Fixed Annuities

Surprise

Your 5-minute Guide

Nationwide®
On Your Side

Don’t be surprised.

When it comes to the retirement that you’ve worked so hard for, you may not be willing to accept the risks and uncertainty associated with the stock market — especially market downturns. You may want to avoid surprises.

As you plan for your retirement, you may be considering ways to help protect your assets — so you may be thinking about adding fixed annuities to your financial portfolio. The following pages address some frequently asked questions about fixed annuities to help you decide if they’re a good fit for your financial needs.

What is a fixed annuity and how can it help me avoid unwanted surprises?

A fixed annuity is a contract with an insurance company. It may be appropriate for individuals who want guaranteed interest rates and a stream of income they can't outlive.

It's important to understand that all guarantees and protections offered by fixed annuities are subject to the claims-paying ability of the issuing insurance company.

Here are some of the ways fixed annuities may help eliminate financial surprises:

- **Principal and interest guarantees**
  Your principal and interest rates are guaranteed. In certain instances when withdrawing your assets, your principal may be reduced by fees known as contingent deferred sales charges and state premium taxes.

- **Tax advantages**
  Fixed annuities can offer 100% tax deferral, so all your earnings can grow tax deferred. This provides increased earnings potential due to compound interest. Federal tax laws are complex and subject to change. Nationwide® and its representatives don't provide tax advice. Talk with your tax advisor or attorney to answer your specific questions.

- **Minimal risk exposure**
  Fixed annuities can help you accumulate funds for retirement without exposing your hard-earned money to economic risk.

- **Income protection**
  During retirement, you can receive income through flexible payout options, including an option to receive income for life. If you withdraw money before contract maturity, surrender charges may apply. Also, an IRS penalty may apply for withdrawals made before age 59½ and withdrawals at anytime may be subject to ordinary income tax.

- **Beneficiary protection**
  Fixed annuities are designed to help protect your beneficiaries. Upon your death, the assets will be paid directly to your named beneficiary — net of appropriate taxes — and may avoid the probate process.

Can you tell me what you mean by "guarantee"?

Fixed annuity companies may offer a principal guarantee. This guarantee promises you'll receive all of your money back plus the interest earned minus any withdrawals that you made. You'll receive an initial rate guarantee for a specific time period. After that, you'll receive renewal rates guaranteed for another specific time period.

All guarantees are made by the insurance company and subject to its claims-paying ability; it is vital that the company is financially stable. Be sure to discuss the ratings of the insurance provider with your insurance or investment professional.

How does tax-deferral and compound interest help me?

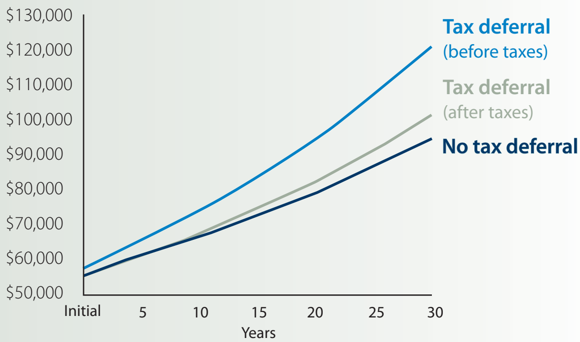
Your annuity value will grow tax deferred. This has the potential to increase your contract value. Here's how it works:

- Your account value earns interest
- Your interest earns interest
- You earn interest on the money you would've otherwise paid in taxes

If the interest earned in an annuity wasn't tax-deferred, you'd have to pay taxes on it. But since it's tax-deferred, that money stays in the annuity — deferring taxes while you accumulate more assets.

Over time, tax-deferred growth can build a larger account value than that of a similar taxable account achieving the same rate of interest.

The power of tax deferral and compound interest



Year	Tax deferral (before taxes)	Tax deferral (after taxes)	No tax deferral
5	$57,964	$55,973	$55,884
10	$67,196	$62,897	$62,460
15	$77,898	$70,924	$69,810
20	$90,306	$80,229	$78,025
25	$104,689	$91,017	$87,207
30	$121,363	$103,522	$97,470

Assumptions: 1) Initial purchase payment of $50,000. 2) Annual interest rate is 3% for each year. 3) 25% federal income taxes, which vary by individual. This hypothetical illustration is not meant to serve as a projection or prediction of any specific investment. If withdrawals are made prior to age 59½, a 10% tax penalty may apply. This illustration does not include any early withdrawal charges, which may reduce the surrender value if reflected. Taxes are due upon distribution.

What's an "accumulation period"?

The accumulation period is the time span that your assets earn interest and increase in value. Your money will continue to earn interest until you do one of two things: withdraw all of your assets or annuitize, which means to use your annuity assets to create a stream of income payments to yourself.

Can I access my money if I have an unexpected financial surprise?

Fixed annuities are designed for long-term planning purposes. However, unexpected emergencies do happen. In the event you need to withdraw some of your money, you can.

It's important to know that some withdrawals or distributions may be subject to surrender charges as well as ordinary income tax at any age during the specified term of the contract. If you aren't older than age 59½, you may have to pay a 10% federal tax penalty.

What income options are available?

You can receive income payments throughout your lifetime from your fixed annuity through annuitization. When you choose, you can receive payments monthly, quarterly, semiannually or annually for as long as you live. Another option is to receive a lump-sum payment — less necessary taxes and charges. It's your choice.

Can I use this money any way I want?

Yes. The income you receive may be used for any personal or financial needs — including cost of living expenses such as utility and mortgage expenses, out-of-pocket health care costs or even vacations and gifts.

Can fixed annuities help protect my beneficiaries?

Absolutely. Your beneficiaries may benefit from your choice to purchase a fixed annuity. The probate process can be lengthy and costly. With a fixed annuity, however, you have the assurance that the money will be paid directly to the beneficiary you name. It will not be involved in any probate proceeding. As with all assets transferable at death, annuity proceeds may be subject to taxes.

Do fixed annuities have any fees?

Traditionally, fixed annuities have no internal expenses, no money-management fees, no up-front sales charges and no annual fees. Under certain circumstances, however, there may be a charge if you withdraw funds before a specified date, which varies by product. Please read your contract carefully for details about limitations, conditions and withdrawal charges.

What if I already have an employer-sponsored retirement plan?

By supplementing your retirement assets with a fixed annuity, you may help ensure that you don't outlive your money. And when you consider all of the unknown economic surprises that may happen, it's comforting to have an income source you can rely on during retirement.

While employer-sponsored retirement plans or IRAs have contribution limits, nonqualified annuities let you put as much money into them as you like. Just keep in mind, your contributions to a nonqualified annuity are made on an after-tax basis.

FROM OUR FAMILY TO YOURS

At first glance, we probably look like every big company out there. True, we're one of the largest financial services companies in the world . . . we're a Fortune 100 company with 35,000 associates.

But spend some time with us and you'll quickly see a difference — family is at the heart of all we do.

For more than 80 years, we've dedicated ourselves to helping families prepare for the future while helping them protect the things they care about today.

Welcome to the Nationwide® family. You're going to feel right at home.

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Nationwide® fixed annuities are issued by Nationwide Life Insurance Company and Nationwide Life and Annuity Insurance Company, Columbus, Ohio, members of Nationwide Financial®.

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