Top 10 questions on the minds of 401(k)/403(b) participants

1. Should I be concerned about what is happening in the market?

While it's important not to underestimate the seriousness of recent events like the U.S. economic slowdown, the credit crisis, and declining housing markets—the stock market is no stranger to turmoil, having endured many unsettling events during the past 45 years. Market volatility is completely normal and is to be expected. Your investment strategy should match your time horizon, your goals, and your tolerance for risk. Taking another look at your strategy will help you clarify whether you should be aggressive, conservative or somewhere in between.

2. What steps can I take to reevaluate my investment strategy?

No one investment plan is right for everyone. It's important that your investment mix (the percentage of stocks, bonds and short-term investments in your portfolio) is appropriate for your age, risk tolerance, and financial situation. Fidelity NetBenefits® offers a variety of tools and workshops to help you determine your investment mix.

Go to NetBenefits and click on *Tools and Learning* to access:

- **Portfolio Review.** If available through your plan, Portfolio Review can help you easily identify an appropriate investment strategy and desired mix.
- **eLearning seminars.** Seminars on a variety of topics and can be viewed with a live presenter or as a self-paced module.
- **myPlan Retirement Quick Check.** myPlan RQC helps you determine how much to save.

3. Should I continue to contribute to my workplace savings account?

We do not recommend that you stop contributing to your workplace savings account because of market ups and downs. Retirement, depending how far away you are from it, is generally a long-term investment. By investing regularly over months, years, and decades, you can potentially benefit from a volatile market through dollar cost averaging. By contributing a set amount in each of your plan investments every pay period, regardless of how the market is doing, your money buys more units of each investment option when prices are low, and fewer when prices are high. In the end, you generally pay a lower average price per share than if you invested all your money at once. More importantly, you avoid the temptation of trying to time the market. Dollar cost averaging does not ensure a profit or guarantee against loss in declining markets. For the strategy to be effective, you must continue to purchase shares both in market ups and downs.

4. Is my money safe at Fidelity?

While no one can guarantee against your assets losing value in the stock market, the money in your account cannot be taken by creditors of either your employer or Fidelity.

The assets of our customers—whether in brokerage accounts, mutual funds or other investment vehicles—belong to them. These assets cannot be handled in any manner that deviates from stated investment objectives or brokerage agreements. As a provider of recordkeeping services for retirement plans, Fidelity's services are governed by federal law, which generally requires that defined contribution plan and other retirement plan assets be held in trust, segregated from an employer's or recordkeeper's assets. As a result, were a provider of recordkeeping services, such as Fidelity, or your employer to face financial issues, your account would be protected from creditors of the employer and the recordkeeper.

In addition, it is important to note that Fidelity's business is different from some of the financial firms that have recently faced difficulties. Fidelity does not pursue its own trading strategies for the firm, such as taking a large position in particular fixed-income securities. The decline of the mortgage market and other credit markets has led to losses for firms that trade fixed-income securities and maintain large inventories of such securities.

5. Should I sell my equities and move to cash?

Getting out of an unstable market can be costly. You might think it's painful to be in the market when stocks are dropping, but it may feel even worse to be out of the market when it's on the rise. No one likes to see the value of something they own go down. But being prepared for volatility and keeping it in perspective can help you make decisions based on long-term factual analysis and not on emotional reactions to short-term fluctuations.

Investors might use these lessons from history to remember that during some of the most challenging economic backdrops in history, investing in stocks—not fleeing them—has been for some a worthwhile decision. Waiting until the backdrop feels "safe" to invest in stocks historically has not been a good method of achieving future returns. Many of the best periods to have been invested in stocks were during those environments that were among the most unnerving. Remember, past performance is no guarantee of future results.

Most of the market's gains occur in just a few strong, but unpredictable, trading days here and there. To benefit from the market's long-term performance, you need to be in the market on those days. This means you have to invest for the long run and stick with it throughout the market's ups and downs.

Remember, one way to prepare for volatility is by diversifying your equities across different industries and different sizes of companies (see question #2).

6. I have 10+ years before I plan to retire. How do I know if I'm putting enough in stocks?

If you have 10 or more years and have been relatively comfortable with normal volatility ranges, then having a significant portion of your portfolio in equities may be appropriate for you. While the portfolio will likely suffer most when the market is down, it may produce the most favorable outcome long-term. You should also ensure that you are diversified across a range of asset classes, sectors, and fund managers.

7. I want to retire in the next 4–5 years. How do I figure out if I have enough to cover my expenses?

If you plan to retire and potentially use your savings within the next four or five years, you should understand your income needs. Start to track your essential and discretionary expenses. Evaluate how changing your withdrawal needs, retirement age, date and age of claiming Social Security, and current allocation could impact your likelihood of success. If you determine that you will need to generate income relatively soon, make sure you have exposure to more conservative investments, like bonds and cash equivalents. Also, evaluate how your current holdings have been performing relative to benchmarks and to peers.

8. I'm already retired. How do I determine if I am still on track?

If you are currently retired and potentially withdrawing funds from savings, your portfolio may need to seek both income for your retirement expenses and future growth to outpace inflation and the risk of you outliving your assets. Even if you have planned well, the current market downturn is certainly disconcerting, and may take some time to recover from, so you may want to consider cutting expenses and/or taking a part-time job for extra income.

We recommend that you reevaluate your current allocation and see if any changes need to be made. Also, consider whether your situation is flexible enough to slow or delay withdrawals from your savings, especially when the market is down.

9. What does the U.S. Treasury Department Temporary Guarantee Program for Money Market Funds mean for my money market fund assets?

Under the program, a share price guarantee is provided to shareholders for amounts that they held in participating money market funds as of the close of business on September 19, 2008. Please note that any increase in the number of shares held in the fund after September 19th are not guaranteed. Shareholders are covered for the lesser of either the number of shares held as of the close of business on September 19, 2008, or the amount held on the day a guarantee event occurs. If a shareholder closes their account, any future reinvestment in the fund will generally not be guaranteed. The guarantee is not transferable to other participating funds. The program is scheduled to terminate on December 18, 2008 unless extended by the Secretary of the Treasury.

Even without this guarantee, Fidelity's money market funds and accounts continue to seek to provide security and safety for our customers' cash investments. Our funds continue to invest in money market securities of high quality, and our customers continue to have full access to their investments. Most importantly, we have been proactive in keeping our money market funds safe and in protecting the $1.00 net asset value (NAV), which has been a main objective in managing these funds.

While it is highly unlikely that the insurance will be needed for any of Fidelity's funds, we decided to apply to the program to help reassure investors that their money market funds will continue to provide safety and liquidity for their cash investments.

An investment in a money market fund is not insured or guaranteed by the FDIC or any other government agency. Although money market funds seek to preserve the value of your investment at $1 per share, it is possible to lose money by investing in these funds.

10. What if I'm looking for a hands-off approach to manage my workplace savings account?

To help ease the pressure of managing investments in a volatile market, some investors prefer to take a "hands-off" approach either by utilizing managed accounts or lifecycle funds. Depending on whether these options are available through your plan, a managed account service enables you to delegate the management of your workplace savings plan to professional investment managers. Lifecycle funds, on the other hand, provide a well-diversified mix of stocks, bonds and short-term investments in a single fund based on the year you expect to retire. The investments are then rebalanced on an ongoing basis to become more conservative as the fund approaches its target retirement date and beyond.

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