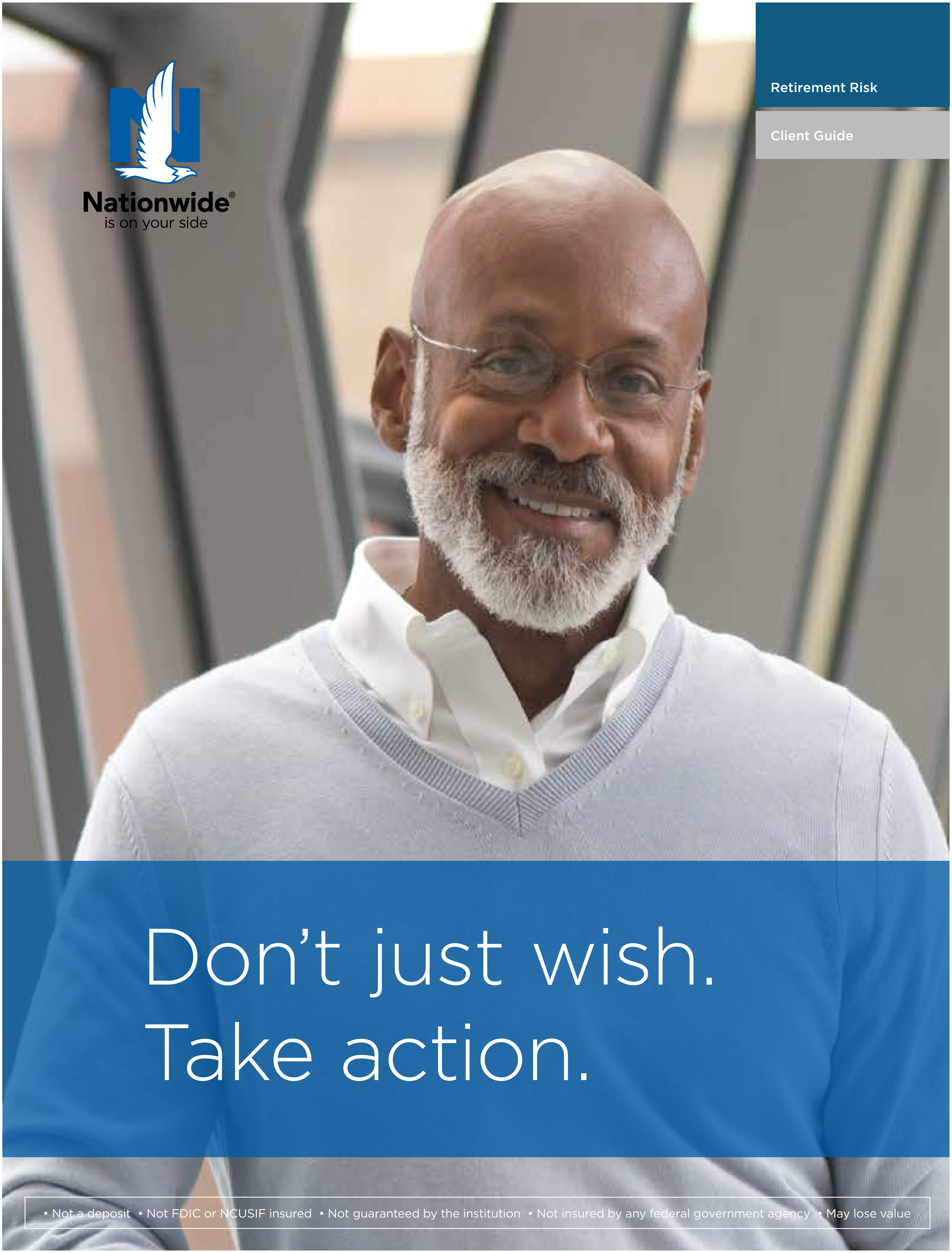


Retirement Risk

Client Guide

Nationwide®
is on your side

Don't just wish. Take action.

• Not a deposit • Not FDIC or NCUSIF insured • Not guaranteed by the institution • Not insured by any federal government agency • May lose value

Take action.

The challenge of preparing for retirement is shifting from employers to individuals … people like you. To meet that challenge, you have to do more than just hope for the best.

The best way to prepare yourself to take action is to learn about the risks you may face in retirement.

Feeling overwhelmed? Don't worry. We're here to help.

Here's what we'll cover.

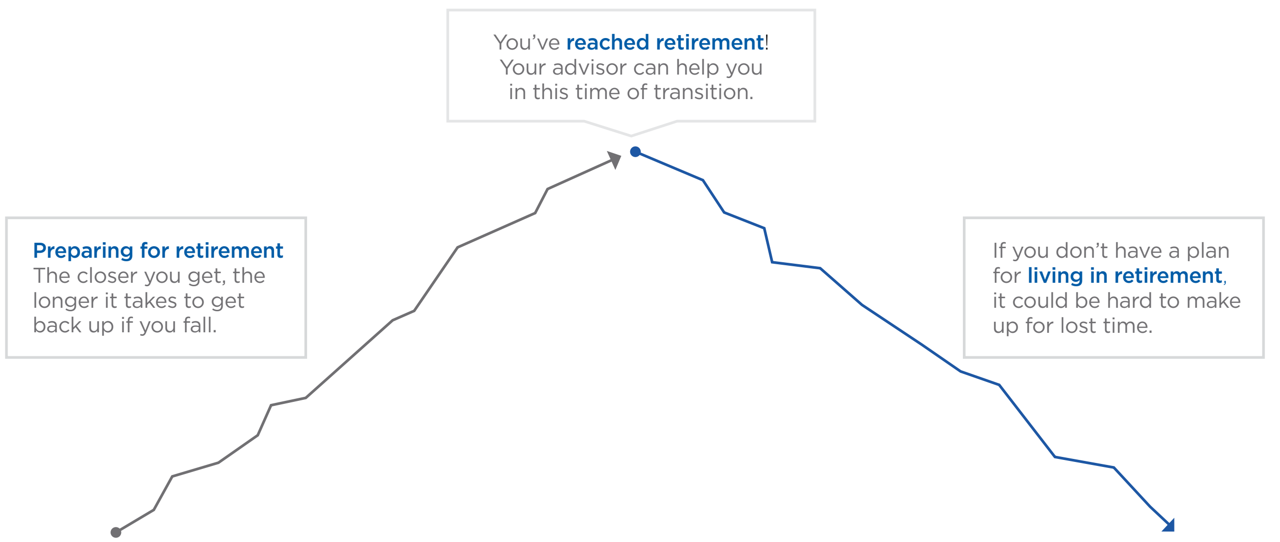
This material is not a recommendation to buy, sell, hold or roll over any asset, adopt an investment strategy, retain a specific investment manager or use a particular account type. It does not take into account the specific investment objectives, tax and financial condition or particular needs of any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

Your Journey

There are two aspects to achievement — reaching your goal and getting safely back home again. One is incomplete without the other. — *Sir Edmund Hillary*

Where are you on the retirement mountain?

Three stages of retirement.



RISKS YOU MAY FACE

Market **Income** **Inflation** **Longevity**

Understanding Risks

As you prepare for retirement, you should be aware of the risks you may face.

DID YOU KNOW?

50%	**Half of all retirees** left the workforce earlier than planned[1]
6 in 10	**Only six in 10** Baby Boomers report having money saved for retirement[2]
90%	**More than 90 percent** of Boomers who work with advisors have money saved for retirement[2]

Investing does involve risk, including the possible loss of the money you've invested. There is no guarantee that you'll achieve your objectives. Even if you use diversification as part of your overall investment strategy, you're not assured a profit or guaranteed against loss in a declining market.

But whether you're building your retirement investments, using them for income or trying to protect them from loss, working with a financial advisor can help you reduce the key risks you may face.

[1] *2014 Retirement Confidence Survey*, Employee Benefit Research Institute (3/14).

[2] *2015 IRI Fact Book,* Insured Retirement Institute (05/15).

The risks:

Market

Your investment value will rise and fall with the market.

Income

Your yearly income may shrink if your investment value drops.

Inflation

Your money will lose buying power.

Longevity

You may last longer than the money you have to live on.

Every journey has risks, but it helps if you understand them. And there are things you can do to help offset them.

WHAT YOU **CAN'T** CONTROL	WHAT YOU **CAN** CONTROL
Stability of Social Security and pension plans	Learning about the risks of retirement
Market performance and its effect on your income	Working with your financial advisor
Inflation, including health care costs	Maintaining a balanced portfolio
How long you live	Following your plan

Market Risk and Volatility

You want your money to grow. But you don't want to risk losing what you already have.

Market risk — the potential for investments to lose value due to market fluctuation. A key component of market risk is **volatility** — the unpredictable ups and downs of investing. It's vital to find the right balance between the amount of risk you're comfortable with and the amount it takes to potentially keep your money from running out.

DID YOU KNOW?

-8.6%	Drop in the S&P 500 index during January 2009[3]
+23%	Increase in the S&P 500 for the full calendar year 2009[3]
100%	Return needed for your account value to recover from a 50% loss

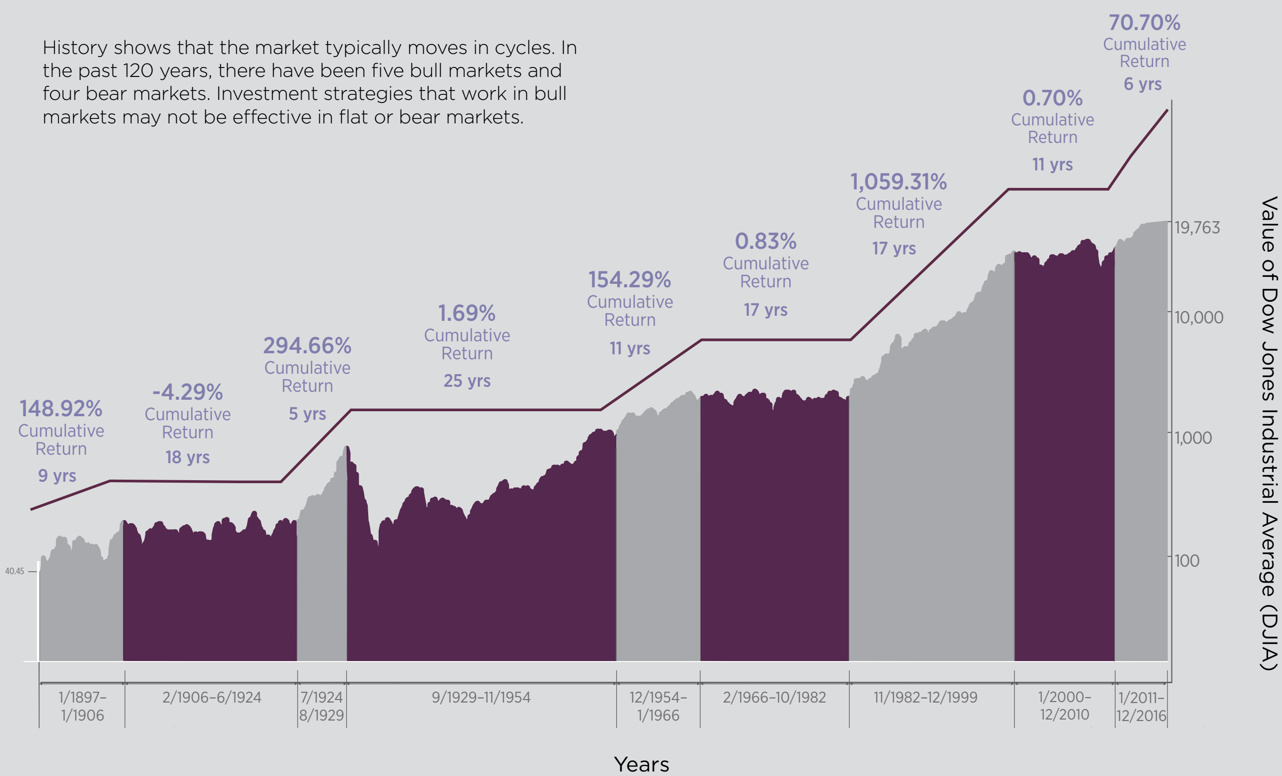
[3] "Bad January a bad omen for stocks in 2016? - On Money", Chicago Tribune, January 2016.

Where do you think we're headed?

The market can be volatile and unpredictable. Will it be up, down or flat when you retire?

MARKET PERFORMANCE OVER 120 YEARS

History shows that the market typically moves in cycles. In the past 120 years, there have been five bull markets and four bear markets. Investment strategies that work in bull markets may not be effective in flat or bear markets.



Source: Graph created by Guggenheim Investments using data from dowjones.com. Cumulative returns are calculated by Guggenheim Investments. Logarithmic graph of the Dow Jones Industrial Average from 1/1897 through 12/2016.

Performance displayed represents past performance, which is no guarantee of future results. The "Dow Jones Industrial Average" is a product of S&P Dow Jones Indices LLC ("SPDJI"). Standard & Poor's® and S&P® are registered trademarks of Standard & Poor's Financial Services LLC ("S&P"); DJIA®, The Dow®, Dow Jones® and Dow Jones Industrial Average are trademarks of Dow Jones Trademark Holdings LLC ("Dow Jones"); and these trademarks have been licensed for use by SPDJI. Guggenheim Investments is not sponsored, endorsed, sold or promoted by SPDJI, Dow Jones, S&P, their respective affiliates do not sponsor, endorse, sell or promote investment products based on the Dow Jones Industrial Average, and none of such parties make any representation regarding the advisability of investing in such products nor do they have any liability for any errors, omissions, or interruptions of the Dow Jones Industrial Average.

The use of diversification as part of an overall investment strategy does not assure a profit or guarantee against loss in a declining market.

YOU MIGHT BE THINKING

Will I have enough to retire?

I can't afford to lose any more money in the market.

DON'T JUST WISH . . .

TAKE ACTION

No one can predict the market. But you may be able to protect your investments and reduce their volatility by diversifying.

Market Risk and Time

It's not just market conditions that affect your personal rate of return. When you invest, **the timing** may also have a big impact on your long-term investment results.

DID YOU KNOW?

34	of the last 50 years yielded positive performance for the S&P 500 index[4]
42%	Decline in the stock market from in the stock market from Oct 2007 to Oct 2008[5]
9	years is how long it takes for an account to recover from the same 42% loss in value, assuming a 7% annual growth rate

Investing involves market risk, including possible loss of principal.

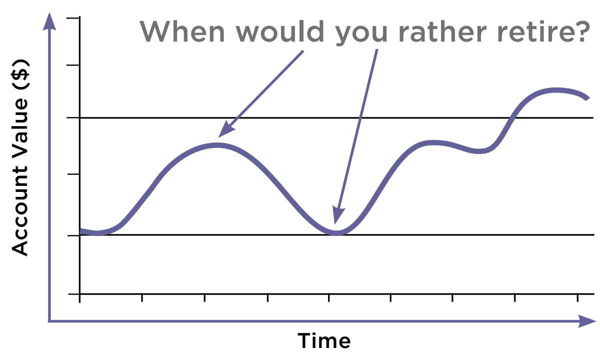
[4] S&P 500 Index Performance, Bloomberg, (01/16).

[5] *Are retirement savings too exposed to market risk? Number 8-16,* Center for Retirement Research at Boston College (10/08).

Entering the market at different points can produce very different results.

We know that your investment value will rise and fall with the the market. And we know you can't predict or control equity values. So what happens to your money if the market falls shortly after you invest or when you decide to retire? The graph below shows how important timing is.

EFFECT OF MARKET FLUCTUATION



YOU MIGHT BE THINKING

My friends invest, but I don't seem to do as well as they do.

DON'T JUST WISH . . .

TAKE ACTION

Work with your financial advisor to create a plan that can help reduce your concerns about trying to time the market.

Income Risk

Because the market fluctuates over time, so will the value of your investment portfolio. So you also need to think about **income risk** — the times when your investment income will decrease from year to year after you retire and start taking withdrawals.

Why is this a problem? If you don't know what your income will be in a particular year, it's hard to budget for your expenses. And if your income takes a hit, you may not be able to handle the rising cost of basic necessities.

DID YOU KNOW?

1 in 4	1 out of every 4 American workers are not at all confident about having enough money for a comfortable retirement[6]
65%	of workers surveyed said they will have to work for pay after they retire[6]
35%	Employees receiving guaranteed income from a pension are 35% more likely to be satisfied with their finances than those with only a defined contribution plan (such as a 401(k) plan).[7]

Income risk is most obvious during years when your investments have a negative rate of return. But your income can decrease even during years with positive returns when your returns are lower than your withdrawal rate.

[6] *2015 Retirement Confidence Survey,* Employee Benefit Research Institute (4/15).

[7] *2013/2014 Towers Watson Global Benefit Attitudes Survey,* Towers Watson (03/14)

What if your early income shrinks because your investment value drops? Let's say you retire and withdraw 4% of your investment every year, would you rather take 4% of $100,000 or $75,000?

$100,000 x **4%** = **$4,000**

$75,000 x **4%** = **$3,000**

YOU MIGHT BE THINKING

Can I afford to take a cut in my retirement income?

What would I have to do to make ends meet if I experienced a shortfall?

DON'T JUST WISH . . .

TAKE ACTION

Work with your financial advisor to identify your retirement income needs and decide how best to meet them.

Inflation Risk

Inflation — the ever-increasing cost of goods and services — can impact your retirement significantly over the long term. If your investments aren't beating the inflation rate, you're actually losing buying power.

DID YOU KNOW?

45%	of retirees fail to factor inflation into retirement planning[8]
3x	Since 1991, U.S. employment-based health insurance premiums have nearly tripled[9]
6%	Anticipated health care inflation rate (including Medicare Part B) over the next ten years[10]

[8] *Society of Actuaries' Risk Report Highlights Impact of Inflation on Retirement Planning*, soa.org (2/11).

[9] *Trends in employment-based health insurance coverage: evidence from the National Compensation Survey,* Bureau of Labor Statistics Monthly Labor Review (10/14).

[10] *Retirement Health Care Costs and Income Replacement Ratios,* HealthView Insights, (12/15).

Prepare with inflation in mind.

Conventional wisdom says you should be more conservative with your money as you get older. But if you want to stay ahead of inflation, finding the right balance between risk and return may be a better plan.

What does $20 buy today, and what will it buy 30 years from now? Did your last car cost more than your first house? How much will it cost to see a doctor or get medicine? Below is one example of what you can expect:

PRICE INCREASES FROM 1986 TO 2015[11]

	Total Increases	Average Annual Increases
Physician's services	301%	3.75%
Prescription drugs	368%	4.43%

YOU MIGHT BE THINKING

How will I afford the things I need?

What kinds of investments can help me stay ahead of inflation?

DON'T JUST WISH . . .

TAKE ACTION

Work with your financial advisor to learn how you may be able to outpace inflation by staying invested.

[11] *Bureau of Labor Statistics,* Consumer Price Index (www.bls.gov) (12/15).

Longevity Risk

You've heard that age is just a number. But with people living longer and retiring earlier, facing **longevity risk** — the chance of running out of money before retirement is over — means planning for lifetime income.

How long is a lifetime? Based on the increased selection of birthday cards for 100-year-olds, the greeting card companies think you're going to live a lot longer than previous generations. Are you prepared?

DID YOU KNOW?

5.5	million people lived to 85 or older in the U.S. in 2010; by 2050, that number may reach 19 million[12]
70%	of those turning age 65 can expect to use some form of long-term care during their lives[13]
$250	Daily rate ($91,250 annually) for a private room in a nursing home[14]

[12] *Older Americans 2012: Key Indicators of Well- Being,* Federal Interagency Forum on Aging-Related Statistics, (6/12).

[13] *Who Needs Care?,* http://longtermcare.gov/the-basics/who-needs-care/ (10/14).

[14] *Genworth* 2015 Cost of Care Survey, April 1, 2015. Costs vary by region and provider used for care.

Prepare for more than the average.

With people living longer and retiring early, the need for secure lifetime income is increasing.

Planning to make your income last to a specific age is risky because planning for life expectancy won't be enough for at least some retirees.

Which would you rather be? Prepared for the average with the risk of outliving your assets? Or prepared to live longer than average?

For a **65-year-old** couple, there is a **1-in-4** chance of at least one spouse living past **97** and a **1-in-10** chance of at least one spouse living to **100**

Calculations based on Society of Actuaries, 2012 Individual Annuity Mortality Tables, Basic.

YOU MIGHT BE THINKING

I don't want to be a burden to my kids.

What will happen if we run out of money? Or if I live longer than my spouse?

DON'T JUST WISH . . .

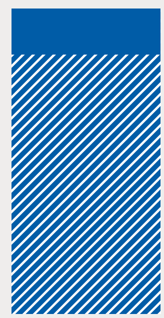
TAKE ACTION

Work with your financial advisor to ensure you're protected against the chance of outliving your assets or taking excess withdrawals.

Strong, stable and committed to keeping our promises

Nationwide was founded by a group of forward thinkers who joined forces to protect what matters most. That sense of working together for the common good has never left us.

Today we're a Fortune 100 company, with a diversified corporate portfolio that allows us to navigate all manner of economic ups and downs. In fact, our prudent investment approach and long-term business vision earn us financial ratings that place us in the top 32% of insurance-based financial services companies for our risk management capabilities.[15]



TOP **32%** of insurance-based financial services companies for risk management[15]

diversified

CORPORATE PORTFOLIO

- **financial services**
- **personal** property and casualty
- **commercial** property and casualty

A.M. Best — A+
received 10/17/2002
affirmed 7/7/2016

Moody's — A1
received 3/10/2009
affirmed 7/21/2016

Standard & Poor's — A+
received 12/22/2008
affirmed 5/24/2017

These ratings and rankings reflect rating agency assessment of the financial strength and claims-paying ability of Nationwide Life Insurance Company and Nationwide Life and Annuity Insurance Company. They are not intended to reflect the investment experience or financial strength of any variable account, which is subject to market risk. Because the dates are only updated when there's a change in the rating, the dates above reflect the most recent ratings we have received. They are subject to change at any time.

THE BOTTOM LINE:

Our consistently strong performance means we'll be with you for as long as you need us.

[15] North American And Bermudian Insurers ERM Scores Are On A Stable Footing, RatingsDirect Report, Standard & Poor's (6/8/15).

Don’t just wish. Take action.

When you’re preparing for your retirement, here’s what you can control:

- Learning about the risks of retirement
- Working with your financial advisor
- Maintaining a balanced portfolio
- Following your plan

Please keep in mind that investing involves risk, including possible loss of principal, and there is no guarantee that investment objectives will be achieved. In addition, the use of diversification as part of an overall investment strategy does not assure a profit or guarantee against loss in a declining market.

WHAT’S NEXT?

Work with your financial advisor to learn how Nationwide can help you reduce the impact of these common retirement risks.

Nationwide®

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