

# Comparing Annuity Unit Values with Mutual Fund Share Values



While your annuity subaccounts may look like mutual funds, there's actually a difference between the two—especially when calculating their values.

## Defining your annuity subaccounts

Each of the investment options that you choose in your Fidelity Personal Retirement Annuity<sup>®</sup> and/or Fidelity Retirement Reserves<sup>®\*</sup> deferred variable annuity ("your annuity") is actually a variable subaccount. This is an important distinction to understand because when you allocate your annuity assets, you're actually purchasing units of the annuity variable subaccount, not shares of a mutual fund.

For example, if you invest in your annuity's Fidelity VIP<sup>1</sup> Equity-Income investment option, you are purchasing units of the VIP Equity-Income subaccount. In turn, the insurance company buys shares of the underlying funds representing your ownership.

The number of units you own in each annuity variable subaccount remains the same unless you add to or withdraw from your contract,<sup>2</sup> make a trade to or from a subaccount, or incur another charge that might be applicable to your annuity. When the value of your units is calculated each business day, it's based on the value of the shares that the insurance company holds on your behalf in the mutual fund.

## Unit value calculations

Because of this basic difference between mutual fund shares and annuity variable subaccount units, there is also a difference in how the value of these shares and units is calculated.

- Net Asset Values (NAVs):

The net asset value, or NAV, is the value of each share of the mutual fund. That value, which is recalculated each day the stock market is open, is determined by dividing the total assets minus all liabilities by the number of outstanding shares each day.

- Accumulation Unit Values (AUVs):

The accumulation unit value, or AUV, is the value of each unit within the Variable Account;<sup>3</sup> this value is recalculated each day the stock market is open.

The AUV takes into account the underlying fund's daily performance as measured by the NAV change plus the impact of any distributions, such as capital gains and dividend income, less the annuity's daily separate account charges.

Since the value of the units you hold already represents your "share" of this activity, you won't see any of the distributions reported separately on your annuity statement.

\*Fidelity Personal Retirement Annuity<sup>®</sup> (Policy Form No. DVA-2005, et al.) and Fidelity Retirement Reserves (Policy Form No. NRR-96100, et al.) are issued by Fidelity Investments Life Insurance Company and, for New York residents, Personal Retirement Annuity (Policy Form No. EDVA-2005, et al.) and Retirement Reserves (Policy Form No. EVA-91100, et al.) are issued by Empire Fidelity Investments Life Insurance Company,<sup>®</sup> New York, N.Y. **Fidelity Brokerage Services LLC, Member NYSE, SIPC**, and Fidelity Insurance Agency, Inc., are the distributors.

<sup>1</sup>VIP refers to Variable Insurance Products.

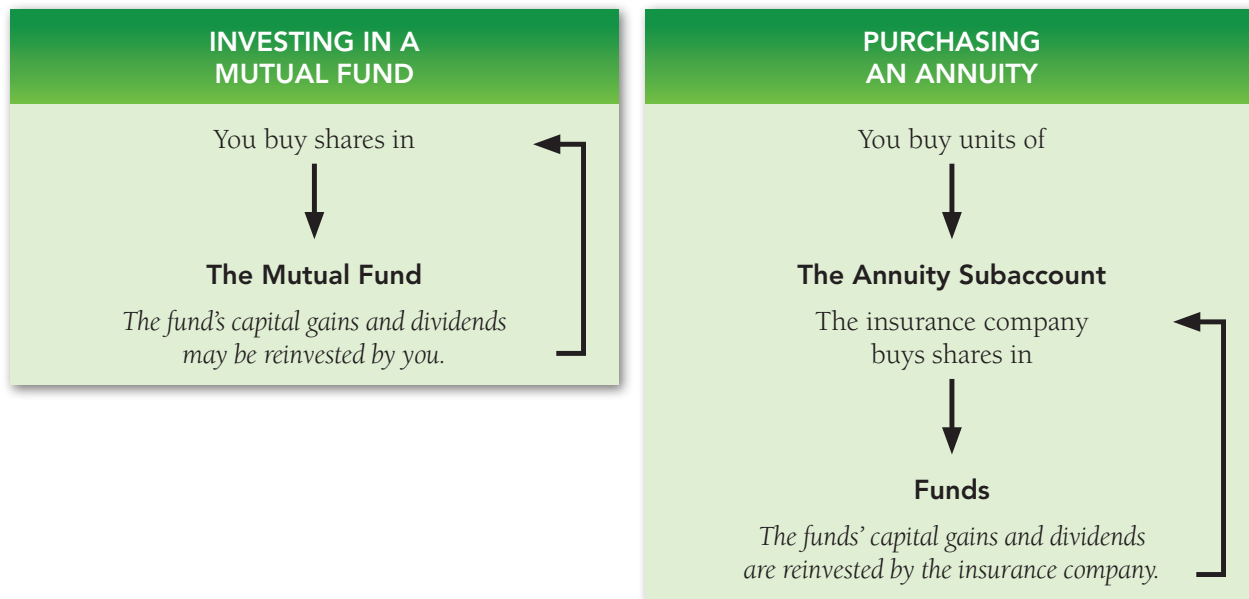
<sup>2</sup>Withdrawals of taxable amounts from an annuity are subject to ordinary income tax and, if taken before age 59½, may be subject to a 10% IRS penalty.

<sup>3</sup>The assets of the Variable Account are kept separate from the general account assets and from any other separate accounts we may have, and may not be charged with liabilities from any other business we conduct. The assets in the Variable Account will always be at least equal to the reserves and other liabilities of the Variable Account.

## Capital gains and dividends

Each year, there may be distributions of capital gains and dividends from the mutual fund. These distributions are paid to the shareholder. With your annuity, Fidelity is the shareholder. When a distribution occurs, the fund's NAV will decrease and the number of shares will increase, but the unit value of each subaccount will not change. The result is that both the value of Fidelity's holdings and the value of your annuity holdings remain the same when a distribution occurs.

Any dividends are paid by the funds throughout the year rather than as a lump sum at the end of the year. For additional information about dividends and capital gains, please see the Annual and Semiannual reports. These reports explain the total underlying fund distributions for the preceding period.



Track your annuity's investment performance.

For performance updates, please visit [Fidelity.com/myannuity](https://www.fidelity.com/myannuity).



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*Investing in a variable annuity involves risk of loss - investment returns and contract value are not guaranteed and will fluctuate.*

Before investing, consider the investment objectives, risks, charges, and expenses of the annuity and its investment options. Contact Fidelity for a prospectus or, if available, a summary prospectus containing this information. Read it carefully.

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