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Fixed Annuities

Your 5-minute Guide

Be prepared for whatever comes your way.

Prepare for the unexpected

If you're looking for ways to help protect your assets as you plan for retirement, adding a fixed annuity to your portfolio could be a good fit for you. This brochure provides a general overview, but be sure to talk with your insurance professional to help you decide whether a fixed annuity is right for you.

What is a fixed annuity?

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.

Don't be caught off guard

Here are some ways fixed annuities can help you guard against unwanted turns in the financial markets.

- Principal and interest guarantees
  Fixed annuities offer a guaranteed interest rate, and many offer a return of principal guarantee. Keep in mind that if you withdraw assets, the principal may be reduced by fees known as contingent deferred sales charges and state premium taxes in some cases.
- 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 (your interest earns interest). Remember, federal tax laws are complex and can change. Nationwide and its representatives do not provide tax advice, so be sure to talk with your tax advisor or attorney.
- Minimal risk exposure
  Fixed annuities offer a guaranteed interest rate to help you accumulate funds for retirement without exposing your hard-earned money to stock market fluctuations.
- Income protection
  During retirement, you can receive income through flexible payout options, including an option to receive a lifetime stream of income. If you withdraw money before contract maturity, surrender charges may apply. Also, a 10% early withdrawal federal tax penalty may apply if you take a withdrawal before age 59½, and any withdrawal may be subject to ordinary income tax.
- Beneficiary protection
  Fixed annuities help make things easier for your beneficiaries. Depending on the contract, at the death of the annuitant or the contract owner, the assets will be paid directly to the named beneficiary without going through the probate process.

Your principal and interest are guaranteed

Fixed annuities may offer a principal guarantee. With this guarantee, you'll receive back all the money you've invested, minus any withdrawals. 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, so it's important to choose a company that's financially stable. Be sure to discuss the ratings of the insurance provider with your insurance professional.

Tax deferral helps your contract value grow

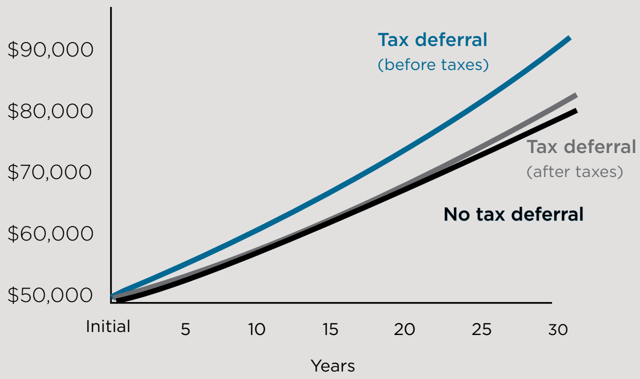
Your annuity value will grow tax deferred, as long as you don't take withdrawals. This has the potential to increase your contract value. Here's how it works:

- 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	$55,204	$54,059	$54,024
10	$60,950	$58,541	$58,371
15	$67,293	$63,489	$63,068
20	$74,297	$68,952	$68,143
25	$82,030	$74,983	$73,627
30	$90,568	$81,643	$79,552

Assumptions:
1) Initial purchase payment of $50,000.
2) Annual interest rate is 2% for each year.
3) 22% federal income taxes, which vary by individual.

This hypothetical illustration is not meant to serve as a projection or prediction of any specific investment. This illustration does not include any early withdrawal charges, which may reduce the surrender value if reflected. Taxes are due upon distribution.

Access your money if you need to

Fixed annuities are designed for long-term planning purposes. However, unexpected needs do come up. 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 withdrawals are made prior to age 59½, a 10% early withdrawal federal tax penalty may apply.

Income options are up to you

You can receive income payments from your fixed annuity in several different ways. One option is annuitization, the process of converting the accumulated value into a guaranteed stream of income that is irrevocable once payments begin. You can annuitize the contract over your lifetime or a specific period of time. Or, if annuitization isn't right for you, you can take periodic withdrawals as you need them or set up recurring systematic withdrawals. It's your choice.

Transfer your assets without probate

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 person(s) you name as beneficiary. As with all assets transferable at death, annuity proceeds may be subject to taxes.

Know the costs

Traditionally, fixed annuities have no internal expenses, no money-management fees, no upfront 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.

Supplement your employer's 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 the economic surprises that can 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.

Getting started

Your insurance professional is a personal resource committed to serving your financial needs. By working with him or her, you can become more confident about achieving your personal financial goals.

Your next steps.

Talk to your insurance or investment professional about fixed annuities today.

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This material is not a recommendation to buy, sell, hold or roll over any asset, adopt a financial strategy or use a particular account type. It does not take into account the specific investment objectives, tax and financial condition or particular needs of any specific person. Clients should work with their financial professional to discuss their specific situation.

Federal income tax laws are complex and subject to change. The information in this brochure is based on current interpretations of the law and is not guaranteed.

Annuities are issued by Nationwide Life Insurance Company or Nationwide Life and Annuity Insurance Company, Columbus, Ohio.

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