

How Tax-Savvy Is Your Client's Portfolio?

In 2007, 3.5 million U.S. taxpayers were hit with the Alternative Minimum Tax (AMT).¹ For better protection against events like AMT, diversifying retirement assets among various types of investment vehicles may help your clients' tax situations. Fidelity's Annuity Service for Advisors can help you provide your clients with access to tax-deferred growth, additional retirement savings, and some of the lowest annual annuity costs in the industry through our deferred variable annuities.

► The Situation

Were any of your clients unexpectedly hit with the AMT this year? As you know, taxable events can often be out of you and your clients' control. For example, a mutual fund that sells a holding for a capital gain or receives dividends or interest may generate income even if the funds were not sold.

Taxable income from mutual fund holdings may significantly impact investors, costing them:

- Up to 35% in taxes and short-term capital gains and up to 15% in long-term capital gains and dividends; and if your client is subject to AMT, these percentages can increase to up to 43% and 23%, respectively.²
- Over \$24 billion in taxes in 2007 from mutual fund distributions.³
- 17% to 49% of their mutual fund returns paid to taxes.⁴

Chances are, for better protection against events like AMT, your clients may need a more tax-savvy strategy for their overall portfolios.

► The Solution

Holding certain assets in a tax-deferred savings vehicle, like a tax-deferred variable annuity, may help significantly decrease your clients' exposure to taxes. Fidelity offers a simple, low-cost tax-deferred variable annuity⁵ to help you diversify your clients' portfolios more effectively.

Fidelity Personal Retirement Annuity^{®6} can help your clients reach their retirement goals by maximizing their tax-deferred savings. The **low annual annuity charge of 0.35%** is significantly below the industry average of 1.37%, which means that more of your clients' savings remain in the annuity with the potential to grow. And, unlike many deferred variable annuities, ours doesn't carry a guaranteed minimum death benefit, which helps us keep our charges low.

► Benefits

- Consolidate more of your clients' assets under your management and potentially save your clients money by exchanging* their existing annuities to lower-cost Fidelity annuities
- Tax-deferred growth of investments (increases growth potential)⁷
- Virtually unlimited contributions⁸ and the ability to contribute to the annuity at any time
- Tax-free exchanges among investments in the annuity

*Before exchanging, your client should check with their current provider to see if it will assess a surrender charge, and also consider the existing benefits and features they may lose in an exchange, which may be of particular importance in poor market conditions.

Maximizing the Tax-Deferred Savings Opportunity

► Key Considerations

Every client's situation is different. A tax-deferred variable annuity is best suited for long-term investing or for retirement. But keep in mind, not every tax-deferred annuity is the same. Expensive and complex products can erode the benefits described above.

► Next Steps

With Fidelity's low-cost, simple annuity, you can help your clients create a more tax-savvy portfolio. Fidelity Investments Life Insurance Company's licensed Advisor Relationship Managers have tools to help you and your clients in determining if an annuity is a suitable investment option.

Fidelity can create a free, customized **Annuity Cost Comparison Report**SM to show you and your clients what they could potentially save by exchanging an outside annuity to a Fidelity annuity under your management. It's tax-free with a 1035 exchange, and it's easy too; we handle all the insurance-related work.

For assistance in putting this strategy to work for your clients, contact a Fidelity Annuity Advisor Relationship Manager today at 1-800-910-7899. An Advisor Relationship Manager can also handle all the insurance-related work for you

Before investing, consider the investment objectives, risks, charges and expenses of the annuity and its investment options. Call or write to Fidelity or visit Fidelity.com for a free prospectus containing this information. Read it carefully.

Principal value and investment returns of a variable annuity will fluctuate and you may have a gain or loss when money is withdrawn.

¹Urban Institute and Brookings Institution Tax Policy Center, 2/1/08.

²IRS Publication 17 (2007), "Your Federal Income Tax."

³"Fund Tax Bombs Could Top \$24 Billion," by Penelope Wang, CNNMoney.com, Oct. 25, 2007.

⁴Lipper, April 2007 report: "Taxes in the Mutual Fund Industry."

⁵According to Morningstar, Inc., Fidelity Personal Retirement Annuity's annual annuity charge of 0.35% is among the lowest 1% compared to the industry average of 1.37% for nongroup open variable annuity contracts as of 12/31/08. Underlying fund expenses also apply.

⁶In New York, Personal Retirement Annuity.

⁷Earnings in deferred variable annuities are taxed as ordinary income when withdrawn.

⁸Fidelity reserves the right to limit contributions.

Guaranteed lifetime income is subject to the claims-paying ability of the issuing insurance company.

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