Turn Your Savings into Retirement Income

Fidelity Investments

Boston University

AGENDA

Three key retirement income topics

Importance of a plan

Factors to consider

Developing your plan

The importance of having a retirement income plan

Important retirement questions

When will you retire?

Where will you retire?

What will you be doing?

IMPORTANCE

Adjusting to retirement

Going to work

Doing your job

Relying on a paycheck

In retirement, you'll be responsible for creating your own paycheck

IMPORTANCE

A retirement income plan can help you:

Make your retirement savings last

Live the retirement you envision

Build a legacy


Factors to consider when transitioning
your savings into retirement income

CONSIDER

Potential sources of retirement income

Reliable Income

- Pension plans
- Income annuities
- Social Security

Investment Income

- 401(k)'s
- IRA's
- HSA's

Other Sources

- Employment
- Rental property
- Trusts/inheritances

5–10

years before you retire

CONSIDER

3

Categories of retirement expenses

Essential Expenses

- Groceries
- Utilities
- Health care

Discretionary Expenses

- Travel
- Hobbies
- Dining out

Emergency Expenses

- Unforeseen health issue
- Home repair
- Auto repair

CONSIDER

Factors affecting your retirement savings and income

Your withdrawal rate

Effects of inflation

Long-term investment

Longer lifespans

Health care costs*

Estimate based on a hypothetical opposite-gender couple retiring in 2021, 65-years-old, with life expectancies that align with Society of Actuaries' RP-2014 Healthy Annuitant rates projected with Mortality Improvements Scale MP-2020 as of 2021. Actual assets needed may be more or less depending on actual health status, area of residence, and longevity. Estimate is net of taxes. The Fidelity Retiree Health Care Cost Estimate assumes individuals do not have employer-provided retiree health care coverage, but do qualify for the federal government’s insurance program, Original Medicare. The calculation takes into account cost-sharing provisions (such as deductibles and coinsurance) associated with Medicare Part A and Part B (inpatient and outpatient medical insurance). It also considers Medicare Part D (prescription drug coverage) premiums and out-of-pocket costs, as well as certain services excluded by Original Medicare. The estimate does not include other health-related expenses, such as over-the-counter medications, most dental services and long-term care.

CONSIDER

Your withdrawal rate

A variety of income sources

Interest From Savings

Social Security

XXX-XX-XXXX

Real Estate Revenues

IRA

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Effects of inflation

The value of your money could decline over time

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Long-term investing

Select an asset mix to
help meet your needs and goals

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Longer lifespans

30–40

years in retirement

CONSIDER

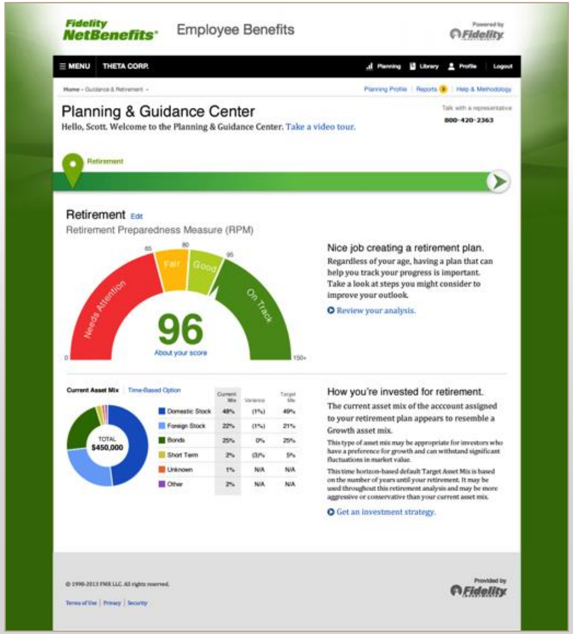
Health care costs

Single retiring	Couple retiring
$489	$978
Per month	Per month

Estimate based on a hypothetical opposite-gender couple retiring in 2021, 65-years-old, with life expectancies that align with Society of Actuaries' RP-2014 Healthy Annuitant rates projected with Mortality Improvements Scale MP-2020 as of 2021. Actual assets needed may be more or less depending on actual health status, area of residence, and longevity. Estimate is net of taxes. The Fidelity Retiree Health Care Cost Estimate assumes individuals do not have employer-provided retiree health care coverage, but do qualify for the federal government's insurance program, Original Medicare. The calculation takes into account cost-sharing provisions (such as deductibles and coinsurance) associated with Medicare Part A and Part B (inpatient and outpatient medical insurance). It also considers Medicare Part D (prescription drug coverage) premiums and out-of-pocket costs, as well as certain services excluded by Original Medicare. The estimate does not include other health-related expenses, such as over-the-counter medications, most dental services and long-term care.

CONSIDER

Identifying potential gaps



IMPORTANT: The projections or other information generated by the Planning & Guidance Center's Retirement Analysis regarding the likelihood of various investment outcomes are hypothetical in nature, do not reflect actual investment results, and are not guarantees of future results. Your results may vary with each use and over time.

If your retirement income estimate is not anticipated to meet your expenses, consider:

Delaying retirement and continuing to work

Spending less now and saving more for later

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Managing your tax situation

Understand how benefits and income are taxed

Estimating your tax bracket can help you:

- Reduce taxes and save more
- Adjust your taxable & nontaxable investment mix
- Choose how much to put in each investment

A distribution from a Roth IRA is tax-free and penalty-free, provided the 5-year aging requirement has been satisfied and one of the following conditions is met: age 59½, disability, qualified first-time home purchase, or death.

Fidelity does not provide legal or tax advice. The information herein is general in nature and should not be considered legal or tax advice. Consult an attorney or tax professional regarding your specific situation.

How to develop a retirement income plan

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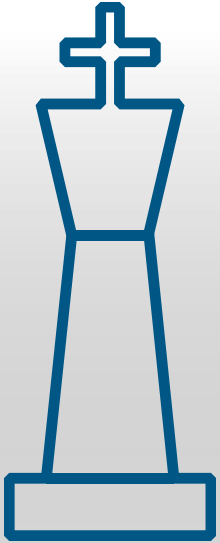
Potential income strategies



Taking systematic withdrawals

Using other income before claiming Social Security

Living off earnings and interest

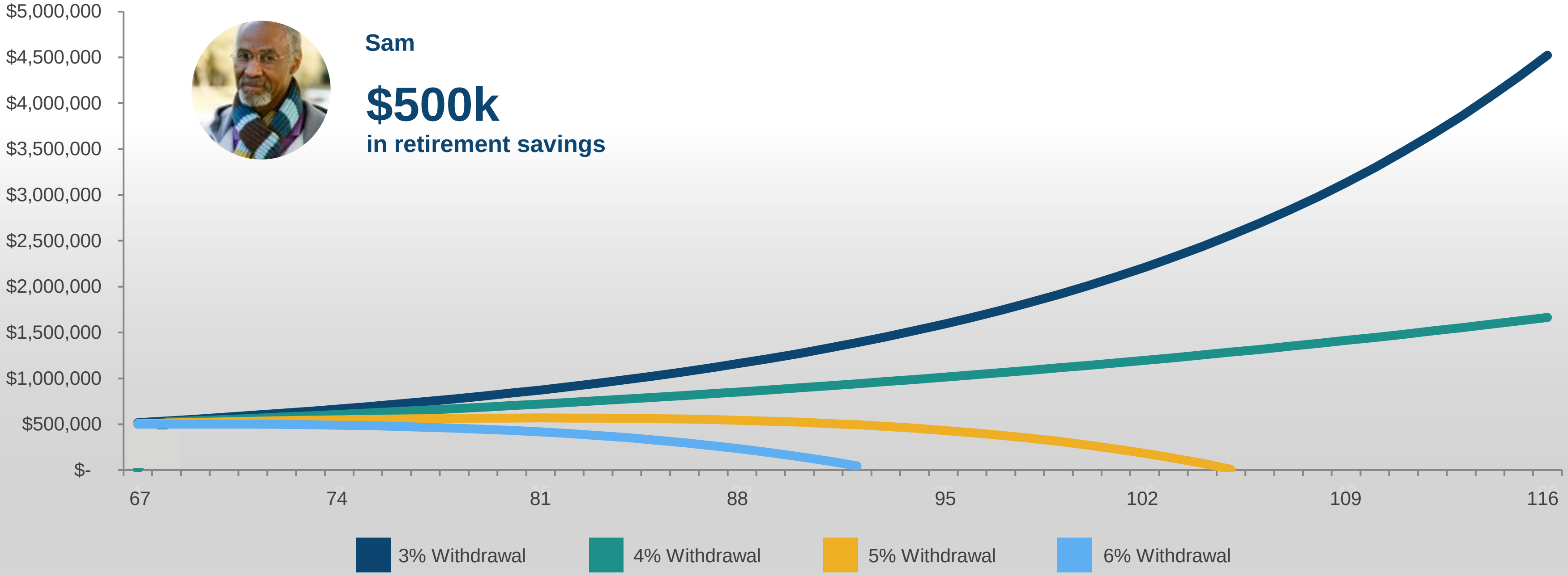
Bucketing your investments

DEVELOP

Taking systematic withdrawals from your investments

DEVELOP

Hypothetical illustration of withdrawal rates



Hypothetical value of $500,000 invested in a portfolio of 50% stocks, 40% bonds, and 10% short-term investments with inflation-adjusted withdrawal rates as specified. Hypothetical illustration uses 6.75% rate of return and 2.5% inflation rate. Illustrated to show withdrawal taken at the beginning of the year with the balance growing to end of year. Values shown are end of year values. No taxes are considered on growth or withdrawals. This chart is for illustrative purposes only and is not indicative of any investment.

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Withdrawal rate example

Sam

$500k
in retirement savings

4% withdrawal rate	IRS-required minimum distribution (MRD)
$500,000	$500,000
x 4%	÷ 25.6
$20,000	$19,531

Federal legislation enacted on December 20, 2019 made a number of changes to the rules regarding defined contribution, defined benefit, and/or individual retirement plans and 529 plans. Information herein may refer to or be based on certain rules in effect prior to this legislation and current rules may differ. As always, before making any decisions about your retirement planning or withdrawals you should consult with your personal tax advisor. The change in the MRD age requirement from 70½ to 72 only applies to individuals who turn 70½ on or after January 1, 2020. Please speak with your tax advisor regarding the impact of this change on future MRDs.

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Living off interest and account earnings

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Income from interest and account earnings

Determine income need

Identify asset allocation

Manage reinvestments

You could lose money by investing in a money market fund. An investment in a money market fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Before investing, always read a money market fund's prospectus for policies specific to that fund.

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Using other income sources until you start claiming Social Security

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Bridge strategy

Determine income need

Identify investment mix

Rebalance if needed

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"Bucketing" your investments to generate both income and growth

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Buckets

1 Conservative Bucket

2 Moderate Bucket

3 Aggressive Bucket

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Monitoring and adjusting your investment buckets

Conservative Bucket

Moderate Bucket

Aggressive Bucket

Periodically shift the gains from the moderate and aggressive buckets over one bucket

BU Distribution Options

Option: Leave it in the Plans

- You may leave funds in the Boston University Retirement Plan and the Supplemental Retirement and Savings Plan
- You can request a distribution at a later date.
- Under current tax laws, payments must start by the April 1 following the calendar year in which you reach age 72 or retire (whichever is later).

Option: Full Payout

- You may elect to receive a lump-sum distribution of the money you have invested in these accounts.
- You are responsible for paying taxes on your distribution.
- Fidelity will automatically withhold 20% for federal taxes and withhold any required state taxes.

Option: Partial Withdrawal

- You may elect to receive a partial distribution of the money you have invested in these accounts.
- Scheduled payments are available (annual, quarterly, monthly, or decrement counter)
- You can also request a payment of any dollar amount at anytime.
- Fidelity will automatically withhold 20% for federal taxes and withhold any required state taxes.

Option: Rollover

- You may elect to roll over the full or partial amount to another tax-qualified account.
- There is no tax withholding by Fidelity for a rollover.
- Contact Fidelity and the receiving financial institution to discuss the rollover process.

Take the next steps

NEXT STEPS

How can Fidelity help?

We will work 1-on-1 with you to provide:

Plan information

Investment education

Next steps

1:1 APPOINTMENTS AVAILABLE WITH YOUR WORKPLACE FINANCIAL CONSULTANTS: DIANA RITTENBERG & MATTHEW GREEKE

To schedule a 1:1 phone or Zoom session, please go online to www.Fidelity.com/schedule or call 800-642-7131.

Thank You!

This information is intended to be educational and is not tailored to the investment needs of any specific investor.

Investing involves risk, including risk of loss.

30-Day Treasury Bill Index measure the annual total return of a short-term obligation that is not interest-bearing (it is purchased at a discount); it can be traded on a discount basis for 91 days.

MSCI EAFE Index is a market capitalization-weighted index that is designed to measure the investable equity market performance for global investors in developed markets, excluding the US & Canada

S&P 500 Index is a market capitalization-weighted index of 500 common stocks chosen for market size, liquidity, and industry group representation to represent US equity performance.

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