full-time students and dependents excluded).

THE FIDELITY SIMPLE-IRA ADVANTAGE

By choosing the Fidelity SIMPLE-IRA Plan, your employer joins thousands of companies across the country that have chosen Fidelity as their retirement plan provider. Here's how the Fidelity SIMPLE-IRA Plan can help you reach your retirement goals. You will have access to:

A broad array of investment options

- **More than 140 Fidelity mutual funds appropriate for retirement investing.** Take advantage of Fidelity's money management expertise by choosing to invest in Fidelity mutual funds—including growth, growth and income, bond, index, and international funds.

To obtain information on some of our solid-performing funds, visit [Fidelity.com](https://www.fidelity.com) and click on the Research tab at the top of the page, then select "Mutual Funds."

- **Funds from other well-known fund companies through Fidelity FundsNetwork.[®]** With FundsNetwork, you have access to more than 4,500 mutual funds—and that number has been growing every year. Over 500 of the funds are available for your SIMPLE-IRA Plan:



- With no load¹
- With no minimum investment
- Without paying a transaction fee to Fidelity¹

Additional funds are available through FundsNetwork; however, loads, investment minimums, and transaction fees may apply. Please call a retirement specialist for information.

■ Individual Securities.

- Individual stocks and corporate bonds
- Government bonds and U.S. Treasuries
- CDs

Online resources

Fidelity also makes it more convenient for individuals to manage their retirement assets with powerful online tools and resources:

- **Online trading.** Now you can place your buy/sell orders for stocks, bonds, mutual funds, and options online at [Fidelity.com](https://www.fidelity.com).

Find comprehensive tools at [Fidelity.com/retirement](https://www.fidelity.com/retirement). Plan with our tools to help you determine how much money you will need for retirement, if you are saving enough now, when you can retire, and how long your savings might last. You can also create an investment strategy to help make your money grow to meet your retirement needs. Fidelity suggests periodically revisiting your plan and using our tools to make sure you are still on track to meet your goals.

The tools' illustrations result from running a minimum of 250 hypothetical market simulations. The market return data used to generate the illustrations are intended to provide you with a general idea of how asset mixes have performed historically. Our analysis assumes a level of diversity within each asset class consistent with a market index benchmark that may differ from the diversity of your own portfolio. Please note that the projections do not reflect the impact of any transaction costs or management and servicing fees (except variable annuities); if these had been included, the projected account balances would have been lower.

IMPORTANT: The projections or other information generated by the tools 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.

¹ 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 LLC, 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.

Past performance is no guarantee of future results. The Fidelity trademarks and service marks appearing herein are the property of FMR LLC.

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

THE FIDELITY SIMPLE-IRA ADVANTAGE (CONTINUED)

Knowledgeable retirement representatives

At Fidelity, you'll find dedicated retirement representatives ready to answer questions about your Fidelity SIMPLE-IRA Plan. You can call 1-800-544-5373 between 8 a.m. and 8 p.m. Eastern time, seven days a week.

Significant cost savings

The Fidelity SIMPLE-IRA Plan offers you significant cost savings including:

- No minimum investment requirement on Fidelity mutual funds
- Discounted commissions for online trades
- A low annual SIMPLE-IRA fee of \$25¹

BUILDING YOUR RETIREMENT INVESTMENT STRATEGY

In this section, we'll help you build your retirement investment strategy by showing you key factors to consider, and explaining the general investment classes.

The most important thing to remember when building your retirement investment strategy is that it must fit your individual situation.

Key factors to consider

- 1 Time Horizon.** How long will it be until you need your money? Generally speaking, the longer your time horizon, the greater risk you can afford to take with your investments.
- 2 Risk Tolerance.** For some people, the risk that their investments may go up and down in value is unsettling. However, if you understand that volatility is one characteristic of investments with higher long-term growth potential, you may be more comfortable with the risk.
- 3 Current Financial Situation.** What are your current financial resources and income needs? You should consider the stability of your earnings, your debt level, the prospects for your future earnings, and other investment resources.

Investment classes

As you build your retirement strategy, it can be important to diversify your money among investments from different investment classes. Because different investment classes tend to perform differently at various times, allocating your assets among different investment classes can cushion the impact of poor performance from any one class.² The following are descriptions of the different investment classes.

Short-Term Investments. Short-term investments that focus on maintaining stability generally offer lower returns than other investments. Certificates of deposit,³ Treasury bills, and short-term bonds are stability-oriented investments. If you are uncomfortable with the idea that your investments could frequently go up and down in value, you may want to focus on short-term investments. However, if you focus on short-term investments, you will give up the opportunity for long-term growth, which means that you may have to plan on saving considerably more of your own money to help reach your retirement goals.

Fixed-Income Investments. Fixed-income investments focus on generating a regular stream of income. They include government and corporate bonds. If you will need access to your retirement money in less than five years or if you are willing to tolerate what are generally moderate shifts in the value of your investments, fixed-income investments may be appropriate.⁴

Growth Investments. Growth investments offer the potential for a significant increase in value over time. However, growth-oriented investments can fluctuate in value greatly in response to changes in the economy, corporate profits, and global events. If you are more than five years away from retirement and you feel comfortable with the market's substantial fluctuations, growth investments may be appropriate for a portion of your portfolio.

What are Mutual Funds?

Mutual funds take the money you invest and pool it with the money of many other investors. Each fund is managed by a fund manager who makes decisions on how to invest the money based on the investment objective and strategy of the fund.

¹ Unless your employer elects to pay the annual SIMPLE-IRA plan-level fee.

² Diversification does not ensure a profit or guarantee against loss.

³ If sold prior to maturity, CDs held in a brokerage account can be sold on the secondary market, subject to market conditions.

⁴ The sale or redemption of any fixed-income security prior to maturity may result in a substantial gain or loss.

HOW THE FIDELITY SIMPLE-IRA PLAN WORKS

Your Contributions

You can defer up to 100% of your compensation, up to a maximum annual contribution limit, to your SIMPLE-IRA. You simply specify a percentage of your compensation or a specific dollar amount to be contributed to the plan, and your employer will deduct the amount from your pay before federal income taxes are withheld and send it to Fidelity.

If you want to change the amount of your contribution, or stop contributing, contact your employer. Your employer can provide you with more information on how often you can change your contribution percentage and how to stop contributing.

Contributions are first invested in Fidelity Cash Reserves, a money market fund.¹ The money is then used to purchase investments in your SIMPLE-IRA according to your investment instructions. You will receive a written confirmation from Fidelity when your contributions are used to purchase investments other than Fidelity Cash Reserves.

If you want to change your investment selections, visit our Web site at [Fidelity.com](https://www.fidelity.com), or call a Fidelity Retirement Representative at 1-800-544-5373 to process your new instructions over the phone.

What will Fidelity send me?

You'll receive regular account statements showing your contributions, your employer's contributions, and all account activity.

When can I access my money?

The SIMPLE-IRA Plan was designed to be a long-term retirement savings vehicle. In order to keep your retirement plan money working, the IRS has imposed the following early withdrawal penalties:

- If you are under age 59½ and you withdraw money within the first two years of participating in a SIMPLE-IRA Plan, your withdrawal generally will be subject to a 25% early withdrawal penalty.
- If you are under age 59½ and you withdraw money after the first two years, your withdrawal generally will be subject to a 10% penalty.

However, these early withdrawal penalties may be waived if the distribution is made due to death, disability, qualified expenses such as a first-time home purchase (lifetime limit up to \$10,000), qualified higher education expenses, and certain major medical expenses in excess of 7.5% of Adjusted Gross Income (AGI).² Keep in mind, though, that any withdrawals from a SIMPLE-IRA may still be subject to regular income tax. You may want to consult your tax adviser before taking any distribution.

When you think about all of the advantages of investing for retirement through the Fidelity SIMPLE-IRA Plan, we think you'll agree that it's one of the smartest decisions you can make for your financial future.

¹ An investment in a money market fund is not insured or guaranteed by the Federal Deposit Insurance Corporation (FDIC) or any other government agency. Although the fund seeks to preserve the value of your investment at \$1.00 per share, it is possible to lose money by investing in the fund.

² Other qualified expenses include health insurance premiums by certain unemployed individuals, substantially equal periodic payments, or an account of an IRS levy.

