

FALL 2006

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Over time, the funds that initially have a higher concentration of stocks shift to more conservative investments to provide income. After the fund reaches the target year, its managers make adjustments to help protect against market changes and inflation risk.

Freedom Funds have many pluses:

- **Experience.** Fidelity was one of the first to launch lifecycle funds.
- **Diversification.** Asset allocation adjusts automatically.
- **Ease.** You monitor only one fund.

Before investing in any mutual fund, please carefully consider the investment objectives, risks, charges, and expenses. For this and other information, call or write Fidelity for a free prospectus. Read it carefully before you invest.

It is your responsibility to select and monitor your investments to make sure they continue to reflect your financial situation, risk tolerance, and time horizon. Most investment professionals suggest that you reexamine your investment strategy at least annually or when your situation changes. In addition, you may want to consult an investment adviser regarding your specific situation.

Finance 101 for Your Children

Deluxe backpack: \$52. Sneakers: \$55. Back-to-school shopping presents an opportunity to teach your children some crucial financial lessons. Sit down with them to make a list of necessities, then agree on a budget. That way, they learn that the amount of money available is not unlimited and that when a budgeted amount of money is gone, it's gone.

This is also a great time to introduce kids to the concept of saving for "extras" that don't fit the budget. If they want that MP3 player, help them save for it and point out how their savings can grow over time. Teaching them how to make both a saving plan and a spending plan, and then to stop when the budget runs out, is a giant step toward helping them learn the value of money.

Rick Kahler, a financial planner in Rapid City, S.D., says letting your kids experience some pain around money choices is not being hard-hearted. "Ideally, parents give the gift of responsibility while the consequences are minor," he says. "Financial lessons not learned at a young age just end up becoming more expensive as we grow older."

Making those choices is the foundation of sound money



management. To help your kids, take these steps:

- Talk with them about money.
- Insist they be responsible for certain expenses if they get an allowance.
- Model good behavior, like giving part of your money to a cause you believe in and not running up charge cards *beyond your means*.
- Set saving and spending goals. ■

> Good money management can pay off in extra contributions to your workplace retirement savings account. See how fast they can add up with the Fidelity Contribution Calculator. Try it by visiting www.fidelity.com/atwork and selecting the Tools & Calculators tab.