

# Waddell & Reed Advisors Select Preferred Annuity<sup>SM</sup>

Prospectus dated May 1, 2020

A Flexible Premium Deferred Variable Annuity Contract  
Issued by Nationwide Life Insurance Company Through its  
Nationwide Variable Account - 12



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



**Prospectus supplement dated May 27, 2020  
to the following prospectus(es):**

Nationwide Destination Future and Nationwide Destination Future NY dated May 15, 2020

Nationwide Destination Income Annuity, Soloist, BOA Achiever Annuity, America's Horizon Annuity, BOA IV, Nationwide Destination All American Gold, Compass All American Gold, Key All American Gold, M&T All American Gold, Wells Fargo Gold Variable Annuity, Nationwide Destination Architect 2.0, Nationwide Destination All American Gold 2.0, Nationwide Destination All American Gold NY 2.0, Nationwide Destination B, Nationwide Destination B 2.0, Nationwide Destination B NY 2.0, Nationwide Destination C, Nationwide Destination EV 2.0, Nationwide Destination EV NY 2.0, Nationwide Destination L, Nationwide Destination L 2.0, Nationwide Destination L NY 2.0, Nationwide Destination Navigator 2.0, Nationwide Destination Navigator NY 2.0, BOA Elite Venue Annuity, BOA America's Future Annuity II, BOA Future Venue Annuity, Nationwide Heritage Annuity, BOA America's Vision Annuity, Nationwide Destination Freedom+, America's marketFLEX Advisor Annuity, America's marketFLEX II Annuity, America's marketFlex Edge Annuity, BOA All American Annuity, Compass All American, M&T All American, Sun Trust All American, BOA V, NEA Valuebuilder Select, BOA America's Future Annuity, Key Future, NEA Valuebuilder Future, Waddell & Reed Advisors Select Plus Annuity, America's Future Horizon Annuity, The BB&T Future Annuity, Waddell & Reed Advisors Select Preferred, Nationwide Advisory Retirement Income Annuity New York, Nationwide Advisory Retirement Income Annuity, NEA Valuebuilder, Monument Advisor, Monument Advisor Select, Monument Advisor New York, and Monument Advisor Select New York dated May 1, 2020

<p><b>This supplement updates certain information contained in your prospectus. Please read it and keep it with your prospectus for future reference.</b></p>
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**The following disclosure changes are made to the prospectus:**

**Risks Associated with COVID-19**

In March 2020, the World Health Organization declared the COVID-19 outbreak a pandemic, which has resulted in market volatility and general economic uncertainty. To address disruptions in connection with the COVID-19 pandemic, Nationwide has implemented business continuity plans so that it can continue to provide products and services to its customers. While these efforts have been successful to date, Nationwide continues to be subject to certain risks that could negatively impact its operations, including system failures, mail delivery delays, unavailability of critical personnel due to illness or other reasons related to the pandemic, and disruptions to service providers.

Significant market volatility and negative investment returns in the market resulting from the COVID-19 pandemic could have a negative impact on returns of the underlying mutual funds in which the Separate Account invests. Additionally, prolonged current economic conditions and consumer behavior related to COVID-19 could affect the amount of sales and profitability of Nationwide's businesses and could have a negative impact on its financial condition and operations.

While we are confident in our ability to manage the financial risks related to COVID-19, the extent and duration of the risks related to the COVID-19 pandemic are unknown at this time. It is possible these risks could impact Nationwide's financial strength and claims-paying ability. There are many factors beyond Nationwide's control that cannot be mitigated or foreseen that could have a negative impact on Nationwide and the operation of the contract. Nationwide continues to monitor the economic situation and its business operations closely.

**CARES Act**

The CARES Act was enacted on March 27, 2020. The CARES Act made numerous changes to the Internal Revenue Code effective January 1, 2020, including the following:

- Waiving the 2020 minimum distribution requirement (RMD) from defined contribution plans and IRAs, including the 2019 RMD taken in 2020 for those individuals turning 70½ in 2019.
- Relief for coronavirus-related distributions and loans from qualified plans and IRAs, which includes an exception from the 10% penalty for early distribution and an exemption from the 20% mandatory withholding requirement.

Along with the passage of the CARES Act, the IRS extended the deadline to make a 2019 IRA or Roth IRA contribution to July 15, 2020 in order to coincide with the extended deadline for filing an individual's income tax return.

# Waddell & Reed Advisors Select Preferred Annuity<sup>SM</sup>

## Individual Flexible Premium Deferred Variable Annuity Contracts

Issued by

## Nationwide Life Insurance Company

through its

## Nationwide Variable Account-12

The date of this prospectus is May 1, 2020.

This prospectus contains basic information about the contracts that should be understood before investing. Read this prospectus carefully and keep it for future reference. The contract described in this prospectus is no longer available for purchase.

Variable annuities are complex investment products with unique benefits and advantages that may be particularly useful in meeting long-term savings and retirement needs. There are costs and charges associated with these benefits and advantages - costs and charges that are different, or do not exist at all, within other investment products. With help from financial professionals, investors are encouraged to compare and contrast the costs and benefits of the variable annuity described in this prospectus against those of other investment products, especially other variable annuity and variable life insurance products offered by Nationwide and its affiliates. Nationwide offers a wide array of such products, many with different charges, benefit features, and investment options. This process of comparison and analysis should aid in determining whether the purchase of the contract described in this prospectus is consistent with the purchaser's investment objectives, risk tolerance, investment time horizon, marital status, tax situation, and other personal characteristics and needs.

The Statement of Additional Information (dated May 1, 2020), which contains additional information about the contracts and the Variable Account, has been filed with the SEC and is incorporated herein by reference. The table of contents for the Statement of Additional Information is on page 95. To obtain free copies of the Statement of Additional Information or to make any other service requests, contact Nationwide by one of the methods described in Contacting the Service Center.

The SEC maintains a web site ([www.sec.gov](http://www.sec.gov)) that contains the prospectus, the Statement of Additional Information, material incorporated by reference, and other information.

Variable annuities are not insured by the Federal Deposit Insurance Corporation or any other federal government agency, and are not deposits of, guaranteed by, or insured by the depository institution where offered or any of its affiliates. Variable annuity contracts involve investment risk and may lose value. These securities have not been approved or disapproved by the SEC, nor has the SEC passed upon the accuracy or adequacy of the prospectus. Any representation to the contrary is a criminal offense.

This contract contains features that apply credits to the Contract Value. The benefit of the credits may be more than offset by the additional fees that the Contract Owner will pay in connection with the credits. A contract without credits may cost less.

Additionally, with respect to the Extra Value Options, the cost of electing the option and the recapture of the credits (in the event of a withdrawal) could exceed any benefit of receiving the Extra Value Option credits.

The Sub-Accounts offered through this contract invest in the underlying mutual funds listed below. For a complete list of underlying mutual funds, including underlying mutual funds available prior to the date of this prospectus, refer to *Appendix A: Underlying Mutual Fund Information*. For more information on the underlying mutual funds, refer to the prospectus for the underlying mutual fund. **To obtain free copies of prospectuses for the underlying mutual funds, Contract Owners can contact Nationwide using any of the methods described in *Contacting the Service Center*.**

- Ivy Variable Insurance Portfolios - Asset Strategy: Class II
- Ivy Variable Insurance Portfolios - Balanced: Class II
- Ivy Variable Insurance Portfolios - Core Equity: Class II
- Ivy Variable Insurance Portfolios - Corporate Bond: Class II
- Ivy Variable Insurance Portfolios - Energy: Class II
- Ivy Variable Insurance Portfolios - Global Bond: Class II

- Ivy Variable Insurance Portfolios - Global Equity Income: Class II
- Ivy Variable Insurance Portfolios - Global Growth: Class II
- Ivy Variable Insurance Portfolios - Government Money Market: Class II
- Ivy Variable Insurance Portfolios - Growth: Class II
- Ivy Variable Insurance Portfolios - High Income: Class II
- Ivy Variable Insurance Portfolios - International Core Equity: Class II
- Ivy Variable Insurance Portfolios - Limited-Term Bond: Class II
- Ivy Variable Insurance Portfolios - Mid Cap Growth: Class II
- Ivy Variable Insurance Portfolios - Natural Resources: Class II
- Ivy Variable Insurance Portfolios - Pathfinder Aggressive: Class II
- Ivy Variable Insurance Portfolios - Pathfinder Conservative: Class II
- Ivy Variable Insurance Portfolios - Pathfinder Moderate - Managed Volatility: Class II
- Ivy Variable Insurance Portfolios - Pathfinder Moderate: Class II
- Ivy Variable Insurance Portfolios - Pathfinder Moderately Aggressive - Managed Volatility: Class II
- Ivy Variable Insurance Portfolios - Pathfinder Moderately Aggressive: Class II
- Ivy Variable Insurance Portfolios - Pathfinder Moderately Conservative - Managed Volatility: Class II
- Ivy Variable Insurance Portfolios - Pathfinder Moderately Conservative: Class II
- Ivy Variable Insurance Portfolios - Science and Technology: Class II
- Ivy Variable Insurance Portfolios - Securian Real Estate Securities: Class II
- Ivy Variable Insurance Portfolios - Small Cap Core: Class II
- Ivy Variable Insurance Portfolios - Small Cap Growth: Class II
- Ivy Variable Insurance Portfolios - Value: Class II
- Nationwide Variable Insurance Trust - NVIT Investor Destinations Aggressive Fund: Class II
- Nationwide Variable Insurance Trust - NVIT Investor Destinations Balanced Fund: Class II
- Nationwide Variable Insurance Trust - NVIT Investor Destinations Capital Appreciation Fund: Class II
- Nationwide Variable Insurance Trust - NVIT Investor Destinations Conservative Fund: Class II
- Nationwide Variable Insurance Trust - NVIT Investor Destinations Managed Growth & Income Fund: Class II
- Nationwide Variable Insurance Trust - NVIT Investor Destinations Managed Growth Fund: Class II
- Nationwide Variable Insurance Trust - NVIT Investor Destinations Moderate Fund: Class II
- Nationwide Variable Insurance Trust - NVIT Investor Destinations Moderately Aggressive Fund: Class II
- Nationwide Variable Insurance Trust - NVIT Investor Destinations Moderately Conservative Fund: Class II

Purchase payments not allocated to the underlying mutual funds may be allocated to the Fixed Account and/or the Guaranteed Term Options.

Beginning on January 1, 2021, as permitted by regulations adopted by the SEC, Nationwide may discontinue mailing paper copies of shareholder reports for underlying mutual funds available under the contract unless the Contract Owner specifically requests that paper copies continue to be delivered. Instead, the shareholder reports will be made available on a website. Nationwide will notify Contract Owners by mail each time a shareholder report is posted and will provide a website link to access the report. Instructions for requesting paper copies will also be included in the notice.

Contracts where the Contract Owner already elected to receive shareholder reports electronically will not be affected by this change and no action is required. To elect to receive shareholder reports and other communications from Nationwide electronically, contact the Service Center (see *Contacting the Service Center*).

Contract Owners may elect to receive all future shareholder reports in paper free of charge. To do so, Contract Owners should contact the Service Center to inform Nationwide that paper copies of shareholder reports should continue to be delivered. Any election to receive shareholder reports in paper will apply to all underlying funds available under the contract.

## Glossary of Special Terms

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**Accumulation Unit** – An accounting unit of measure used to calculate the Contract Value allocated to the Variable Account before the Annuitization Date.

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**Annuitant** – The person(s) whose length of life determines how long annuity payments are paid.

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**Annuitization Date** – The date on which annuity payments begin.

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**Annuity Commencement Date** – The date on which annuity payments are scheduled to begin.

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**Annuity Unit** – An accounting unit of measure used to calculate the value of variable annuity payments.

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**Charitable Remainder Trust** – A trust meeting the requirements of Section 664 of the Internal Revenue Code.

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**Co-Annuitant** – The person designated by the Contract Owner to receive the benefit associated with the Spousal Protection Annuity Option.

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**Contingent Annuitant** – The individual who becomes the Annuitant if the Annuitant dies before the Annuitization Date.

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**Contract Anniversary** – Each recurring one-year anniversary of the date the contract was issued.

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**Contract Owner(s)** – The person(s) who owns all rights under the contract.

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**Contract Value** – The value of all Accumulation Units in a contract plus any amount held in the Fixed Account, the GTOs, and the collateral fixed account.

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**Contract Year** – Each year the contract is in force beginning with the date the contract is issued.

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**Current Income Benefit Base** – For purposes of the 10% Nationwide Lifetime Income Rider, 7% Nationwide Lifetime Income Rider, and 5% Nationwide Lifetime Income Rider, it is equal to the Original Income Benefit Base adjusted throughout the life of the contract to account for subsequent purchase payments, excess withdrawals, and reset opportunities. This amount is multiplied by the Lifetime Withdrawal Percentage to arrive at the Lifetime Withdrawal Amount for any given year.

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**Daily Net Assets** – A figure that is calculated at the end of each Valuation Date and represents the sum of all the Contract Owners' interests in the Sub-Accounts after the deduction of underlying mutual fund expenses.

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**Fixed Account** – An investment option that is funded by Nationwide's General Account. Amounts allocated to the Fixed Account will receive periodic interest subject to a guaranteed minimum crediting rate.

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**General Account** – All assets of Nationwide other than those of the Variable Account or in other separate accounts of Nationwide.

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**Guaranteed Term Options ("GTOs")** – Investment options that provide a guaranteed fixed interest rate paid over specific term duration and contain a market value adjustment feature.

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**Individual Retirement Account** – An account that qualifies for favorable tax treatment under Section 408(a) of the Internal Revenue Code, but does not include Roth IRAs.

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**Individual Retirement Annuity or IRA** – An annuity contract that qualifies for favorable tax treatment under Section 408(b) of the Internal Revenue Code, but does not include Roth IRAs or Simple IRAs.

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**Investment-Only Contract** – A contract purchased by a qualified pension, profit-sharing, or stock bonus plan as defined by Section 401(a) of the Internal Revenue Code.

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**Lifetime Withdrawal** – For purposes of the 10% Nationwide Lifetime Income Rider, 7% Nationwide Lifetime Income Rider, and 5% Nationwide Lifetime Income Rider, it is a withdrawal of all or a portion of the Lifetime Withdrawal Amount.

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**Lifetime Withdrawal Amount** – For purposes of the 10% Nationwide Lifetime Income Rider, 7% Nationwide Lifetime Income Rider, and 5% Nationwide Lifetime Income Rider, the maximum amount that can be withdrawn between Contract Anniversaries without reducing the Current Income Benefit Base. It is calculated annually, on each Contract Anniversary, by multiplying the Current Income Benefit Base by the Lifetime Withdrawal Percentage.

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**Lifetime Withdrawal Percentage** – An age-based percentage used to determine the Lifetime Withdrawal Amount under the 10% Nationwide Lifetime Income Rider, 7% Nationwide Lifetime Income Rider, and 5% Nationwide Lifetime Income Rider. The applicable percentage is multiplied by the Current Income Benefit Base to arrive at the Lifetime Withdrawal Amount for any given year.

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**Monthly Contract Anniversary** – Each recurring one-month anniversary of the date the contract was issued.

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**Nationwide** – Nationwide Life Insurance Company.

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**Net Asset Value** – The value of one share of an underlying mutual fund at the close of regular trading on the New York Stock Exchange.

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**Non-Qualified Contract** – A contract which does not qualify for favorable tax treatment as a Qualified Plan, IRA, Roth IRA, SEP IRA, Simple IRA, or Tax Sheltered Annuity.

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**Original Income Benefit Base** – For purposes of the 10% Nationwide Lifetime Income Rider, 7% Nationwide Lifetime Income Rider, and 5% Nationwide Lifetime Income Rider, the initial benefit base calculated on the date the option is elected, which is equal to the Contract Value.

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**Purchase Payment Credits or PPCs** – Additional credits that Nationwide will apply to a contract when cumulative purchase payments reach certain aggregate levels.

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**Qualified Plan** – A retirement plan that receives favorable tax treatment under Section 401 of the Internal Revenue Code, including Investment-Only Contracts. In this prospectus, all provisions applicable to Qualified Plans also apply to Investment-Only Contracts unless specifically stated otherwise.

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**Roth IRA** – An annuity contract that qualifies for favorable tax treatment under Section 408A of the Internal Revenue Code.

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**SEC** – Securities and Exchange Commission.

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**SEP IRA** – An annuity contract which qualifies for favorable tax treatment under Section 408(k) of the Internal Revenue Code.

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**Service Center** – The department of Nationwide responsible for receiving all service and transaction requests relating to the contract. For service and transaction requests submitted other than by telephone (including fax requests), the Service Center is Nationwide's mail and document processing facility. For service and transaction requests communicated by telephone, the Service Center is Nationwide's operations processing facility. Information on how to contact the Service Center is in the *Contacting the Service Center* provision.

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**Simple IRA** – An annuity contract which qualifies for favorable tax treatment under Section 408(p) of the Internal Revenue Code.

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**Sub-Accounts** – Divisions of the Variable Account, each of which invests in a single underlying mutual fund.

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**Target Term Option** – Investment options that are, in all material respects, the same as Guaranteed Term Options. All references in this prospectus to Guaranteed Term Options will also mean Target Term Options (in applicable jurisdictions).

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**Tax Sheltered Annuity** – An annuity that qualifies for favorable tax treatment under Section 403(b) of the Internal Revenue Code. The Tax Sheltered Annuities sold under this prospectus are not available in connection with investment plans that are subject to ERISA.

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**Valuation Date** – Each day the New York Stock Exchange is open for business or any other day during which there is a sufficient degree of trading such that the current Net Asset Value of the underlying mutual fund shares might be materially affected. Values of the Variable Account are determined as of the close of regular trading on the New York Stock Exchange, which generally closes at 4:00 p.m. EST.

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**Valuation Period** – The period of time commencing at the close of a Valuation Date and ending at the close of regular trading on the New York Stock Exchange for the next succeeding Valuation Date.

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**Variable Account** – Nationwide Variable Account-12, a separate account that Nationwide established to hold Contract Owner assets allocated to variable investment options. The Variable Account is divided into Sub-Accounts, each of which invests in a separate underlying mutual fund.

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## Contract Expenses

The following tables describe the fees and expenses that a Contract Owner will pay when buying, owning, or surrendering the contract.

The first table describes the fees and expenses a Contract Owner will pay at the time the contract is purchased, surrendered, or when cash value is transferred between investment options.

<b>Contract Owner Transaction Expenses</b>									
<b>Maximum Contingent Deferred Sales Charge ("CDSC")</b> (as a percentage of purchase payments surrendered) . . . . .									8% <sup>1</sup>
Range of CDSC over time:									
<b>Number of Completed Years from Date of Purchase Payment</b>	<b>0</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>8</b>
<b>CDSC Percentage</b>	<b>8%</b>	<b>8%</b>	<b>7%</b>	<b>7%</b>	<b>6%</b>	<b>5%</b>	<b>4%</b>	<b>2%</b>	<b>0%</b>
Some state jurisdictions require a lower CDSC schedule. Please refer to your contract for state specific information.									
<b>Maximum Loan Processing Fee</b> . . . . .									\$25 <sup>2</sup>
<b>Maximum Premium Tax Charge</b> (as a percentage of purchase payments). . . . .									5% <sup>3</sup>

The next table describes the fees and expenses that a Contract Owner will pay periodically during the life of the contract (not including underlying mutual fund fees and expenses).

<b>Recurring Contract Expenses</b>	
<b>Maximum Annual Contract Maintenance Charge</b> . . . . .	\$50 <sup>4</sup>
<b>Annual Loan Interest Charge</b> . . . . .	2.25% <sup>5</sup>
<b>Variable Account Annual Expenses</b> (assessed as an annualized percentage of Daily Net Assets)	
<b>Mortality and Expense Risk Charge</b> . . . . .	1.05%
<b>Administrative Charge</b> . . . . .	0.20%
<b>Death Benefit Options</b> (eligible applicants may purchase one as a replacement for the standard death benefit)	
<b>Five-Year Enhanced Death Benefit Option</b> . . . . .	0.05%
Total Variable Account Charges (including this option only) . . . . .	1.30%
<b>One-Year Enhanced Death Benefit Option</b> . . . . .	0.15%
Total Variable Account Charges (including this option only) . . . . .	1.40%
<b>One-Month Enhanced Death Benefit Option</b> . . . . .	0.30%
Total Variable Account Charges (including this option only) . . . . .	1.55%
<b>Combination Enhanced Death Benefit Option</b> . . . . .	0.40% <sup>6</sup>
Total Variable Account Charges (including this option only) . . . . .	1.65%
<b>Spousal Protection Annuity Option</b> . . . . .	0.10%
Total Variable Account Charges (including this option only) . . . . .	1.35%
<b>Beneficiary Protector II Option</b> . . . . .	0.35%
Total Variable Account Charges (including this option only) . . . . .	1.60%
In addition to the charge assessed to Variable Account allocations, allocations made to the Fixed Account or to the Guaranteed Term Options will be assessed a fee of 0.35%.	
<b>Extra Value Options</b> (eligible applicants may purchase one option)	
<b>3% Extra Value Option</b> . . . . .	0.50% <sup>7</sup>
Total Variable Account Charges (including this option only) . . . . .	1.75%
In addition to the charge assessed to Variable Account allocations, allocations made to the Fixed Account and the Guaranteed Term Options for the first 8 Contract Years will be assessed a fee of 0.50% by decreasing the interest we credit to amounts allocated to the Fixed Account or the Guaranteed Term Options.	
<b>4% Extra Value Option</b> . . . . .	0.60% <sup>8</sup>
Total Variable Account Charges (including this option only) . . . . .	1.85%
In addition to the charge assessed to Variable Account allocations, allocations made to the Fixed Account and the Guaranteed Term Options for the first 8 Contract Years will be assessed a fee of 0.60% by decreasing the interest we credit to amounts allocated to the Fixed Account or the Guaranteed Term Options.	
<b>Capital Preservation Plus Lifetime Income Option</b> . . . . .	1.00% <sup>9</sup>
Total Variable Account Charges (including this option only) . . . . .	2.25%
In addition to the charge assessed to Variable Account allocations, allocations made to the Guaranteed Term Options or Target Term Options will be assessed a fee of no more than 1.00% by decreasing the interest credited to amounts allocated to the Guaranteed Term Options/Target Term Options.	

<b>Recurring Contract Expenses</b>	
<b>Capital Preservation Plus Option</b> (no longer available for purchase) . . . . .	0.50%
Total Variable Account Charges (including this option only) . . . . .	1.75%
In addition to the charge assessed to Variable Account allocations, allocations made to the Guaranteed Term Options or Target Term Options will be assessed a fee of 0.50% by decreasing the interest credited to amounts allocated to the Guaranteed Term Options/Target Term Options.	
<b>Additional Optional Riders</b> with charges assessed annually as a percentage of Current Income Benefit Base <sup>10</sup>	
<b>Nationwide Lifetime Income Riders</b> (an applicant may purchase one option):	
<b>Maximum 5% Nationwide Lifetime Income Rider</b> (no longer available) . . . . .	1.00% <sup>11</sup>
<b>7% Nationwide Lifetime Income Rider</b> (only available in New York) . . . . .	1.00%
<b>10% Nationwide Lifetime Income Rider</b> . . . . .	1.20%
<b>Joint Option</b> (an applicant may purchase one option only if the corresponding Nationwide Lifetime Income Rider is elected):	
<b>Joint Option for the 5% Nationwide Lifetime Income Rider</b> (no longer available) . . . . .	0.15%
<b>Maximum Joint Option for the 7% Nationwide Lifetime Income Rider</b> (only available in New York) . . . . .	0.30% <sup>12</sup>
<b>Maximum Joint Option for the 10% Nationwide Lifetime Income Rider</b> (not available in New York) . . . . .	0.30% <sup>13</sup>

The next table shows the fees and expenses that a Contract Owner would pay if he/she elected all of the optional benefits under the contract (and the most expensive of mutually exclusive optional benefits).

<b>Summary of Maximum Contract Expenses</b>	
Mortality and Expense Risk Charge (applicable to all contracts) . . . . .	1.05%
Administrative Charge (applicable to all contracts) . . . . .	0.20%
Combination Enhanced Death Benefit Option . . . . .	0.40%
Spousal Protection Annuity Option . . . . .	0.10%
Beneficiary Protector II Option . . . . .	0.35%
4% Extra Value Option . . . . .	0.60%
10% Nationwide Lifetime Income Rider . . . . .	1.20%
Joint Option for the 10% Nationwide Lifetime Income Rider . . . . .	0.30%
<b>Maximum Possible Total Variable Account Charges</b> . . . . .	<b>4.20%</b>

- <sup>1</sup> The Internal Revenue Code may impose restrictions on surrenders from contracts issued as Tax Sheltered Annuities.
- <sup>2</sup> Nationwide will assess a loan processing fee at the time each new loan is processed.
- <sup>3</sup> Nationwide will charge between 0% and 5% of purchase payments for premium taxes levied by state or other government entities. The amount assessed to the contract will equal the amount assessed by the state or government entity.
- <sup>4</sup> The Contract Maintenance Charge is deducted annually from all contracts containing less than \$50,000 on each Contract Anniversary. This charge is permanently waived for any contract valued at \$50,000 or more on any Contract Anniversary. If assessed, the Contract Maintenance Charge is deducted proportionately from each Sub-Account, the Fixed Account, and the Guaranteed Term Options based on the value in each option as compared to the total Contract Value.
- <sup>5</sup> The loan interest rate is determined, based on market conditions, at the time of loan application or issuance. The loan balance in the collateral Fixed Account is credited with interest at 2.25% less than the loan interest rate. Thus, the net loan interest charge is an annual rate of 2.25%, which is applied against the outstanding loan balance.
- <sup>6</sup> The Combination Enhanced Death Benefit Option is only available for contracts with Annuitants age 80 or younger at the time of application.
- <sup>7</sup> Nationwide will discontinue deducting the charge associated with the 3% Extra Value Option 8 years from the date the contract was issued.
- <sup>8</sup> Nationwide will discontinue deducting the charge associated with the 4% Extra Value Option 8 years from the date the contract was issued.
- <sup>9</sup> For contracts issued on or after September 15, 2008 or the date of state approval (whichever is later): the current variable account charge associated with the Capital Preservation Plus Lifetime Income Option is equal to an annualized rate of 0.75% of the Daily Net Assets of the variable account and the Guaranteed Term Option/Target Term Option charge is equal to a reduction in crediting rates of 0.75%.  
  
For contracts issued before September 15, 2008 or the date of state approval (whichever is later): the current variable account charge associated with the Capital Preservation Plus Lifetime Income Option is equal to an annualized rate of 0.60% of the Daily Net Assets of the variable account and the Guaranteed Term Option/Target Term Option charge is equal to a reduction in crediting rates of 0.60%.

- <sup>10</sup> For information about how the Current Income Benefit Base is calculated, see *Determination of the Income Benefit Base Prior to the First Withdrawal*.
- <sup>11</sup> Currently, the charge associated with the 5% Nationwide Lifetime Income Rider is equal to 0.85% of the Current Income Benefit Base.
- <sup>12</sup> For contracts that elected the Joint Option for the 7% Nationwide Lifetime Income Rider on or after December 5, 2011, or the date of state approval (whichever is later), there is no charge associated with the Joint Option for the 7% Nationwide Lifetime Income Rider. For contracts that elected the Joint Option for the 7% Nationwide Lifetime Income Rider before December 5, 2011, or the date of state approval (whichever is later), the charge for the Joint Option for the 7% Nationwide Lifetime Income Rider is 0.15% of the Current Income Benefit Base.
- <sup>13</sup> For contracts issued on or after December 5, 2011, or the date of state approval (whichever is later), there is no charge associated with the Joint Option for the 10% Nationwide Lifetime Income Rider. For contracts issued before December 5, 2011, or the date of state approval (whichever is later), the charge for the Joint Option for the 10% Nationwide Lifetime Income Rider is 0.20% of the Current Income Benefit Base.

## Underlying Mutual Fund Annual Expenses

The next table provides the minimum and maximum total operating expenses, as of December 31, 2019, charged by the underlying mutual funds that the Contract Owner may pay periodically during the life of the contract. More detail concerning each underlying mutual fund's fees and expenses is contained in the prospectus for each underlying mutual fund.

Total Annual Underlying Mutual Fund Operating Expenses		
	Minimum	Maximum
(Expenses that are deducted from underlying mutual fund assets, including management fees, distribution (12b-1) fees, and other expenses, as a percentage of average underlying mutual fund assets.)	0.42%	1.35%

The minimum and maximum underlying mutual fund operating expenses indicated above do not reflect voluntary or contractual reimbursements and/or waivers applied to some underlying mutual funds. Therefore, actual expenses could be lower. Refer to the underlying mutual fund prospectuses for specific expense information.

### Example

This Example is intended to help Contract Owners compare the cost of investing in the contract with the cost of investing in other variable annuity contracts. These costs include Contract Owner transaction expenses, contract fees, Variable Account annual expenses, and underlying mutual fund fees and expenses. The Example does not reflect premium taxes which, if reflected, would result in higher expenses.

The Example assumes:

- a \$10,000 investment in the contract for the time periods indicated;
- a 5% return each year;
- the maximum and the minimum fees and expenses of any of the underlying mutual funds;
- Contingent Deferred Sales Charges;
- A \$50 Contract Maintenance Charge expressed as a percentage of the average contract account size; and
- the total Variable Account charges associated with the most expensive combination of optional benefits (4.20%).

For those contracts that do not elect the most expensive combination of optional benefits, the expenses would be lower.

	If you surrender your contract at the end of the applicable time period				If you annuitize your contract at the end of the applicable time period				If you do not surrender your contract			
	1 Yr.	3 Yrs.	5 Yrs.	10 Yrs.	1 Yr.	3 Yrs.	5 Yrs.	10 Yrs.	1 Yr.	3 Yrs.	5 Yrs.	10 Yrs.
Maximum Total Underlying Mutual Fund Operating Expenses (1.35%) .....	\$1,435	\$2,580	\$3,591	\$5,979	*	\$1,880	\$3,091	\$5,979	\$635	\$1,880	\$3,091	\$5,979

	If you surrender your contract at the end of the applicable time period				If you annuitize your contract at the end of the applicable time period				If you do not surrender your contract			
	1 Yr.	3 Yrs.	5 Yrs.	10 Yrs.	1 Yr.	3 Yrs.	5 Yrs.	10 Yrs.	1 Yr.	3 Yrs.	5 Yrs.	10 Yrs.
Minimum Total Underlying Mutual Fund Operating Expenses (0.42%) .....	\$1,338	\$2,307	\$3,168	\$5,286	*	\$1,607	\$2,668	\$5,286	\$538	\$1,607	\$2,668	\$5,286

\* The contracts sold under this prospectus do not permit annuitization during the first two Contract Years.

## Synopsis of the Contracts

The annuity described in this prospectus is intended to provide benefits to a single or joint owner and his/her beneficiaries. The contracts described in this prospectus are Individual Flexible Premium Deferred Variable Annuity Contracts.

The contracts can be categorized as:

- Charitable Remainder Trusts
- Individual Retirement Annuities ("IRAs")
- Investment-Only Contracts (Qualified Plans)
- Non-Qualified Contracts
- Roth IRAs
- Simplified Employee Pension IRAs ("SEP IRAs")
- Simple IRAs
- Tax Sheltered Annuities (non-ERISA)

Nationwide no longer issues the contract as a Tax Sheltered Annuity, except to participants in ERISA and ORP plans that have purchased a Nationwide individual annuity contract before September 25, 2007.

For more detailed information about the differences in contract types, see *Appendix C: Contract Types and Tax Information*.

The contracts described in this prospectus are no longer available for purchase.

## Surrenders/Withdrawals

Contract Owners may generally withdraw some or all of their Contract Value at any time prior to annuitization by notifying the Service Center in writing (see *Surrender/Withdrawal Prior to Annuitization*). After the Annuitization Date, withdrawals are not permitted (see *Surrender/Withdrawal After Annuitization*).

## Minimum Initial and Subsequent Purchase Payments

All purchase payments must be paid in the currency of the United States of America. For Non-Qualified Contracts and Charitable Remainder Trusts, the minimum initial purchase payment is \$10,000. For all other contract types, the minimum initial purchase payment is \$1,000. A Contract Owner will meet the minimum initial purchase payment requirement if purchase payments equal to the required minimum are made over the course of the first Contract Year. The minimum subsequent purchase payment is \$1,000. However, for subsequent purchase payments sent via electronic deposit, the minimum subsequent purchase payment is \$50.

Some states have different minimum initial and subsequent purchase payment amounts, and subsequent purchase payments may not be permitted in all states. Contact the Service Center for information on initial and subsequent purchase payment requirements in a particular state.

Some optional benefits may restrict the Contract Owner's ability to make subsequent purchase payments.

Credits applied to the contract cannot be used to meet the minimum purchase payment requirements.

Extra Value Option credits may not be used to meet minimum purchase payment requirements.



**Nationwide reserves the right to refuse any purchase payment that would result in the cumulative total for all contracts issued by Nationwide or its affiliates or subsidiaries on the life of any one Annuitant or owned by any one Contract Owner to exceed \$1,000,000.** Its decision as to whether or not to accept a purchase payment in excess of that amount will be based on one or more factors, including, but not limited to: age, spouse age (if applicable), Annuitant age, state of issue, total purchase payments, optional benefits elected, current market conditions, and current hedging costs. All such decisions will be based on internally established actuarial guidelines and will be applied in a non-discriminatory manner. In the event that Nationwide does not accept a purchase payment under these guidelines, the purchase payment will be immediately returned in its entirety in the same manner as it was received. If Nationwide accepts the purchase payment, it will be applied to the contract immediately and will receive the next calculated Accumulation Unit value. Any references in this prospectus to purchase payment amounts in excess of \$1,000,000 are assumed to have been approved by Nationwide.

Nationwide prohibits subsequent purchase payments made after death of the Contract Owner(s), the Annuitant, or Co-Annuitant. If upon notification of death of the Contract Owner(s), the Annuitant, or Co-Annuitant, it is determined that death occurred prior to a subsequent purchase payment being made, Nationwide reserves the right to return the purchase payment.

## **Dollar Limit Restrictions**

Certain features of the contract have additional purchase payment and/or Contract Value limitations associated with them:

*Annuitization.* Annuity payment options will be limited if the Contract Owner submits total purchase payments in excess of \$2,000,000. Furthermore, if the amount to be annuitized is greater than \$5,000,000, Nationwide may limit both the amount that can be annuitized on a single life and the annuity payment options (see *Annuity Payment Options*).

*Death Benefit Calculations.* Purchase payments up to \$3,000,000 may result in a higher death benefit payment than purchase payments in excess of \$3,000,000 (see *Death Benefit Calculations*).

*Subsequent Purchase Payments.* If the Contract Owner elects the 10% Nationwide Lifetime Income Rider, 7% Nationwide Lifetime Income Rider, or 5% Nationwide Lifetime Income Rider, effective July 15, 2013, subsequent purchase payments are limited to an aggregate total of \$50,000 per calendar year.

## **Credits on Purchase Payments**

Purchase Payment Credits ("PPCs") are additional credits that Nationwide will apply to a contract when cumulative purchase payments reach certain aggregate levels.

Each time a Contract Owner submits a purchase payment, Nationwide will perform a calculation to determine if and how many PPCs are payable as a result of that particular deposit. For purposes of all benefits and taxes under these contracts, PPCs are considered earnings, not purchase payments, and they will be allocated in the same proportion that purchase payments are allocated on the date the PPCs are applied.

If the Contract Owner cancels the contract pursuant to the contractual free look provision, Nationwide will recapture all PPCs applied to the contract. In those states that require the return of purchase payments for IRAs that are surrendered pursuant to the contractual free look, Nationwide will recapture all PPCs, but under no circumstances will the amount returned to the Contract Owner be less than the purchase payments made to the contract. In those states that allow a return of Contract Value, the Contract Owner will retain any earnings attributable to the PPCs, but all losses attributable to the PPCs will be incurred by Nationwide. After the end of the contractual free look period, all PPCs are fully vested and not subject to recapture.

## **Mortality and Expense Risk Charge**

Nationwide deducts a Mortality and Expense Risk Charge equal to an annualized rate of 1.05% of the Daily Net Assets. The Mortality and Expense Risk Charge compensates Nationwide for providing the insurance benefits under the contract, including the contract's standard death benefit. It also compensates Nationwide for assuming the risk that Annuitants will live longer than assumed. Finally, the Mortality and Expense Risk Charge compensates Nationwide for guaranteeing that charges will not increase regardless of actual expenses. Nationwide may realize a profit from this charge.

## **Administrative Charge**

Nationwide deducts an Administrative Charge equal to an annualized rate of 0.20% of the Daily Net Assets. The Administrative Charge reimburses Nationwide for administrative costs it incurs resulting from providing contract benefits, including preparation of the contract and prospectus, confirmation statements, annual account statements and annual reports, legal and accounting fees, as well as various related expenses. Nationwide may realize a profit from this charge.

## **Contract Maintenance Charge**

A \$50 Contract Maintenance Charge is assessed on each Contract Anniversary and upon full surrender of the contract. If on any Contract Anniversary (or on the date of a full surrender) the Contract Value is \$50,000 or more, Nationwide will waive the Contract Maintenance Charge from that point forward.

## **Contingent Deferred Sales Charge**

Nationwide does not deduct a sales charge from purchase payments upon deposit into the contract. However, Nationwide may deduct a Contingent Deferred Sales Charge ("CDSC") if any amount is withdrawn from the contract. This CDSC reimburses Nationwide for sales expenses. The amount of the CDSC will not exceed 8% of purchase payments withdrawn.

## **Death Benefit Options**

The contract contains a standard death benefit (the greater of (i) Contract Value or (ii) net purchase payments) at no additional charge. Optional death benefits are also available for an additional charge, which may provide a greater death benefit than the standard death benefit.

In lieu of the standard death benefit, an applicant may elect one of the following death benefit options at the time of application:

- The Five-Year Enhanced Death Benefit Option is available at the time of application. The charge for this option is equal to 0.05% of the Daily Net Assets.
- The One-Year Enhanced Death Benefit Option is available at the time of application. The charge for this option is equal to 0.15% of the Daily Net Assets.
- The One-Month Enhanced Death Benefit Option is available at the time of application. The charge for this option is equal to 0.30% of the Daily Net Assets.
- The Combination Enhanced Death Benefit Option is available for contracts with Annuitants age 80 or younger at the time of application. The charge for this option is equal to 0.40% of the Daily Net Assets.

## **Spousal Protection Annuity Option**

A Spousal Protection Annuity Option is available under the contract at the time of application, which allows a surviving spouse to continue the contract while receiving the economic benefit of the death benefit upon the death of the other spouse. Once elected, the Spousal Protection Annuity Option is irrevocable. If an applicant elects the Spousal Protection Annuity Option, Nationwide will deduct an additional charge at an annualized rate of 0.10% of the Daily Net Assets. The charge associated with this option is calculated and deducted daily as part of the Accumulation Unit value calculation, and will be assessed until annuitization. The Spousal Protection Annuity Option is not available for contracts issued as Charitable Remainder Trusts. Nationwide may realize a profit from the charge assessed for this option.

## **Beneficiary Protector II Option**

An applicant may elect the Beneficiary Protector II Option at the time of application. This option provides that upon the death of the Annuitant (and potentially, the Co-Annuitant, if one is named), and in addition to any death benefit payable, Nationwide will credit an additional amount to the contract (the "benefit"). This benefit would be advantageous if the Contract Owner anticipates the assessment of taxes in connection with payment of the death benefit proceeds. This option is only available for contracts with Annuitants age 75 or younger at the time of application. If the applicant elects the Beneficiary Protector II Option, Nationwide will deduct an additional charge at an annualized rate of 0.35% of the Daily Net Assets. Additionally, allocations made to the Fixed Account and GTOs will be assessed a fee of 0.35%.

## Extra Value Options

The contract offers Extra Value Options, one of which may be elected at the time of application. Each option credits an additional amount to the contract when purchase payments are applied during the first Contract Year. All credits are subject to recapture in the event of early withdrawal. The available options are:

- The 3% Extra Value Option applies a credit in the amount of 3% of purchase payments applied during the first Contract Year. The charge for this option is assessed for the first eight Contract Years and is equal to 0.50% of the Daily Net Assets. In addition, allocations to the Fixed Account and the GTOs will be assessed a charge equal to 0.50%.
- The 4% Extra Value Option applies a credit in the amount of 4% of purchase payments applied during the first Contract Year. The charge for this option is assessed for the first eight Contract Years and is equal to 0.60% of the Daily Net Assets. In addition, allocations to the Fixed Account and the GTOs will be assessed a charge equal to 0.60%.

## Capital Preservation Plus Option

The Capital Preservation Plus Option is no longer available for election under the contract and has been replaced with the Capital Preservation Plus Lifetime Income Option effective March 1, 2005 (or thereafter upon state approval of the Capital Preservation Plus Lifetime Income Option). For contracts with the Capital Preservation Plus Option, Nationwide will deduct an additional charge at an annualized rate of 0.50% of the Daily Net Assets. Additionally, allocations made to the GTOs will be assessed a fee of 0.50%.

## Capital Preservation Plus Lifetime Income Option

The Capital Preservation Plus Lifetime Income Option is only available under the contract at the time of application for contracts issued prior to January 12, 2009. After January 12, 2009, the Capital Preservation Plus Lifetime Income Option is only available to those Contract Owners that previously elected the Capital Preservation Plus Option. The Contract Owner (or the Annuitant in the case of a non-natural Contract Owner) must be age 35 or older at the time of application. The Capital Preservation Plus Lifetime Income Option may not be elected if any of the following optional benefits are elected: the Capital Preservation Plus Option, a Nationwide Lifetime Income Rider, or an Extra Value Option.

If the Capital Preservation Plus Lifetime Income Option is elected, Nationwide will deduct an additional charge at an annualized rate not to exceed 1.00% of the Daily Net Assets. Additionally, allocations to the Guaranteed Term Options will be assessed a fee of not more than 1.00%.

- For contracts issued on or after September 15, 2008 or the date of state approval (whichever is later), the current charge associated with the Capital Preservation Plus Lifetime Income Option is equal to an annualized rate of 0.75% of the Daily Net Assets and the Guaranteed Term Option charge is equal to 0.75%.
- For contracts issued before September 15, 2008 or the date of state approval (whichever is later), the current charge associated with the Capital Preservation Plus Lifetime Income Option is equal to an annualized rate of 0.60% of the Daily Net Assets and the Guaranteed Term Option charge is equal to 0.60%.

## 10% Nationwide Lifetime Income Rider (formerly the 10% Lifetime Income Option)

The 10% Nationwide Lifetime Income Rider provides for Lifetime Withdrawals, up to a certain amount each year, even after the Contract Value is \$0, provided that the Contract Owner does not deplete the Current Income Benefit Base by taking excess withdrawals. Investment restrictions apply. Additionally, if the Contract Owner delays taking withdrawals for 10 years, Nationwide will guarantee that the Current Income Benefit Base on the 10<sup>th</sup> Contract Anniversary will be no less than the Original Income Benefit Base plus simple interest at a rate of 10% annually for each of those 10 years. The 10% Nationwide Lifetime Income Rider is available under the contract at the time of application. The Contract Owner (or the Annuitant in the case of a non-natural Contract Owner) must be between age 45 and 85 at the time of application. For contracts issued in the State of New York, the Contract Owner (or the Annuitant in the case of a non-natural Contract Owner) must be between age 50 and 85 at the time of application. The 10% Nationwide Lifetime Income Rider may not be elected if any of the following optional benefits are elected: another Nationwide Lifetime Income Rider, the Capital Preservation Plus Lifetime Income Option, or an Extra Value Option.

If the 10% Nationwide Lifetime Income Rider is elected, Nationwide will deduct an additional charge not to exceed 1.20% of the Current Income Benefit Base, which is the amount upon which the Lifetime Withdrawal Amount is based. For contracts issued on or after January 24, 2011, the current charge for the 10% Nationwide Lifetime Income Rider is 1.20%

of the Current Income Benefit Base. For contracts issued before January 24, 2011, the current charge for the 10% Nationwide Lifetime Income Rider is 1.00% of the Current Income Benefit Base. The charge is deducted on each Contract Anniversary and is taken from the Sub-Accounts proportionally based on contract allocations at the time the charge is deducted.

Election of the 10% Nationwide Lifetime Income Rider requires that the Contract Owner, until annuitization, allocate the entire Contract Value to a limited set of investment options. If the Contract Value is greater than \$0, Lifetime Withdrawals are paid from the Contract Owner's Contract Value. If the Contract Value is equal to or less than \$0, Lifetime Withdrawals are paid from Nationwide's General Account. Lifetime Withdrawals paid from the General Account are subject to Nationwide's creditors and ultimately, its overall claims paying ability. **The cost of the 10% Nationwide Lifetime Income Rider may exceed the benefit.**

### **7% Nationwide Lifetime Income Rider (formerly the 7% Lifetime Income Option)**

The 7% Nationwide Lifetime Income Rider provides for Lifetime Withdrawals, up to a certain amount each year, even after the Contract Value is \$0, provided that the Contract Owner does not deplete the Current Income Benefit Base by taking excess withdrawals. Investment restrictions apply. Additionally, if the Contract Owner delays taking Lifetime Withdrawals for 10 years, Nationwide will guarantee that the Current Income Benefit Base on the 10<sup>th</sup> Contract Anniversary will be no less than the Original Income Benefit Base plus simple interest at a rate of 7% annually for each of those 10 years. For contracts issued on or after January 24, 2011, the 7% Nationwide Lifetime Income Rider is available for election only for contracts issued in the State of New York and must be elected at the time of application. For contracts issued before January 24, 2011, the 7% Nationwide Lifetime Income Rider was available in all states (subject to state approval) and must have been elected at the time of application. The Contract Owner (or the Annuitant in the case of a non-natural Contract Owner) must be between age 50 and 85 at the time of application (for contracts issued prior to January 24, 2011, the Contract Owner must have been between 45 and 85 at the time of application). The 7% Nationwide Lifetime Income Rider may not be elected if a loan is outstanding or if any of the following optional benefits are elected: another Nationwide Lifetime Income Rider, the Capital Preservation Plus Lifetime Income Option, or an Extra Value Option.

If the 7% Nationwide Lifetime Income Rider is elected, Nationwide will deduct an additional charge not to exceed 1.00% of the Current Income Benefit Base, which is the amount upon which the Lifetime Withdrawal Amount is based. For contracts that elect the 7% Nationwide Lifetime Income Rider on or after December 5, 2011, or the date of state approval (whichever is later), the current charge is 1.00% of the Current Income Benefit Base. For contracts that elected the 7% Nationwide Lifetime Income Rider before December 5, 2011, or the date of state approval (whichever is later), the current charge is 0.95% of the Current Income Benefit Base. The charge is deducted on each Contract Anniversary and is taken from the Sub-Accounts proportionally based on contract allocations at the time the charge is deducted.

Election of the 7% Nationwide Lifetime Income Rider requires that the Contract Owner, until annuitization, allocate the entire Contract Value to a limited set of investment options. If the Contract Value is greater than \$0, Lifetime Withdrawals are paid from the Contract Owner's Contract Value. If the Contract Value is equal to or less than \$0, Lifetime Withdrawals are paid from Nationwide's General Account. Lifetime Withdrawals paid from the General Account are subject to Nationwide's creditors and ultimately, its overall claims paying ability. **The cost of the 7% Nationwide Lifetime Income Rider may exceed the benefit.**

### **5% Nationwide Lifetime Income Rider (formerly the 5% Lifetime Income Option)**

For contracts issued before May 1, 2007, the 5% Nationwide Lifetime Income Rider is available for election at any time. For all other contracts, the 5% Nationwide Lifetime Income Rider is not available for election. The 5% Nationwide Lifetime Income Rider provides for Lifetime Withdrawals, up to a certain amount each year, even after the Contract Value is \$0, provided that the Contract Owner does not deplete the Current Income Benefit Base by taking excess withdrawals. Investment restrictions apply. Additionally, if the Contract Owner delays taking Lifetime Withdrawals for 10 years, Nationwide will guarantee that the Current Income Benefit Base on the 10<sup>th</sup> Contract Anniversary will be no less than the Original Income Benefit Base plus simple interest at a rate of 5% annually for each of those 10 years. The Contract Owner (or the Annuitant in the case of a non-natural Contract Owner) must be between age 45 and 85 at the time of application. The 5% Nationwide Lifetime Income Rider may not be elected if a loan is outstanding or if any of the following optional benefits are elected: another Nationwide Lifetime Income Rider, the Capital Preservation Plus Lifetime Income Option, or an Extra Value Option.

If the 5% Nationwide Lifetime Income Rider is elected, Nationwide will deduct an additional charge not to exceed 1.00% of the Current Income Benefit Base, which is the amount upon which the Lifetime Withdrawal Amount is based. Currently, the charge for the 5% Nationwide Lifetime Income Rider is 0.85% of the Current Income Benefit Base. The charge is deducted on each anniversary of the date the option was elected and is taken from the Sub-Accounts proportionally based on contract allocations at the time the charge is deducted.

Election of the 5% Nationwide Lifetime Income Rider requires that the Contract Owner, until annuitization, allocate the entire Contract Value to a limited set of investment options. If the Contract Value is greater than \$0, Lifetime Withdrawals are paid from the Contract Owner's Contract Value. If the Contract Value is equal to or less than \$0, Lifetime Withdrawals are paid from Nationwide's General Account. Lifetime Withdrawals paid from the General Account are subject to Nationwide's creditors and ultimately, its overall claims paying ability. **The cost of the 5% Nationwide Lifetime Income Rider may exceed the benefit.**

### **Joint Option for the 10% Nationwide Lifetime Income Rider (formerly the 10% Spousal Continuation Benefit)**

The Joint Option for the 10% Nationwide Lifetime Income Rider ("Joint Option") allows a surviving spouse to continue to receive, for the duration of his/her lifetime, the benefit associated with the 10% Nationwide Lifetime Income Rider, provided that certain conditions are satisfied. The Joint Option is only available for election if and when the 10% Nationwide Lifetime Income Rider is elected. The Joint Option for the 10% Nationwide Lifetime Income Rider is not available for contracts issued in the State of New York.

If the Joint Option is elected, Nationwide will deduct an additional charge not to exceed 0.30% of the Current Income Benefit Base. For contracts issued on or after December 5, 2011, or the date of state approval (whichever is later), no additional charge is associated with election of the Joint Option. However, Nationwide will reduce the Lifetime Withdrawal Percentages associated with the 10% Nationwide Lifetime Income Rider. For contracts issued before December 5, 2011, or the date of state approval (whichever is later), the charge for the Joint Option is 0.20% of the Current Income Benefit Base and there is no reduction to the Lifetime Withdrawal Percentages. The Contract Owner's spouse (or the Annuitant's spouse in the case of a non-natural Contract Owner) must be between age 45 and 85 at the time of application. If assessed, the charge is deducted at the same time and in the same manner as the 10% Nationwide Lifetime Income Rider charge. **The cost of the Joint Option may exceed the benefit.**

### **Joint Option for the 7% Nationwide Lifetime Income Rider (formerly the 7% Spousal Continuation Benefit)**

The Joint Option for the 7% Nationwide Lifetime Income Rider ("Joint Option") allows a surviving spouse to continue to receive, for the duration of his/her lifetime, the benefit associated with the 7% Nationwide Lifetime Income Rider, provided that certain conditions are satisfied. The Joint Option is only available for election if and when the 7% Nationwide Lifetime Income Rider is elected. Effective January 24, 2011, the Joint Option is only available for contracts issued in the State of New York.

If the Joint Option is elected, Nationwide will deduct an additional charge not to exceed 0.30% of the Current Income Benefit Base. For contracts that elect the 7% Nationwide Lifetime Income Rider on or after December 5, 2011, or the date of state approval (whichever is later), no additional charge is associated with election of the Joint Option. However, Nationwide will reduce the Lifetime Withdrawal Percentages associated with the 7% Nationwide Lifetime Income Rider. For contracts that elected the Joint Option before December 5, 2011, or the date of state approval (whichever is later), the charge for the Joint Option is 0.15% of the Current Income Benefit Base and there is no reduction to the Lifetime Withdrawal Percentages. The Contract Owner's spouse (or the Annuitant's spouse in the case of a non-natural Contract Owner) must be between age 50 and 85 at the time of application (for contracts issued prior to January 24, 2011, the Contract Owner must have been between 45 and 85 at the time of application). If assessed, the charge is deducted at the same time and in the same manner as the 7% Nationwide Lifetime Income Rider charge. **The cost of the Joint Option may exceed the benefit.**

### **Joint Option for the 5% Nationwide Lifetime Income Rider (formerly the 5% Spousal Continuation Benefit)**

The Joint Option for the 5% Nationwide Lifetime Income Rider ("Joint Option") allows a surviving spouse to continue to receive, for the duration of his/her lifetime, the benefit associated with the 5% Nationwide Lifetime Income Rider, provided that certain conditions are satisfied. Effective January 24, 2011, the Joint Option is no longer available for election.

If the Joint Option is elected, Nationwide will deduct an additional charge not to exceed 0.15% of the Current Income Benefit Base. Currently, the charge for the Joint Option is 0.15% of the Current Income Benefit Base. The Contract Owner's spouse (or the Annuitant's spouse in the case of a non-natural Contract Owner) must be between age 45 and 85 at the time of application. If assessed, the charge is deducted at the same time and in the same manner as the 5% Nationwide Lifetime Income Rider charge. **The cost of the Joint Option may exceed the benefit.**

## Charges for Optional Benefits

Generally, the charges associated with optional benefits are only assessed prior to annuitization. However, certain optional benefits will assess the charge for a specified duration, even if the contract is annuitized:

- The charge for the 3% Extra Value Option will be assessed for eight years from the date the contract was issued.
- The charge for the 4% Extra Value Option will be assessed for eight years from the date the contract was issued.

## Underlying Mutual Fund Annual Expenses

The underlying mutual funds charge fees and expenses that are deducted from underlying mutual fund assets. These fees and expenses are in addition to the fees and expenses assessed by the contract. The prospectus for each underlying mutual fund provides information regarding the fees and expenses applicable to the fund.

## Annuity Payments

On the Annuitization Date, annuity payments begin (see *Annuitizing the Contract*). Annuity payments will be based on the annuity payment option chosen prior to annuitization. Nationwide will send annuity payments no later than seven days after each annuity payment date.

## Taxation

How distributions from an annuity contract are taxed depends on the type of contract issued and the purpose for which the contract is purchased. Generally, distributions from an annuity contract, including the payment of death benefits, are taxable to the extent the cash value exceeds the investment in the contract (see *Appendix C: Contract Types and Tax Information*). Nationwide will charge against the contract any premium taxes levied by any governmental authority. Premium tax rates currently range from 0% to 5% (see *Premium Taxes* and *Appendix C: Contract Types and Tax Information*).

## Death Benefit

An applicant may elect either the standard death benefit (Return of Premium) or an available death benefit option that is offered under the contract for an additional charge. If no election is made at the time of application, the death benefit will be the standard death benefit.

## Cancellation of the Contract

Under state insurance laws, Contract Owners have the right, during a limited period of time, to examine their contract and decide if they want to keep it or cancel it. This right is referred to as a "free look" right. The length of this time period depends on state law and may vary depending on whether the purchase is a replacement of another annuity contract. For ease of administration, Nationwide will honor any free look cancellation request that is in good order and received at the Service Center or postmarked within 30 days after the contract issue date (see *Right to Examine and Cancel* and *Contacting the Service Center*).

If the Contract Owner elects to cancel the contract pursuant to the free look provision, where required by law, Nationwide will return the greater of the Contract Value or the amount of purchase payment(s) applied during the free look period, less any Extra Value Option credits, Purchase Payment Credits, withdrawals from the contract, and applicable federal and state income tax withholding. Otherwise, Nationwide will return the Contract Value, less any Extra Value Option credits, Purchase Payment Credits, withdrawals from the contract, and applicable federal and state income tax withholding (see *Right to Examine and Cancel*).

## Condensed Financial Information

The value of an Accumulation Unit is determined on the basis of changes in the per share value of the underlying mutual funds and the assessment of Variable Account charges which may vary from contract to contract (see *Determining the Contract Value*). Refer to *Appendix B: Condensed Financial Information* for information regarding the minimum and maximum class of Accumulation Unit values. All classes of Accumulation Unit values may be obtained free of charge by contacting the Service Center.

## Financial Statements

Financial statements for the Variable Account and financial statements and schedules of Nationwide are located in the Statement of Additional Information. A current Statement of Additional Information may be obtained, without charge, by contacting the Service Center.

## Nationwide Life Insurance Company

Nationwide, the depositor, is a stock life insurance company organized under Ohio law in March 1929, with its home office at One Nationwide Plaza, Columbus, Ohio 43215. Nationwide is a provider of life insurance, annuities, and retirement products. Nationwide is admitted to do business in all states, the District of Columbia, Guam, the U.S. Virgin Islands, and Puerto Rico.

Nationwide is a member of the Nationwide group of companies. Nationwide Mutual Insurance Company and Nationwide Mutual Fire Insurance Company (the "Companies") are the ultimate controlling persons of the Nationwide group of companies. The Companies were organized under Ohio law in December 1925 and 1933 respectively. The Companies engage in a general insurance and reinsurance business, except life insurance.

Nationwide intends to rely on the exemption provided by Rule 12h-7 under the Securities Exchange Act of 1934 ("1934 Act"). In reliance on the exemption provided by Rule 12h-7, Nationwide does not intend to file periodic reports as required under the 1934 Act.

## Waddell & Reed, Inc.

The contracts are distributed by the general distributor, Waddell & Reed, Inc., 6300 Lamar Avenue, Overland Park, Kansas 66202. Waddell & Reed, Inc. is not affiliated with Nationwide.

## Investing in the Contract

### The Variable Account and Underlying Mutual Funds

Nationwide Variable Account-12 is a variable account that invests in the underlying mutual funds listed in *Appendix A: Underlying Mutual Fund Information*. Nationwide established the Variable Account on July 10, 2001 pursuant to Ohio law. Although the Variable Account is registered with the SEC as a unit investment trust pursuant to the Investment Company Act of 1940 ("1940 Act"), the SEC does not supervise the management of Nationwide or the Variable Account.

Income, gains, and losses credited to or charged against the Variable Account reflect the Variable Account's own investment experience and not the investment experience of Nationwide's other assets. The Variable Account's assets are held separately from Nationwide's assets and are not chargeable with liabilities incurred in any other business of Nationwide. Nationwide is obligated to pay all amounts promised to Contract Owners under the contracts.

The Variable Account is divided into Sub-Accounts, each of which invests in shares of a single underlying mutual fund. Nationwide uses the assets of each Sub-Account to buy shares of the underlying mutual funds based on Contract Owner instructions.

Contract Owners receive underlying mutual fund prospectuses when they make their initial Sub-Account allocations and any time they change those allocations. **Contract Owners can obtain prospectuses for underlying mutual funds free of charge at any time by contacting the Service Center. Contract Owners should read these prospectuses carefully before investing.**

*Underlying mutual funds in the Variable Account are NOT publicly available mutual funds.* They are only available as investment options in variable life insurance policies or variable annuity contracts issued by life insurance companies, or in some cases, through participation in certain qualified pension or retirement plans.

The investment advisers of the underlying mutual funds may manage publicly available mutual funds with similar names and investment objectives. However, the underlying mutual funds are NOT the same as any publicly available mutual fund. Contract Owners should not compare the performance of a publicly available fund with the performance of underlying mutual funds participating in the Variable Account. The performance of the underlying mutual funds could differ substantially from that of any publicly available funds.

The particular underlying mutual funds available under the contract may change from time to time. Specifically, underlying mutual funds or underlying mutual fund share classes that are currently available may be removed or closed off to future investment. New underlying mutual funds or new share classes of currently available underlying mutual funds may be added. Contract Owners will receive notice of any such changes that affect their contract. The underlying mutual funds, which sell their shares to the Sub-Accounts pursuant to participation agreements, also may terminate these agreements and discontinue offering their shares to the Sub-Accounts.

### ***Voting Rights***

Contract Owners are not shareholders of the underlying mutual funds in which the Sub-Accounts invest; however, Contract Owners with assets allocated to Sub-Accounts are entitled to certain voting rights. Nationwide will vote underlying mutual fund shares at special shareholder meetings based on Contract Owner instructions. However, if the law changes and Nationwide is allowed to vote in its own right, it may elect to do so.

Contract Owners with voting interests in an underlying mutual fund will be notified of issues requiring shareholder vote as soon as possible before the shareholder meeting. Notification will contain proxy materials and a form with which to give Nationwide voting instructions. Nationwide will vote shares for which no instructions are received in the same proportion as those that are received. What this means is that when only a small number of Contract Owners vote, each vote has a greater impact on, and may control, the outcome.

The number of shares which a Contract Owner may vote is determined by dividing the cash value of the amount they have allocated to an underlying mutual fund by the Net Asset Value of that underlying mutual fund. Nationwide will designate a date for this determination not more than 90 days before the shareholder meeting.

### ***Material Conflicts***

The underlying mutual funds may be offered through separate accounts of other insurance companies, as well as through other separate accounts of Nationwide. Nationwide does not anticipate any disadvantages to this. However, it is possible that a conflict may arise between the interests of the Variable Account and one or more of the other separate accounts in which these underlying mutual funds participate.

Material conflicts may occur due to a change in law affecting the operations of variable life insurance policies and variable annuity contracts, or differences in the voting instructions of the Contract Owners and those of other companies. If a material conflict occurs, Nationwide will take whatever steps are necessary to protect Contract Owners and variable annuity payees, including withdrawal of the Variable Account from participation in the underlying mutual fund(s) involved in the conflict.

### ***Substitution of Securities***

Nationwide may substitute shares of another underlying mutual fund for shares already purchased or to be purchased in the future if either of the following occurs:

- (1) shares of a current underlying mutual fund are no longer available for investment; or
- (2) further investment in an underlying mutual fund is inappropriate.

Nationwide will not substitute shares of any underlying mutual fund in which the Sub-Accounts invest without any necessary prior approval of the appropriate state or federal regulatory authorities. All affected Contract Owners will be notified in the event there is a substitution, elimination, or combination of shares.

The substitute underlying mutual fund may have different fees and expenses. Substitution may be made with respect to existing investments or the investment of future purchase payments, or both. Nationwide may close Sub-Accounts to allocations of purchase payments or Contract Value, or both, at any time in its sole discretion. The underlying mutual funds, which sell their shares to the Sub-Accounts pursuant to participation agreements, also may terminate these agreements and discontinue offering their shares to the Sub-Accounts.



### ***Deregistration of the Variable Account***

Nationwide may deregister the Variable Account under the 1940 Act in the event the Variable Account meets an exemption from registration under the 1940 Act, if there are no shareholders in the separate account, or for any other purpose approved by the SEC.

No deregistration may take place without the prior approval of the SEC. All affected Contract Owners will be notified in the event Nationwide deregisters the Variable Account. If the Variable Account is deregistered, Nationwide's contractual obligations to the Contract Owner will continue.

If the Variable Account is deregistered, Nationwide's contractual obligations to the Contract Owner will continue.

### **Guaranteed Term Options**

Guaranteed Term Options or GTOs are separate investment options under the contract. The minimum amount that may be allocated to a GTO is \$1,000. Allocations to a Guaranteed Term Option are held in a separate account, established by Nationwide pursuant to Ohio law, to aid in the reserving and accounting for Guaranteed Term Option obligations. The separate account's assets are held separately from Nationwide's other assets and are not chargeable with liabilities incurred in any other business of Nationwide. However, Nationwide's General Account assets are available for the purpose of meeting the guarantees of any Guaranteed Term Option, subject to Nationwide's claims-paying ability. A Guaranteed Term Option prospectus should be read along with this prospectus. Guaranteed Term Options may not be available in every state.

Guaranteed Term Options provide a guaranteed rate of interest over four different maturity durations: three (3), five (5), seven (7) or ten (10) years. **Note:** The guaranteed term may last for up to three months beyond the 3, 5, 7, or 10-year period since every guaranteed term will end on the final day of a calendar quarter.

For the duration selected, Nationwide will declare a guaranteed interest rate. The guaranteed interest rate will be credited to amounts allocated to the Guaranteed Term Option unless the Contract Owner takes a withdrawal from their GTO allocation before the maturity date. If a withdrawal is taken before the maturity date, the withdrawal will be subject to a market value adjustment. A market value adjustment can increase or decrease the amount withdrawn depending on fluctuations in constant maturity treasury rates. No market value adjustment will be applied if Guaranteed Term Option allocations are held to maturity.

Because a market value adjustment can affect the value of a withdrawal, its effects should be carefully considered before surrendering or transferring from Guaranteed Term Options. The prospectus for the Guaranteed Term Options contains additional information and can be obtained free of charge by contacting the Service Center.

Guaranteed Term Options are available only during the accumulation phase of a contract. They are not available after the Annuitization Date. In addition, Guaranteed Term Options are not available for use with Asset Rebalancing, Dollar Cost Averaging programs, or Systematic Withdrawals.

### ***Target Term Options***

Due to certain state requirements, in some states, Nationwide uses Target Term Options instead of Guaranteed Term Options in connection with the Capital Preservation Plus Option and the Capital Preservation Plus Lifetime Income Option. Target Term Options are not available separate from the Capital Preservation Plus Option and the Capital Preservation Plus Lifetime Income Option.

For all material purposes, Guaranteed Term Options and Target Term Options are the same. Target Term Options are managed and administered identically to Guaranteed Term Options. The distinction is that the interest rate associated with Target Term Options is not guaranteed as it is in Guaranteed Term Options. However, because the options are managed and administered identically, the result to the investor is the same.

All references in this prospectus to Guaranteed Term Options in connection with the Capital Preservation Plus Option and the Capital Preservation Plus Lifetime Income Option will also mean Target Term Options (in applicable jurisdictions). Refer to the prospectus for the Guaranteed Term Options for more information.

### ***GTO Charges Assessed for Certain Optional Benefits***

For contracts with certain optional benefits elected, a charge is assessed to assets allocated to the Guaranteed Term Options by reducing the guaranteed rate of return. Consequently, the charge assessed for the optional benefit will result in a lower guaranteed rate of return (reduced by the amount of the charge).

- The Beneficiary Protector II Option has a GTO charge equal to 0.35%.
- The 3% Extra Value Option has a GTO charge equal to 0.50% for the first eight Contract Years.
- The 4% Extra Value Option has a GTO charge equal to 0.60% for the first eight Contract Years.
- The Capital Preservation Plus Option has a GTO charge equal to 0.50%.
- The Capital Preservation Plus Option has a GTO charge that will not exceed 1.00%. For contracts issued on or after the later of September 15, 2008, or the date of state approval (which ever comes last), the current GTO charge is 0.75%. For contracts issued before September 15, 2008, or the date of state approval (whichever comes last), the current GTO charge is 0.60%.

## The Fixed Account

The Fixed Account is an investment option that is funded by assets of Nationwide's General Account. The General Account contains all of Nationwide's assets other than those in this and other Nationwide separate accounts and is used to support Nationwide's annuity and insurance obligations. The General Account is not subject to the same laws as the Variable Account and the SEC has not reviewed material in this prospectus relating to the Fixed Account.

Purchase payments will be allocated to the Fixed Account by election of the Contract Owner. Nationwide reserves the right to limit or refuse purchase payments and/or transfers allocated to the Fixed Account at its sole discretion. Generally, Nationwide will invoke this right when interest rates are low by historical standards. Nationwide also reserves the right to limit the amount that can be transferred from the Fixed Account at the end of an interest rate guaranteed period. State law requires Nationwide to reserve the right to postpone payment or transfer out of the Fixed Account for a period of up to six months from the date of the withdrawal or transfer request. The Fixed Account may not be available in every state.

Under certain circumstances, Nationwide may restrict the allocation of purchase payments to the Fixed Account when an Extra Value Option is elected. These restrictions may be imposed at Nationwide's sole discretion when economic conditions are such that Nationwide is unable to recoup the cost of providing the up-front Extra Value Option credits.

The investment income earned by the Fixed Account will be allocated to the contracts at varying guaranteed interest rate(s) depending on the following categories of Fixed Account allocations:

- **New Money Rate** – The rate credited on the Fixed Account allocation when the contract is purchased or when subsequent purchase payments are made. Subsequent purchase payments may receive different New Money Rates than the rate when the contract was issued, since the New Money Rate is subject to change based on market conditions.
- **Variable Account to Fixed Rate** – Allocations transferred from any of the Sub-Accounts to the Fixed Account may receive a different rate. The rate may be lower than the New Money Rate. There may be limits on the amount and frequency of movements from the Sub-Accounts to the Fixed Account.
- **Renewal Rate** – The rate available for maturing Fixed Account allocations which are entering a new guarantee period. The Contract Owner will be notified of this rate in a letter issued with the quarterly statements when a Contract Owner's Fixed Account allocation matures. At that time, the Contract Owner will have an opportunity to leave the money in the Fixed Account and receive the Renewal Rate or the Contract Owner can move the money to any of the other investment options.
- **Dollar Cost Averaging Rate** – From time to time, Nationwide may offer a more favorable rate for an initial purchase payment into a new contract when used in conjunction with a Dollar Cost Averaging program. Rates will vary depending on the Dollar Cost Averaging program elected (see *Contract Owner Services*).

All of these rates are subject to change on a daily basis; however, once applied to the Fixed Account, the interest rates are guaranteed until the end of the calendar quarter during which the 12-month anniversary of the Fixed Account allocation occurs.

Credited interest rates are annualized rates – the effective yield of interest over a one-year period. Interest is credited to each contract on a daily basis. As a result, the credited interest rate is compounded daily to achieve the stated effective yield.

The guaranteed rate for any purchase payment will be effective for not less than 12 months. Nationwide guarantees that the rate will not be less than the minimum interest rate required by applicable state law. Any interest in excess of the minimum interest rate required by applicable state law will be credited to Fixed Account allocations at Nationwide's sole discretion.

Nationwide guarantees that the value of Fixed Account allocations will not be less than the amount of the purchase payments, Extra Value Option credits, and Purchase Payment Credits allocated to the Fixed Account, plus interest credited as described above, less any withdrawals, Extra Value Option credits recaptured, and any applicable charges including CDSC.

### ***Fixed Account Interest Rate Guarantee Period***

The Fixed Account interest rate guarantee period is the period of time that the Fixed Account interest rate is guaranteed to remain the same. During a Fixed Account interest rate guarantee period, transfers cannot be made from the Fixed Account, and amounts transferred to the Fixed Account must remain on deposit.

For new purchase payments allocated to the Fixed Account and transfers to the Fixed Account, the Fixed Account interest rate guarantee period begins on the date of deposit or transfer and ends on the one-year anniversary of the deposit or transfer. The guaranteed interest rate period may last for up to three months beyond the one-year anniversary because guaranteed terms end on the last day of a calendar quarter.

### ***Fixed Account Charges Assessed for Certain Optional Benefits***

All interest rates credited to the Fixed Account will be determined as previously described. However, for contracts with certain optional benefits elected, a charge is assessed to assets allocated to the Fixed Account by reducing the interest crediting rate. Consequently, the charge assessed for the optional benefit will result in a lower credited interest rate (reduced by the amount of the charge).

- The Beneficiary Protector II Option has a Fixed Account charge equal to 0.35%.
- The 3% Extra Value Option has a Fixed Account charge equal to 0.50% for the first eight Contract Years.
- The 4% Extra Value Option has a Fixed Account charge equal to 0.60% for the first eight Contract Years.

Even if the credited interest rate is reduced by an optional benefit charge, Nationwide guarantees that the interest rate credited to any assets in the Fixed Account will never be less than the minimum interest rate required by applicable state law.

## **Contacting the Service Center**

All inquiries, paperwork, information requests, service requests, and transaction requests should be made to the Service Center:

- by telephone at 1-866-221-1100 (TDD 1-800-238-3035)
- by mail to P.O. Box 182021, Columbus, Ohio 43218-2021
- by fax at 1-888-634-4472
- by Internet at [www.waddell.com](http://www.waddell.com).

Nationwide reserves the right to restrict or remove the ability to submit service requests via Internet, phone, or fax upon written notice.

Not all methods of communication are available for all types of requests. To determine which methods are permitted for a particular request, refer to the specific transaction provision in this prospectus or call the Service Center. Requests submitted by means other than described in this prospectus could be returned or delayed.

Service and transaction requests will generally be processed on the Valuation Date they are received at the Service Center as long as the request is in good order. Good order generally means that all necessary information to process the request is complete and in a form acceptable to Nationwide. If a request is not in good order, Nationwide will take reasonable actions to obtain the information necessary to process the request. Requests that are not in good order may be delayed or returned. Nationwide reserves the right to process any purchase payment or withdrawal request sent to a location other than the Service Center on the Valuation Date it is received at the Service Center. On any day the post office is closed, Nationwide is unable to retrieve service and transaction requests that are submitted by mail. This will result in a delay of the delivery of those requests to the Service Center.

Nationwide will use reasonable procedures to confirm that instructions are genuine and will not be liable for following instructions that it reasonably determined to be genuine. Nationwide may record telephone requests. Telephone and computer systems may not always be available. Any telephone system or computer can experience outages or slowdowns

for a variety of reasons. The outages or slowdowns could prevent or delay processing. Although Nationwide has taken precautions to support heavy use, it is still possible to incur an outage or delay. To avoid technical difficulties, submit transaction requests by mail.

## The Contract in General

In order to comply with the USA PATRIOT Act and rules promulgated thereunder, Nationwide has implemented procedures designed to prevent contracts described in this prospectus from being used to facilitate money laundering or the financing of terrorist activities. If mandated under applicable law, Nationwide may be required to reject a purchase payment and/or block a Contract Owner's account and thereby refuse to process any request for transfers, withdrawals, surrenders, loans, or death benefits until instructions are received from the appropriate regulators. Nationwide may also be required to provide additional information about a Contract Owner or a Contract Owner's account to governmental regulators.

Due to state law variations, the options and benefits described in this prospectus may vary or may not be available depending on the state in which the contract is issued. Possible state law variations include, but are not limited to, minimum initial and subsequent purchase payment amounts, investment options, age issuance limitations, availability of certain optional benefits, free look rights, annuity payment options, ownership and interests in the contract, death benefit calculations, and CDSC-free withdrawal privileges. This prospectus describes all the material features of the contract. State variations are subject to change without notice at any time. To review a copy of the contract and any endorsements, contact the Service Center.

If the contract described in this prospectus is replacing another variable annuity, the mortality tables used to determine the amount of annuity payments for this contract may be less favorable than those in the contract being replaced. Additionally, upon replacement, all benefits accrued under the replaced contract are forfeited.

The contract described in this prospectus is incontestable two years after the date of issue or during the lifetime of the Annuitant, whichever is shorter.

Nationwide will not pay insurance proceeds directly to minors. Contact a legal advisor for options to facilitate the timely availability of monies intended for a minor's benefit.

The annuity described in this prospectus is intended to provide benefits to a single individual and his/her beneficiaries. It is not intended to be used by institutional investors, in connection with other Nationwide contracts that have the same Annuitant, or in connection with other Nationwide contracts that have different Annuitants, but the same Contract Owner. If Nationwide determines that the risks it intended to assume in issuing the contract have been altered by misusing the contract as described above, Nationwide reserves the right to take any action it deems necessary to reduce or eliminate the altered risk. Nationwide also reserves the right to take any action it deems necessary to reduce or eliminate altered risk resulting from materially false, misleading, incomplete, or otherwise deficient information provided by the Contract Owner.

These contracts are offered to customers of various financial institutions and brokerage firms. No financial institution or brokerage firm is responsible for any of the contractual insurance benefits and features guaranteed under the contracts. *These guarantees are the sole responsibility of Nationwide.*

In general, deferred variable annuities are long-term investments; they are not intended as short-term investments. The contracts associated with this prospectus are not intended to be sold to a terminally ill Contract Owner or Annuitant. Accordingly, Nationwide has designed the contract to offer features, pricing, and investment options that encourage long-term ownership. It is very important that Contract Owners and prospective purchasers understand all the costs associated with owning a contract, and if and how those costs change during the lifetime of the contract. Contract charges may not be the same in later Contract Years as they are in early Contract Years. The various contract charges are assessed to compensate Nationwide for administrative services, distribution and operational expenses, and assumed actuarial risks associated with the contract.

## Cybersecurity

Nationwide's businesses are highly dependent upon its computer systems and those of its business partners. This makes Nationwide potentially susceptible to operational and information security risks resulting from a cyber-attack. These risks include direct risks, such as theft, misuse, corruption, and destruction of data maintained by Nationwide, and indirect risks, such as denial of service, attacks on service provider websites and other operational disruptions that impede Nationwide's ability to electronically interact with service providers. Cyber-attacks affecting Nationwide, the underlying mutual funds, intermediaries, and other service providers may adversely affect Nationwide and Contract Values. In connection with any

such cyber-attack, Nationwide and/or its service providers and intermediaries may be subject to regulatory fines and financial losses and/or reputational damage. Cybersecurity risks may also impact the issuers of securities in which the underlying mutual funds invest, which may cause the underlying mutual funds to lose value. Although Nationwide undertakes substantial efforts to protect its computer systems from cyber-attacks, including internal processes and technological defenses that are preventative or detective, and other controls designed to provide multiple layers of security assurance, there can be no guarantee that Nationwide, its service providers, or the underlying mutual funds will avoid losses affecting contracts due to cyber-attacks or information security breaches in the future.

In the event that Contract Values are adversely affected as a result of the failure of Nationwide's cybersecurity controls, Nationwide will take reasonable steps to restore Contract Values to the levels that they would have been had the cyber-attack not occurred. Nationwide will not, however, be responsible for any adverse impact to Contract Values that result from the Contract Owner or its designee's negligent acts or failure to use reasonably appropriate safeguards to protect against cyber-attacks.

## Reservation of Rights

In addition to rights that Nationwide specifically reserves elsewhere in this prospectus, Nationwide reserves the right, subject to any applicable regulatory approvals, to perform any or all of the following:

- close Sub-Accounts to additional purchase payments on existing contracts or close Sub-Accounts for contracts purchased on or after specified dates. Changes of this nature will be made as directed by the underlying mutual funds or because Nationwide determines that the underlying mutual fund is no longer suitable (see *Identification of Underlying Mutual Funds*);
- make changes required by any change in the federal securities laws, including, but not limited to, the Securities Act of 1933, the Securities Exchange Act of 1934, the Investment Company Act of 1940, or any other changes to the Securities and Exchange Commission's rules and regulations thereunder or interpretations thereof;
- make any changes necessary to maintain the status of the contracts as annuities under the Internal Revenue Code;
- make any changes required by federal or state laws with respect to annuity contracts; and
- suspend or discontinue sale of the contracts. The decision to suspend or discontinue sale of the contracts is made at Nationwide's discretion. Any decision of this nature would not impact current Contract Owners.

Contract Owners will be notified of any resulting changes by way of a supplement to the prospectus.

Following is a discussion of some relevant factors that may be of particular interest to prospective investors.

## Distribution, Promotional, and Sales Expenses

Nationwide pays commissions to the firms that sell the contracts. The maximum gross commission that Nationwide will pay on the sale of the contracts is 6.5% of purchase payments. **Note:** The individual financial professionals typically receive only a portion of this amount; the remainder is retained by the firm. Nationwide may also, instead of a premium-based commission, pay an asset-based commission (sometimes referred to as "trails" or "residuals"), or a combination of the two.

In addition to or partially in lieu of commission, and to the extent permitted by SEC and FINRA rules and other applicable laws and regulations, Nationwide may also pay the selling firms a marketing allowance, which is based on the firm's ability and demonstrated willingness to promote and market Nationwide's products. How any marketing allowance is spent is determined by the firm, but generally will be used to finance firm activities that may contribute to the promotion and marketing of Nationwide's products, which may include but not be limited to providing conferences or seminars, sales or training programs, advertising and sales campaigns regarding the contracts, and payments to assist a firm in connection with its administrative systems, operations and marketing expenses and/or other events or activities sponsored by the firms.

Nationwide may also host training and/or educational meetings including the cost of travel, accommodations and meals for firms that sell the contracts as well as assist such firms with marketing or advertisement costs.

For more information on the exact compensation arrangement associated with this contract, consult your financial professional.

## **Underlying Mutual Fund Service Fee Payments**

### ***Nationwide's Relationship with the Underlying Mutual Funds***

The underlying mutual funds incur expenses each time they sell, administer, or redeem their shares. The Variable Account aggregates Contract Owner purchase, redemption, and transfer requests and submits net or aggregated purchase/redemption requests to each underlying mutual fund on each Valuation Date. The Variable Account (not the Contract Owners) is the underlying mutual fund shareholder. When the Variable Account aggregates transactions, the underlying mutual fund does not incur the expense of processing individual transactions it would normally incur if it sold its shares directly to the public. Nationwide incurs these expenses instead.

Nationwide also incurs the distribution costs of selling the contract (as discussed above), which benefit the underlying mutual funds by providing Contract Owners with Sub-Account options that correspond to the underlying mutual funds.

An investment adviser or subadviser of an underlying mutual fund or its affiliates may provide Nationwide or its affiliates with wholesaling services that assist in the distribution of the contract and may pay Nationwide or its affiliates to participate in educational and/or marketing activities. These activities may provide the adviser or subadviser (or their affiliates) with increased exposure to persons involved in the distribution of the contract.

### ***Types of Payments Nationwide Receives***

In light of the above, the underlying mutual funds and their affiliates make certain payments to Nationwide or its affiliates (the "payments"). The amount of these payments is typically based on a percentage of assets invested in the underlying mutual funds attributable to the contracts and other variable contracts Nationwide and its affiliates issue, but in some cases may involve a flat fee. These payments are made for various purposes, including payments for the services provided and expenses incurred by the Nationwide companies in promoting, marketing and administering the contracts and underlying funds. Nationwide may realize a profit on the payments received.

Nationwide or its affiliates receive the following types of payments:

- Underlying mutual fund 12b-1 fees, which are deducted from underlying mutual fund assets;
- Sub-transfer agent fees or fees pursuant to administrative service plans adopted by the underlying mutual fund, which may be deducted from underlying mutual fund assets; and
- Payments by an underlying mutual fund's adviser or subadviser (or its affiliates), from their own revenues. Such payments are not from underlying mutual fund assets. However, the revenues from which such payments are made may be derived from advisory fees, which are deducted from underlying mutual fund assets and are reflected in mutual fund charges.

Furthermore, Nationwide benefits from assets invested in Nationwide's affiliated underlying mutual funds (*i.e.*, Nationwide Variable Insurance Trust) because its affiliates also receive compensation from the underlying mutual funds for investment advisory, administrative, transfer agency, distribution, and/or other services provided. Thus, Nationwide may receive more revenue with respect to affiliated underlying mutual funds than unaffiliated underlying mutual funds.

Nationwide took into consideration the anticipated mutual fund service fee payments from the underlying mutual funds when it determined the charges imposed under the contracts (apart from fees and expenses imposed by the underlying mutual funds). Without these mutual fund service fee payments, Nationwide would have imposed higher charges under the contract.

### ***Amount of Payments Nationwide Receives***

For the year end December 31, 2019, the underlying mutual fund service fee payments Nationwide and its affiliates received from the underlying mutual funds did not exceed 0.75% (as a percentage of the average Daily Net Assets invested in the underlying mutual funds) offered through the contract or other variable contracts that Nationwide and its affiliates issue. Payments from investment advisers or subadvisers to participate in educational and/or marketing activities have not been taken into account in this percentage.

Most underlying mutual funds or their affiliates have agreed to make payments to Nationwide or its affiliates, although the applicable percentages may vary from underlying mutual fund to underlying mutual fund and some may not make any payments at all. Because the amount of the actual payments Nationwide and its affiliates receive depends on the assets of the underlying mutual funds attributable to the contract, Nationwide and its affiliates may receive higher payments from underlying mutual funds with lower percentages (but greater assets) than from underlying mutual funds that have higher percentages (but fewer assets).

For contracts owned by an employer sponsored retirement plan subject to ERISA, upon a plan trustee's request, Nationwide will provide a best estimate of plan-specific, aggregate data regarding the amount of underlying mutual fund service fee payments Nationwide received in connection with the plan's investments either for the previous calendar year or plan year, if the plan year is not the same as the calendar year.

### ***Identification of Underlying Mutual Funds***

Nationwide may consider several criteria when identifying the underlying mutual funds, including some or all of the following: investment objectives, investment process, risk characteristics, investment capabilities, experience and resources, investment consistency, fund expenses, asset class coverage, the alignment of the investment objectives of the underlying mutual fund with Nationwide's hedging strategy, the strength of the adviser's or subadviser's reputation and tenure, brand recognition, and the capability and qualification of each investment firm. Other factors Nationwide may consider during the identification process are: whether the underlying mutual fund's adviser or subadviser is a Nationwide affiliate; whether the underlying mutual fund or its service providers (e.g. the investment adviser or subadvisers), or its affiliates will make mutual fund service fee payments to Nationwide or its affiliates in connection with certain administrative, marketing, and support services; or whether affiliates of the underlying mutual fund can provide marketing and distribution support for sales of the contracts. For additional information on these arrangements, see *Types of Payments Nationwide Receives*. Nationwide reviews the funds periodically and may remove a fund or limit its availability to new contributions and/or transfers of account value if Nationwide determines that a fund no longer satisfies one or more of the selection criteria, and/or if the fund has not attracted significant allocations from Contract Owners.

Nationwide does not recommend or endorse any particular fund and it does not provide investment advice.

There may be underlying mutual funds with lower fees and expenses, as well as other variable contracts that offer underlying mutual funds with lower fees and expenses. The purchaser should consider all of the fees and charges of the contract in relation to its features and benefits when making a decision to invest. **Note:** Higher contract and underlying mutual fund fees and expenses have a direct effect on and may lower investment performance.

### **Treatment of Unclaimed Property**

Every state has unclaimed property laws which generally declare annuity contracts to be abandoned after a period of inactivity of three to five years from the contract's Annuity Commencement Date or the date Nationwide becomes informed that a death benefit is due and payable. For example, if the payment of a death benefit has been triggered, but, if after a thorough search, Nationwide is still unable to locate the beneficiary of the death benefit, or the beneficiary does not come forward to claim the death benefit in a timely manner, the death benefit will be surrendered and placed in a non-interest bearing account. While in the non-interest bearing account, Nationwide will continue to perform due diligence required by state law. Once the state mandated period has expired, Nationwide will escheat the death benefit to the abandoned property division or unclaimed property office of the state in which the beneficiary or the Contract Owner last resided, as shown on Nationwide's books and records, or to Ohio, Nationwide's state of domicile. If a claim is subsequently made, the state is obligated to pay any such amount (without interest) to the designated recipient upon presentation of proper documentation.

To prevent escheatment, it is important to update beneficiary designations - including complete names, complete addresses, phone numbers, and social security numbers - as they change. Such updates should be sent to the Service Center.

### **Profitability**

Nationwide does consider profitability when determining the charges in the contract. In early Contract Years, Nationwide does not anticipate earning a profit, since that is a time when administrative and distribution expenses are typically higher. Nationwide does, however, anticipate earning a profit in later Contract Years. In general, Nationwide's profit will be greater the higher the investment return and the longer the contract is held.

### **Contract Modification**

Nationwide may modify the contract, but no modification will affect the amount or term of any contract unless a modification is required to conform the contract to applicable federal or state law. No modification will affect the method by which Contract Value is determined.

# Standard Charges and Deductions

## Mortality and Expense Risk Charge

Nationwide deducts a Mortality and Expense Risk Charge equal to an annualized rate of 1.05% of the Daily Net Assets. The Mortality and Expense Risk Charge compensates Nationwide for providing the insurance benefits under the contract, including the contract's standard death benefit. It also compensates Nationwide for assuming the risk that Annuitants will live longer than assumed. Finally, the Mortality and Expense Risk Charge compensates Nationwide for guaranteeing that charges will not increase regardless of actual expenses. Nationwide may realize a profit from this charge.

## Administrative Charge

Nationwide deducts an Administrative Charge equal to an annualized rate of 0.20% of the Daily Net Assets. The Administrative Charge reimburses Nationwide for administrative costs it incurs resulting from providing contract benefits, including preparation of the contract and prospectus, confirmation statements, annual account statements and annual reports, legal and accounting fees, as well as various related expenses. Nationwide may realize a profit from this charge.

## Contract Maintenance Charge

A \$50 Contract Maintenance Charge is assessed on each Contract Anniversary and upon full surrender of the contract.

This charge reimburses Nationwide for administrative expenses involved in issuing and maintaining the contract. If on any Contract Anniversary (or on the date of a full surrender) the Contract Value is \$50,000 or more, Nationwide will waive the Contract Maintenance Charge from that point forward.

The deduction of the Contract Maintenance Charge will be taken proportionally from each Sub-Account, the Fixed Account, and the GTOs based on the value in each option as compared to the total Contract Value.

Nationwide will not reduce or eliminate the Contract Maintenance Charge where it would be discriminatory or unlawful.

## Contingent Deferred Sales Charge

No sales charge deduction is made from purchase payments upon deposit into the contract. However, if any part of the contract is withdrawn, Nationwide may deduct a CDSC. The CDSC will not exceed 8% of purchase payments withdrawn.

The CDSC is calculated by multiplying the applicable CDSC percentage (noted in the following table) by the amount of purchase payments withdrawn. For purposes of calculating the CDSC, withdrawals are considered to come first from the oldest purchase payment made to the contract, then the next oldest purchase payment, and so forth. CDSC provisions vary by state. Refer to the contract for state specific information.

The CDSC applies as follows:

<u>Number of Completed Years from Date of Purchase Payment</u>	<u>0</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>	<u>7</u>	<u>8+</u>
CDSC Percentage .....	8%	8%	7%	7%	6%	5%	4%	2%	0%

Earnings are not subject to the CDSC, but may not be distributed prior to the distribution of all purchase payments. (For tax purposes, a withdrawal is usually treated as a withdrawal of earnings first.)

The CDSC is used to cover sales expenses, including commissions, production of sales material, and other promotional expenses. If expenses are greater than the CDSC, the shortfall will be made up from Nationwide's general assets, which may indirectly include portions of the Variable Account charges, since Nationwide may generate a profit from these charges.

All or a portion of any withdrawal may be subject to federal income taxes. Contract Owners taking withdrawals before age 59½ may be subject to a 10% penalty tax.

Additional purchase payments made to the contract after receiving the benefit of the Spousal Protection Annuity Option are subject to the same CDSC provisions that were applicable prior to receiving the benefit of the Spousal Protection Annuity Option. However, no CDSC will apply to purchase payments made prior to the death of the first spouse.

## **Waiver of Contingent Deferred Sales Charge**

The maximum amount that can be withdrawn annually without a CDSC is the greatest of:



- (1) 10% of the net difference of purchase payments that are subject to CDSC minus purchase payments previously withdrawn that were subject to CDSC;
- (2) any amount withdrawn to meet minimum distribution requirements for this contract under the Internal Revenue Code; or
- (3) for those contracts with the 10% Nationwide Lifetime Income Rider, 7% Nationwide Lifetime Income Rider, or 5% Nationwide Lifetime Income Rider, withdrawals up to the annual benefit amount.

This CDSC-free withdrawal privilege is non-cumulative. Free amounts not taken during any given Contract Year cannot be taken as free amounts in a subsequent Contract Year.

**Note:** CDSC-free withdrawals do not count as "purchase payments previously withdrawn that were subject to CDSC" and, therefore, do not reduce the amount used to calculate subsequent CDSC-free withdrawal amounts.

In addition, no CDSC will be deducted:

- (1) upon the annuitization of contracts which have been in force for at least two years;
- (2) upon payment of a death benefit; or
- (3) from any values which have been held under a contract for at least eight years.

No CDSC applies to transfers between or among the various investment options in the contract.

A contract held by a Charitable Remainder Trust (within the meaning of Internal Revenue Code Section 664) may withdraw the greater of (i) the amount available under the CDSC-free withdrawal privilege described above, and (ii) the difference between:

- (a) the Contract Value at the close of the day prior to the date of the withdrawal; and
- (b) the total purchase payments made to the contract as of the date of the withdrawal (less an adjustment for amounts previously withdrawn).

The CDSC will not be eliminated if to do so would be unfairly discriminatory or prohibited by state law.

The CDSC-free withdrawal privilege does not apply to full surrenders of the contract. For purposes of the CDSC-free withdrawal privilege, a full surrender is:

- multiple withdrawals taken within a Contract Year that deplete the entire Contract Value; or
- any single net withdrawal of 90% or more of the Contract Value.

### ***Long-Term Care/Nursing Home and Terminal Illness Waiver***

The contract includes a Long-Term Care/Nursing Home and Terminal Illness Waiver at no additional charge. This benefit may not be available in every state.

Under this provision, no CDSC will be charged if:

- (1) the third Contract Anniversary has passed and the Contract Owner has been confined to a long-term care facility or hospital for a continuous 90-day period that began after the contract issue date; or
- (2) the Contract Owner has been diagnosed by a physician at any time after contract issuance to have a terminal illness and Nationwide receives and records a letter from that physician indicating such diagnosis.

Written notice and proof of terminal illness or confinement for 90 days in a hospital or long-term care facility must be received in a form satisfactory to Nationwide and recorded at the Service Center prior to waiver of the CDSC.

In the case of joint ownership, the waivers will apply if either joint owner meets the qualifications listed above.

For those contracts that have a non-natural person as Contract Owner as an agent for a natural person, the Annuitant may exercise the right of the Contract Owner for purposes described in this provision. If the non-natural Contract Owner does not own the contract as an agent for a natural person (e.g., the Contract Owner is a corporation or a trust for the benefit of an entity), the Annuitant may not exercise the rights described in this provision.

**Note:** The benefit associated with this feature is the waiver of CDSC under certain circumstances. This feature is not intended to provide or imply that the contract provides long-term care or nursing home insurance coverage.

## ***Disability Waiver***

The contract includes a Disability Waiver at no additional charge.

Under this provision, no CDSC will be charged if the Contract Owner becomes disabled at any time after contract issuance, but prior to reaching age 65. For purposes of this waiver, disability is defined as the inability to engage in any substantial gainful activity because of a mental or physical impairment that is expected to be long-term or terminal. Nationwide may require proof of disability prior to waiving CDSC under this waiver. Once this waiver is invoked, no additional purchase payments may be applied to the contract.

In the case of joint ownership, the waivers will apply if either joint owner meets the qualifications listed above.

For those contracts that have a non-natural person as Contract Owner as an agent for a natural person, the Annuitant may exercise the right of the Contract Owner for purposes described in this provision. If the non-natural Contract Owner does not own the contract as an agent for a natural person (e.g., the Contract Owner is a corporation or a trust for the benefit of an entity), the Annuitant may not exercise the rights described in this provision.

## **Premium Taxes**

Nationwide will charge against the Contract Value any premium taxes levied by a state or other government entity. Premium tax rates currently range from 0% to 5% and vary from state to state. This range is subject to change. Nationwide will assess premium taxes to the contract at the time Nationwide is assessed the premium taxes by the state. **Premium taxes may be deducted from death benefit proceeds.**

## **Optional Contract Benefits, Charges, and Deductions**

For an additional charge, the following optional benefits are available to applicants. Not all optional benefits are available in every state.

### **Death Benefit Options**

For an additional charge, the applicant may elect one of the following death benefit options in lieu of the standard death benefit.

#### ***Five-Year Enhanced Death Benefit Option***

For an additional charge at an annualized rate of 0.05% of the Daily Net Assets, an applicant can elect the Five-Year Enhanced Death Benefit Option. This option must be elected at the time of application, and the option is irrevocable. The charge associated with this option is calculated and deducted daily as part of the Accumulation Unit value calculation, and will be assessed until annuitization. Nationwide may realize a profit from the charge assessed for this option. This option, and any charge associated with it, will automatically terminate on the Annuitization Date.

If the Annuitant dies prior to the Annuitization Date and the total of all purchase payments made to the contract is less than or equal to \$3,000,000, the death benefit will be the greatest of:

- (1) the Contract Value as of the date that Nationwide receives all the information necessary to pay the death benefit;
- (2) the total of all purchase payments, less an adjustment for amounts withdrawn; or
- (3) the highest Contract Value on any five-year Contract Anniversary prior to the Annuitant's 86<sup>th</sup> birthday, less an adjustment for amounts subsequently withdrawn, plus purchase payments received after that five-year Contract Anniversary.

If the contract was issued prior to February 1, 2005, the Contract Value in (1) above will be the greater of the Contract Value as of the date that Nationwide receives all the information necessary to pay the death benefit or the Contract Value as of the date of the Annuitant's death.

Any adjustment for amounts withdrawn will reduce the applicable factor above in the same proportion that the Contract Value was reduced on the date(s) of the partial withdrawal(s).

Items shown above that use Contract Value as a factor may include a market value adjustment for any amounts allocated to a GTO.

**Note:** For Contract Owners who have elected this option, if the total of all purchase payments made to the contract is greater than \$3,000,000, the death benefit calculation will be adjusted as described in the *Death Benefit Calculations* provision.

### ***One-Year Enhanced Death Benefit Option***

For an additional charge at an annualized rate of 0.15% of the Daily Net Assets, an applicant can elect the One-Year Enhanced Death Benefit Option. This option must be elected at the time of application, and the option is irrevocable. The charge associated with this option is calculated and deducted daily as part of the Accumulation Unit value calculation, and will be assessed until annuitization. Nationwide may realize a profit from the charge assessed for this option. This option, and any charge associated with it, will automatically terminate on the Annuitization Date.

If the Annuitant dies prior to the Annuitization Date and the total of all purchase payments made to the contract is less than or equal to \$3,000,000, the death benefit will be the greatest of:

- (1) the Contract Value as of the date that Nationwide receives all the information necessary to pay the death benefit;
- (2) the total of all purchase payments, less an adjustment for amounts withdrawn; or
- (3) the highest Contract Value on any Contract Anniversary prior to the Annuitant's 86<sup>th</sup> birthday, less an adjustment for amounts subsequently withdrawn, plus purchase payments received after that Contract Anniversary.

If the contract was issued prior to February 1, 2005, the Contract Value in (1) above will be the greater of the Contract Value as of the date that Nationwide receives all the information necessary to pay the death benefit or the Contract Value as of the date of the Annuitant's death.

Any adjustment for amounts withdrawn will reduce the applicable factor above in the same proportion that the Contract Value was reduced on the date(s) of the partial withdrawal(s).

Items shown above that use Contract Value as a factor may include a market value adjustment for any amounts allocated to a GTO.

**Note:** For Contract Owners who have elected this option, if the total of all purchase payments made to the contract is greater than \$3,000,000, the death benefit calculation will be adjusted as described in the *Death Benefit Calculations* provision.

### ***One-Month Enhanced Death Benefit Option***

For an additional charge at an annualized rate of 0.30% of the Daily Net Assets, an applicant can elect the One-Month Enhanced Death Benefit Option. This option must be elected at the time of application, and the option is irrevocable. The charge associated with this option is calculated and deducted daily as part of the Accumulation Unit value calculation, and will be assessed until annuitization. Nationwide may realize a profit from the charge assessed for this option. This option, and any charge associated with it, will automatically terminate on the Annuitization Date.

If the Annuitant dies prior to the Annuitization Date and the total of all purchase payments made to the contract is less than or equal to \$3,000,000, the death benefit will be the greatest of:

- (1) the Contract Value as of the date that Nationwide receives all the information necessary to pay the death benefit;
- (2) the total of all purchase payments, less an adjustment for amounts withdrawn; or
- (3) the highest Contract Value on any Monthly Contract Anniversary prior to the Annuitant's 86<sup>th</sup> birthday, less an adjustment for amounts subsequently withdrawn, plus purchase payments received after that Monthly Contract Anniversary.

If the contract was issued prior to February 1, 2005, the Contract Value in (1) above will be the greater of the Contract Value as of the date that Nationwide receives all the information necessary to pay the death benefit or the Contract Value as of the date of the Annuitant's death.

Any adjustment for amounts withdrawn will reduce the applicable factor above in the same proportion that the Contract Value was reduced on the date(s) of the partial withdrawal(s).

Items shown above that use Contract Value as a factor may include a market value adjustment for any amounts allocated to a GTO.

**Note:** For Contract Owners who have elected this option, if the total of all purchase payments made to the contract is greater than \$3,000,000, the death benefit calculation will be adjusted as described in the *Death Benefit Calculations* provision.

### **Combination Enhanced Death Benefit Option**

For an additional charge at an annualized rate of 0.40% of the Daily Net Assets, an applicant can elect the Combination Enhanced Death Benefit Option. The Combination Enhanced Death Benefit Option is only available for contracts with Annuitants age 80 or younger at the time of application. This option must be elected at the time of application, and the option is irrevocable. The charge associated with this option is calculated and deducted daily as part of the Accumulation Unit value calculation, and will be assessed until annuitization. Nationwide may realize a profit from the charge assessed for this option. This option, and any charge associated with it, will automatically terminate on the Annuitization Date.

If the Annuitant dies prior to the Annuitization Date and the total of all purchase payments made to the contract is less than or equal to \$3,000,000, the death benefit will be the greatest of:

- (1) the Contract Value as of the date that Nationwide receives all the information necessary to pay the death benefit;
- (2) the total of all purchase payments, less an adjustment for amounts withdrawn;
- (3) the highest Contract Value on any Contract Anniversary before the Annuitant's 81<sup>st</sup> birthday, less an adjustment for amounts subsequently withdrawn, plus purchase payments received after that Contract Anniversary; or
- (4) the 5% interest anniversary value.

The 5% interest anniversary value is equal to purchase payments, accumulated at 5% annual compound interest until the last Contract Anniversary prior to the Annuitant's 81<sup>st</sup> birthday, proportionately adjusted for amounts withdrawn. The adjustment for amounts withdrawn will reduce the accumulated value as of the most recent Contract Anniversary prior to each partial withdrawal in the same proportion that the Contract Value was reduced on the date of the partial withdrawal. Such total accumulated amount, after the withdrawal adjustment, shall not exceed 200% of purchase payments adjusted for amounts withdrawn.

If the contract was issued prior to February 1, 2005, the Contract Value in (1) above will be the greater of the Contract Value as of the date that Nationwide receives all the information necessary to pay the death benefit or the Contract Value as of the date of the Annuitant's death.

Any adjustment for amounts withdrawn will reduce the applicable factor above in the same proportion that the Contract Value was reduced on the date(s) of the partial withdrawal(s).

Items shown above that use Contract Value as a factor may include a market value adjustment for any amounts allocated to a GTO.

**Note:** For Contract Owners who have elected this option, if the total of all purchase payments made to the contract is greater than \$3,000,000, the death benefit calculation will be adjusted as described in the *Death Benefit Calculations* provision.

### **Spousal Protection Annuity Option**

A Spousal Protection Annuity Option is available under the contract at the time of application, which allows a surviving spouse to continue the contract while receiving the economic benefit of the death benefit upon the death of the other spouse. Once elected, the Spousal Protection Annuity Option is irrevocable. If an applicant elects the Spousal Protection Annuity Option, Nationwide will deduct an additional charge at an annualized rate of 0.10% of the Daily Net Assets. The charge associated with this option is calculated and deducted daily as part of the Accumulation Unit value calculation, and will be assessed until annuitization. The Spousal Protection Annuity Option is not available for contracts issued as Charitable Remainder Trusts. Nationwide may realize a profit from the charge assessed for this option.

The benefit associated with the Spousal Protection Annuity Option will be applied if the following conditions are met:

- (1) One or both spouses (or a revocable trust of which either or both of the spouses is/are grantor(s)) must be named as the Contract Owner. For contracts issued as an IRA or Roth IRA, only the person for whom the IRA or Roth IRA was established may be named as the Contract Owner;
- (2) The spouses must be Co-Annuitants;

- (3) Both spouses must be age 85 or younger at the time the contract is issued; however, if a death benefit option is elected, both spouses must meet the age requirements for the respective death benefit option at the time of application;
- (4) Both spouses must be named as beneficiaries;
- (5) No person other than the spouse may be named as Contract Owner, Annuitant, or primary beneficiary;
- (6) If both spouses are alive upon annuitization, the Contract Owner must specify which spouse is the Annuitant upon whose continuation of life any annuity payments involving life contingencies depend (for an IRA or Roth IRA contract, this person must be the Contract Owner); and
- (7) If the Contract Owner requests to add a Co-Annuitant after contract issuance, the date of marriage must be after the contract issue date and Nationwide will require the Contract Owner to provide a copy of the marriage certificate.

If a Co-Annuitant dies before the Annuitization Date, the surviving spouse may continue the contract as its sole Contract Owner. Additionally, if the death benefit value is higher than the Contract Value at the time of the first Co-Annuitant's death, Nationwide will adjust the Contract Value to equal the death benefit value. The surviving Co-Annuitant may then name a new beneficiary but may not name another Co-Annuitant.

If the marriage of the Co-Annuitants terminates due to the death of a spouse, divorce, dissolution, or annulment, the Spousal Protection Annuity Option terminates and the Contract Owner is not permitted to cover a subsequent spouse.

The Spousal Protection Annuity Option may not apply if certain changes to the parties or assignments are made to the contract. Further, not only will the Contract Owner not receive the benefit associated with the Spousal Protection Annuity Option if certain changes to the parties to the contract or assignments are made, but he/she must continue to pay any applicable charge for the life of the contract. Contract Owners contemplating changes to the parties to the contract, including assignments, should contact their financial professional to determine how the changes impact the Spousal Protection Annuity Option.

## **Beneficiary Protector II Option**

The Beneficiary Protector II Option provides that upon the death of the Annuitant (and potentially, the Co-Annuitant, if one is named), and in addition to any death benefit payable, Nationwide will credit an additional amount to the contract (the "benefit"). This benefit would be advantageous if the Contract Owner anticipates the assessment of taxes in connection with the payment of the death benefit proceeds. Nationwide makes no assurances that the benefit associated with this option will offset all taxes. In addition, the Beneficiary Protector II Option will not provide a benefit if there are no earnings in connection with the payment of the death benefit proceeds. Consult a qualified tax advisor.

The amount of the benefit depends on the Annuitant's age at the time of application and, if applicable, the Co-Annuitant's age at the time of the first Annuitant's death.

The charge associated with the Beneficiary Protector II Option is equal to an annualized rate of 0.35% of the Daily Net Assets, calculated and deducted daily as part of the Accumulation Unit value calculation. In addition, allocations to the Fixed Account and GTOs will be assessed a fee of 0.35%. The charge will be assessed until the earlier of annuitization or after all applicable benefits have been credited to the contract, as described below. Nationwide may realize a profit from the charge assessed for this option. The Beneficiary Protector II Option must be elected at the time of application, and the option is irrevocable. The Beneficiary Protector II Option is only available for contracts with Annuitants age 75 or younger at the time of application.

After the death of the last surviving Annuitant or after all applicable benefits have been credited to the contract, the charge associated with the Beneficiary Protector II Option will be removed and the beneficiary may:

- (a) take distribution of the contract in the form of the death benefit or required distributions as applicable; or
- (b) if the beneficiary is the deceased Annuitant's surviving spouse, continue the contract as the Contract Owner or new beneficial Contract Owner, and subject to any mandatory distribution rules.

### **Calculation of the First Benefit**

The formula for determining the first benefit, which is paid upon the first Annuitant's death, is as follows:

$$\text{Earnings Percentage} \times \text{Adjusted Earnings}$$

If the Annuitant is age 70 or younger at the time of application, the Earnings Percentage will be 40%. If the Annuitant is age 71 through age 75 at the time of application, the Earnings Percentage will be 25%.

Adjusted Earnings = (a) – (b); where:

- a = the Contract Value on the date the death benefit is calculated and prior to any death benefit calculation; and
- b = purchase payments, proportionally adjusted for withdrawals.

The adjustment for amounts withdrawn will reduce purchase payments in the same proportion that the Contract Value was reduced on the date(s) of the partial withdrawal(s).

There is a limit on the amount of Adjusted Earnings used in the first benefit calculation.

Maximum Adjusted Earnings = 200% of the total of all purchase payments that were applied to the contract more than 12 months before the date of the Annuitant's death (if there are Co-Annuitants, then the date of death of the first Co-Annuitant to die) proportionally adjusted for any and all withdrawals taken before the Annuitant's death.

If there is no Co-Annuitant named, the benefit will be paid in addition to the death benefit.

If there is a Co-Annuitant named, the benefit will be credited to the contract. The Beneficiary Protector II Option will remain on the contract (including the associated charge) until the death of the Co-Annuitant.

### ***Calculation of the Second Benefit***

If a Co-Annuitant is named under the contract, a second benefit will be paid upon the death of the Co-Annuitant if the Co-Annuitant is age 75 or younger at the date of the first Annuitant's death. If the Co-Annuitant is older than age 75 at the date of the first Annuitant's death, no second benefit will be paid and the charge associated with the Beneficiary Protector II Option will be removed.

The calculation of the second benefit will be based on earnings to the contract after the first benefit was calculated. The formula for calculating the second benefit is as follows:

$$\text{Earnings Percentage} \times \text{Adjusted Earnings from the Date of the First Benefit}$$

If the Co-Annuitant is age 70 or younger at the time of the first Annuitant's death, the Earnings Percentage will be 40%. If the Co-Annuitant is age 71 through age 75 at the time of the first Annuitant's death, the Earnings Percentage will be 25%.

Adjusted Earnings from the Date of the First Benefit = (a) – (b) – (c), where:

- a = Contract Value on the date the second death benefit is calculated (before the second death benefit is calculated);
- b = the Contract Value on the date the first benefit and the first death benefit were calculated (after the first benefit and the first death benefit were applied), proportionately adjusted for withdrawals; and
- c = purchase payments made after the first benefit was applied, proportionately adjusted for withdrawals.

The adjustment for amounts withdrawn will reduce the beginning Contract Value and purchase payments in the same proportion that the Contract Value was reduced on the date(s) of the partial withdrawal(s).

There is a limit on the amount of Adjusted Earnings from the Date of the First Benefit used in the second benefit calculation.

Maximum Adjusted Earnings from the Date of the First Benefit = 200% of the total of all purchase payments that were applied to the contract more than 12 months before the date of the Co-Annuitant's death (regardless of the date of the first Annuitant's death), proportionally adjusted for any and all withdrawals taken from the contract.

After the second benefit is applied, the charge associated with the Beneficiary Protector II Option will be removed.

### ***How the Benefit is Allocated***

Any amounts credited to the contract pursuant to the Beneficiary Protector II Option will be allocated among the investment options in the same proportion as each purchase payment is allocated to the contract on the date the benefit is applied.

## **Extra Value Options**

Applicants should be aware of the following prior to electing an Extra Value Option:

- Nationwide may make a profit from the Extra Value Option charge.

- Because the Extra Value Option charge will be assessed against the entire Contract Value for the first eight Contract Years, Contract Owners who anticipate making additional purchase payments after the first Contract Year (which will not receive the Extra Value Option credit(s) but will be assessed the Extra Value Option charge) should carefully examine the Extra Value Option and consult their financial professional regarding its desirability.
- Nationwide may take back or "recapture" all or part of the amount credited under the Extra Value Option in the event of early withdrawals, including revocation of the contract during the contractual free-look period.
- If the market declines during the period that the Extra Value Option credit(s) is subject to recapture, the amount subject to recapture could decrease the amount of Contract Value available for withdrawal.
- The cost of the Extra Value Option and the recapture of the credits (in the event of a withdrawal) could exceed any benefit of receiving the Extra Value Option credits.
- Under certain circumstances, Nationwide may restrict the allocation of purchase payments to the Fixed Account when the Contract Owner elects or has elected an Extra Value Option. These restrictions may be imposed at Nationwide's discretion when economic conditions are such that Nationwide is unable to recoup the cost of providing the up-front Extra Value Option credits.

An Extra Value Option may not be elected if either the CPPLI Option or a Nationwide Lifetime Income Rider is elected.

### **3% Extra Value Option**

Applicants can elect the 3% Extra Value Option, in which case Nationwide will apply a credit to the contract equal to 3% of each purchase payment made to the contract for the first 12 months the contract is in force. The 3% Extra Value Option must be elected at the time of application, and the option is irrevocable. This credit, which is funded from Nationwide's General Account, will be allocated among the Sub-Accounts, the Fixed Account, and the GTOs in the same proportion that the purchase payment is allocated to the contract. For purposes of all benefits and taxes under these contracts, credits are considered earnings, not purchase payments.

In exchange, Nationwide will assess an additional charge at an annualized rate of 0.50% of the Daily Net Assets for the first eight Contract Years. The charge associated with this option is calculated and deducted daily as part of the Accumulation Unit value calculation.

In addition, allocations made to the Fixed Account and the GTOs will be assessed a fee of 0.50%.

### **4% Extra Value Option**

Applicants can elect the 4% Extra Value Option, in which case Nationwide will apply a credit to the contract equal to 4% of each purchase payment made to the contract for the first 12 months the contract is in force. The 4% Extra Value Option must be elected at the time of application, and the option is irrevocable. This credit, which is funded from Nationwide's General Account, will be allocated among the Sub-Accounts, the Fixed Account, and the GTOs in the same proportion that the purchase payment is allocated to the contract. For purposes of all benefits and taxes under these contracts, credits are considered earnings, not purchase payments.

In exchange, Nationwide will assess an additional charge at an annualized rate of 0.60% of the Daily Net Assets for the first eight Contract Years. The charge associated with this option is calculated and deducted daily as part of the Accumulation Unit value calculation.

In addition, allocations made to the Fixed Account and the GTOs will be assessed a fee of 0.60%.

### **Recapture of Extra Value Option Credits**

Nationwide will recapture amounts credited to the contract in connection with an Extra Value Option if:

- (a) the Contract Owner cancels the contract pursuant to the free look provision;
- (b) the Contract Owner takes a full withdrawal before the end of seven Contract Years; or
- (c) the Contract Owner takes a partial withdrawal that is subject to a CDSC before the end of seven Contract Years.

Some state jurisdictions require a reduced recapture schedule. Refer to the contract for state specific information.

Contract Owners should carefully consider the consequences of taking a withdrawal that subjects part or all of the credit to recapture. If Contract Value decreases due to poor market performance, the recapture provisions could decrease the amount of Contract Value available for withdrawal. In other words, the dollar amount of the credit Nationwide recaptures will remain the same, but this amount may be a higher percentage of the Contract Value.

Nationwide will not recapture credits under the Extra Value Option under the following circumstances:

- (1) If the withdrawal is not subject to a CDSC;
- (2) If the distribution is taken as a result of a death, annuitization, or to meet minimum distribution requirements for this contract under the Internal Revenue Code; or
- (3) If the surrender occurs after seven Contract Years.

**Recapture Resulting from Exercising Free-Look Privilege**

If the Contract Owner cancels the contract pursuant to the contractual free-look provision, Nationwide will recapture the entire amount credited to the contract under this option. In those states that require the return of purchase payments for IRAs that are surrendered pursuant to the contractual free-look, Nationwide will recapture the entire amount credited to the contract under this option, but under no circumstances will the amount returned be less than the purchase payments made to the contract. In those states that allow a return of Contract Value, the Contract Owner will retain any earnings attributable to the amount credited, but all losses attributable to the amount credited will be incurred by Nationwide.

**Recapture Resulting from a Full Withdrawal**

If the Contract Owner takes a full withdrawal of the contract before the end of seven Contract Years, Nationwide will recapture the amount credited to the contract under the option according to the following vesting/recapture schedules:

**Vesting and Recapture Schedule for 3% Extra Value Option**

<u>Contract Year</u>	<u>Credit Percentage Vested</u>	<u>Credit Percentage Subject to Recapture</u>
1 .....	0%	3% (or all of the credit)
2 .....	1%	2% (or 2/3 of the credit)
3 .....	1%	2% (or 2/3 of the credit)
4 .....	2%	1% (or 1/3 of the credit)
5 .....	2%	1% (or 1/3 of the credit)
6 .....	2%	1% (or 1/3 of the credit)
7 .....	2%	1% (or 1/3 of the credit)
8 and thereafter.....	3% (fully vested)	0%

**Vesting and Recapture Schedule for 4% Extra Value Option**

<u>Contract Year</u>	<u>Credit Percentage Vested</u>	<u>Credit Percentage Subject to Recapture</u>
1 .....	0%	4% (or all of the credit)
2 .....	1%	3% (or 3/4 of the credit)
3 .....	1%	3% (or 3/4 of the credit)
4 .....	2%	2% (or 1/2 of the credit)
5 .....	2%	2% (or 1/2 of the credit)
6 .....	2%	2% (or 1/2 of the credit)
7 .....	2%	2% (or 1/2 of the credit)
8 and thereafter.....	4% (fully vested)	0%

For example, Ms. R, who elected the 4% Extra Value Option, makes a \$100,000 initial deposit into her contract and receives a 4% credit of \$4,000. In Contract Year 4, Ms. R takes a full withdrawal. For the recapture calculation, Nationwide will multiply the initial \$100,000 by 2% (refer to the Vesting and Recapture Schedule for 4% Extra Value Option) to get the portion of the original credit that Nationwide will recapture. Thus, the amount of the original credit recaptured as a result of the full withdrawal is \$2,000.

**Recapture Resulting from a Partial Surrender**

If the Contract Owner takes a partial withdrawal before the end of seven Contract Years that is subject to CDSC, Nationwide will recapture a proportional part of the amount credited to the contract under this option, depending on when the withdrawal is taken, according to the recapture schedules indicated previously.

For example, Mr. X, who elected the 3% Extra Value Option, makes a \$100,000 initial deposit to his contract and receives a 3% credit of \$3,000. In Contract Year 2, Mr. X takes a \$20,000 withdrawal. Under the contract Mr. X is entitled to take 10% of purchase payments free of CDSC. Thus, he can take (\$100,000 x 10%) = \$10,000 without incurring a CDSC. That leaves \$10,000 of the withdrawal subject to a CDSC. For the recapture calculation, Nationwide will multiply that \$10,000 by 2% (refer to the Vesting and Recapture Schedule for 3% Extra Value Option) to get the portion of the original credit that



Nationwide will recapture. Thus, the amount of the original credit recaptured as a result of the \$20,000 partial withdrawal is \$200. The amount recaptured will be taken from the Sub-Accounts, the Fixed Account and/or the Guaranteed Term Options in the same proportion that purchase payments are allocated as of the withdrawal date.

## **Capital Preservation Plus Option**

The Capital Preservation Plus "CPP" Option provides a "return of principal" guarantee over an elected period of time (3, 5, 7, or 10 years – the "program period"). Effective May 1, 2011, the only program period available is the 10-year program period; program periods of other durations that were elected prior to May 1, 2011 will continue unchanged to the end of the current program period. Contract Value at the end of the program period will be no less than Contract Value at the beginning of the period, regardless of market performance. Note, however, that surrenders or contract charges that are deducted from the contract will reduce the value of the guarantee proportionally.

The guarantee is conditioned upon the allocation of Contract Value between two investment components:

- (1) A Guaranteed Term Option corresponding to the length of the elected program period;
- (2) Non-Guaranteed Term Option allocations, which consist of the Fixed Account and a limited list of investment options.

In some state jurisdictions, Nationwide uses Target Term Options instead of Guaranteed Term Options in connection with the Capital Preservation Plus Option. For all material purposes, Guaranteed Term Options and Target Term Options are the same. All references to Guaranteed Term Options in relation to the Capital Preservation Plus Option will also mean Target Term Options (in applicable jurisdictions). Refer to the prospectus for the Guaranteed Term Options for more information.

At the beginning of each program period, Nationwide will specify the percentage of the Contract Value that must be allocated to each of these two general components. Generally, when interest rates are higher, a greater portion of the Contract Value will be made available for allocation among Sub-Accounts; when interest rates are lower, lesser portions may be made available for allocation among Sub-Accounts. Also, longer program periods will typically permit greater allocations to the Sub-Accounts. Other general economic factors and market conditions may affect these determinations as well.

### ***Charges***

The charge associated with the Capital Preservation Plus Option is equal to an annualized rate not to exceed 0.50% of the Daily Net Assets. Allocations to the Guaranteed Term Options will also be assessed a charge not to exceed 0.50%. Nationwide may realize a profit from the charge assessed for this option.

All charges associated with the Capital Preservation Plus Option will remain the same for the duration of the program period. When the program period ends or an elected Capital Preservation Plus Option is terminated, the charges associated with the option will no longer be assessed.

### ***The Advantage of Capital Preservation Plus***

Without electing the option, Contract Owners may be able to approximate (without replicating) the benefits of the Capital Preservation Plus Option. To do this, Contract Owners would have to determine how much of their Contract Value would need to be allocated to a Guaranteed Term Option so that the amount at maturity (principal plus interest attributable to the Guaranteed Term Option allocation) would approximate the original total investment. The balance of the Contract Value would be available to be allocated among the Fixed Account and a limited list of investment options. This represents an investment allocation strategy aimed at capital preservation.

Election of the Capital Preservation Plus Option, however, generally permits a higher percentage of the Contract Value to be allocated outside of the Guaranteed Term Options. This provides Contract Owners with a greater opportunity to benefit from market appreciation that is reflected in the Sub-Accounts' performance, while preserving the return of principal guarantee.

### ***Availability***

The Capital Preservation Plus Option is only available for election at the time of application until state approval is received for the Capital Preservation Plus Lifetime Income Option.

For contracts that already elected the Capital Preservation Plus Option, at the end of any Capital Preservation Plus program period or after terminating a Capital Preservation Plus Option, and if the Capital Preservation Plus Option is still available in the applicable jurisdiction, the Contract Owner may elect to participate in a new Capital Preservation Plus Option at the charges, rates and allocation percentages in effect at that point in time.

### ***Enhanced Capital Preservation Plus Option***

From time to time, Nationwide may offer an enhanced version of the Capital Preservation Plus Option. The enhanced Capital Preservation Plus Option costs the same as the standard Capital Preservation Plus Option and operates similarly. The distinction between the two options is that the enhanced version provides Contract Owners with a larger Non-Guaranteed Term Option component than would be available under the standard Capital Preservation Plus Option in exchange for stricter allocation restrictions on the Non-Guaranteed Term Option component. Contact the Service Center for the list of investment options available under this benefit. It is possible, under certain enhanced versions of the option, for a Contract Owner to have 100% of their investment allocated to the Non-Guaranteed Term Option component.

### ***Conditions Associated with the Capital Preservation Plus Option***

A Contract Owner with an outstanding loan may not elect the Capital Preservation Plus Option.

During the program period, the following conditions apply:

- If withdrawals are taken or contract charges are deducted from the Contract Value, the value of the guarantee will be reduced proportionally.
- Only one Capital Preservation Plus Option program may be in effect at any given time.
- No new purchase payments may be applied to the contract.
- Transfers between and among permitted investment options may not be submitted via Internet.
- Nationwide will not permit loans to be taken from the contract.
- No optional benefit that assesses a charge to the Guaranteed Term Options may be added to the contract.
- If Annuitant dies and the Annuitant's spouse elects to continue the contract, the option will remain in effect and will continue until the end of the original program period.

If the contract is annuitized, surrendered, or liquidated for any reason prior to the end of the program period, all guarantees are terminated. A market value adjustment may apply to amounts transferred from a Guaranteed Term Option due to annuitization. A market value adjustment may apply to amounts withdrawn or transferred from a GTO and the withdrawal will be subject to the CDSC provisions of the contract.

After the end of the program period or after termination of the option the above conditions will no longer apply.

### ***Investments During the Program Period***

When the option is elected and after Nationwide receives all required information, Nationwide will declare the amount of the Contract Value that is available for allocation to the Non-Guaranteed Term Option component. The remainder of the Contract Value must be allocated to a Guaranteed Term Option, the length of which corresponds to the length of the program period elected by the Contract Owner.

Only certain investment options are available when a Contract Owner elects the Capital Preservation Plus Option. Nationwide selected the available investment options on the basis of certain risk factors associated with the underlying mutual fund's investment objective. The investment options that are unavailable were excluded on the basis of similar risk considerations.

The Fixed Account and the limited set of investment options are the only investment options available while the Capital Preservation Plus Option is elected. Contact the Service Center for the list of available investment options.

Election of the Capital Preservation Plus Option will not be effective unless and until Nationwide receives allocation instructions based on the limited set of investment options. Allocations to investment options other than those listed are not permitted during the program period.

Nationwide reserves the right to modify the list of available investment options upon written notice to Contract Owners. If an investment option is deleted from the list of available investment options, such deletion will not affect Capital Preservation Plus Option programs already in effect.

### ***Withdrawals During the Program Period***

If the Contract Owner takes a withdrawal, Nationwide will surrender Accumulation Units from the Sub-Accounts and an amount from the Fixed Account and the GTO in proportion to the value in each option at the time of the withdrawal request, unless Nationwide is instructed otherwise. Withdrawals may not be taken exclusively from the Guaranteed Term Option. The partial withdrawal will cause a proportional negative adjustment to the guarantee. A market value adjustment may apply to amounts withdrawn from the GTO and the withdrawal will be subject to the CDSC provisions of the contract.

### ***Transfers During the Program Period***

Transfers to and from the Guaranteed Term Option are not permitted during the program period.

Transfers between and among the permitted investment options are subject to the terms and conditions in the *Transfers Prior to Annuitization* provision. During the program period, transfers to investment options that are not included in the Capital Preservation Plus Option program are not permitted.

### ***Terminating the Capital Preservation Plus Option***

Once elected, the Capital Preservation Plus Option cannot be revoked, except as provided below.

If the Contract Owner elected a program period matching a 7-year Guaranteed Term Option, upon reaching the fifth Contract Anniversary, the Contract Owner may terminate the Capital Preservation Plus Option. Any termination instructions must be received at the Service Center within 60 days after the fifth Contract Anniversary.

If the Contract Owner elected a program period matching a 10-year Guaranteed Term Option, upon reaching the seventh Contract Anniversary, the Contract Owner may terminate the Capital Preservation Plus Option. Any termination instructions must be received at the Service Center within 60 days after the seventh Contract Anniversary.

If the Contract Owner terminates the Capital Preservation Plus Option as described above, the charges associated with the option will no longer be assessed, all guarantees associated with the option will terminate, the contract's investment allocations will remain the same as when the program was in effect (unless Nationwide is instructed otherwise), and all conditions associated with the Capital Preservation Plus Option are removed.

### ***Fulfilling the Return of Principal Guarantee***

At the end of the program period, if the Contract Value is less than the guaranteed amount, Nationwide will credit an amount to the contract so that the Contract Value equals the guaranteed amount. Amounts credited under this option are considered, for purposes of other benefits under this contract, earnings, not purchase payments. If the Contract Owner does not elect to begin a new Capital Preservation Plus Option program, the amount previously allocated to the Guaranteed Term Option and any amounts credited under the guarantee will be allocated to the money market Sub-Account.

### ***Election of a New Capital Preservation Plus Option***

At the end of any program period or after terminating a Capital Preservation Plus Option, the Contract Owner may elect to participate in a new Capital Preservation Plus Option program at the charges, rates and allocation percentages in effect at that point in time. Nationwide will communicate the ensuing program period end to the Contract Owner approximately 75 days before the end of the period and this notice will include a list of the limited investment options available. If the Contract Owner elects to participate in a new program, such election and complete instructions must be received by Nationwide within 60 days before the end of the preceding program period or within 60 days before the program termination, whichever is applicable.

### ***Conversion to the Capital Preservation Plus Lifetime Income Option***

Upon state approval of the Capital Preservation Plus Lifetime Income Option, at the end of CCP program period or after terminating a Capital Preservation Plus Option, the Contract Owner may elect to replace the Capital Preservation Plus Option with the Capital Preservation Plus Lifetime Income Option (or an enhanced version thereof, if available) at the rates, conditions, allocation percentages, and prices in effect at that point in time. Any such election must be received by Nationwide within 60 days before the end of the preceding CCP program period or within 60 days before the Capital Preservation Plus Option termination, whichever is applicable.

## **Capital Preservation Plus Lifetime Income Option**

The Capital Preservation Plus Lifetime Income Option ("CPPLI Option") is an optional benefit that provides both principal protection and the possibility of a lifetime income stream.

The CPPLI Option is a two-phase option. The first phase (the "preservation phase") is substantially the same as the Capital Preservation Plus Option (see *Capital Preservation Plus Option*). Part of the Contract Value may be allocated to a GTO and the remainder is allocated to available non-GTO investment options. At the end of the CPP program period, if the Contract Value is less than the Contract Value at the time the CPP program period began, Nationwide will credit the contract with an amount sufficient to equal the guaranteed amount. All conditions associated with the Capital Preservation Plus Option (including the limited investment options) also apply to the CPPLI Option during the preservation phase. Effective May 1, 2011, the only program period available in connection with the CPPLI Option is the 10-year term. Program periods of other durations that are in effect on May 1, 2011, will continue unchanged to the end of the existing program period.

**Note:** Contract Owners who are in the preservation phase of the option can elect the immediate withdrawal benefit and begin taking withdrawals of up to 6% of the guaranteed amount annually. Election of immediate withdrawals results in the forfeit of the second phase of the CPPLI Option and changes other important terms (see *Immediate Withdrawal Benefit*).

The second phase of the CPPLI Option (the "withdrawal phase") begins with establishing the lifetime withdrawal base. Thereafter, the Contract Owner may take withdrawals from the contract equal to a certain percentage of that lifetime withdrawal base for the remainder of his/her life, regardless of the actual Contract Value. This provides the Contract Owner with an available lifetime stream of income. This lifetime income stream is distinct from the annuitization phase of the contract.

In short, the preservation phase gives the Contract Owner the assurance of a principal guarantee and the withdrawal phase gives the Contract Owner the opportunity for a consistent lifetime income stream. The preservation phase and withdrawal phase are discussed more thoroughly later in this provision.

### **Charges**

The CPPLI Option is provided for an additional charge at an annualized rate not to exceed 1.00% of the Daily Net Assets. Additionally, allocations to the Guaranteed Term Options will be charged not more than 1.00%. For contracts issued on or after September 15, 2008, or the date of state approval (whichever is later), the current charge for the CPPLI Option is equal to an annualized rate of 0.75% of the Daily Net Assets and the Guaranteed Term Option charge is 0.75%. For contracts issued before September 15, 2008, or the date of state approval (whichever is later), the current charge for the CPPLI Option is equal to an annualized rate of 0.60% of the Daily Net Assets and the Guaranteed Term Option charge is 0.60%. Nationwide may realize a profit from the charge assessed for this option. All charges associated with the CPPLI Option will be assessed until annuitization and the charge will remain the same (unless the Contract Owner elects a new CPP program or invokes the reset opportunity, discussed herein).

### **Availability**

The CPPLI Option is no longer available for election for new contracts. However, contract owners who previously elected the Capital Preservation Plus Option may elect to convert to the CPPLI Option. Any such conversion must occur at the end of a CPP program period or after terminating a Capital Preservation Plus Option as described in the *Capital Preservation Plus Option* provision. The CPPLI Option will be added to the contract at the charges, rates, and allocation percentages in effect at that point in time and the Capital Preservation Plus Option will be removed (including the charge). Any election to switch from the CPP Option to the CPPLI Option and complete instructions must be received at the Service Center within 60 days before the end of the CPP program period or within 60 days before the CPP Option termination, whichever is applicable.

The person's life upon which the benefit depends (the "determining life") must be age 35 or older at the time the CPPLI Option is elected. For most contracts, the determining life is that of the Contract Owner. For those contracts where the Contract Owner is a non-natural person, for purposes of this option, the determining life is that of the Annuitant, and all references in this option to "Contract Owner" shall mean Annuitant. The Capital Preservation Plus Lifetime Income Option may not be elected if any of the following optional benefits are elected: the Capital Preservation Plus Option, a Nationwide Lifetime Income Rider, or an Extra Value Option. Additionally, the CPPLI Option may not be revoked or terminated except as described herein. The CPPLI Option is not available on beneficially owned contracts.

### **Enhanced CPPLI Option**

Nationwide may offer an enhanced version of the CPPLI Option. The enhanced CPPLI Option costs the same as the standard CPPLI Option and operates similarly. The distinction between the two options lies in the preservation phase. During the preservation phase of the enhanced CPPLI Option, Contract Owners will have a larger non-GTO component than would be available during the preservation phase of the standard CPPLI Option. In exchange for this benefit, Nationwide will impose stricter allocation restrictions on the non-GTO component. Contact the Service Center for the list of

investment options available under this benefit. It is possible, under certain enhanced versions of the option, for a Contract Owner to have 100% of their investment allocated to non-GTO investment options during the preservation phase. Any enhanced CPPLI Option that Nationwide offers will be subject to the rates, conditions, and allocation percentages in effect at that point in time. The Contract Owner may also elect Dollar Cost Averaging for Living Benefits (see *Contract Owner Services*).

### ***Preservation Phase of the CPPLI Option***

The first phase of the CPPLI Option, the preservation phase, is similar to the Capital Preservation Plus Option. It enables the Contract Owner to allocate part of his/her Contract Value to certain non-GTO investment options in order to benefit from possible market appreciation, while preserving a return of principal guarantee. The preservation phase of the CPPLI Option generally operates the same as the Capital Preservation Plus Option:

- all of the terms and conditions associated with the Capital Preservation Plus Option also apply to the preservation phase of the CPPLI Option except that Contract Owners may not terminate the CPPLI Option prior to the end of the CPP program period.
- market conditions determine the availability and allocation percentages of the various CPP program periods.
- withdrawals during the preservation phase will reduce the value of the guarantee proportionally.
- if at the end of any CPP program period the Contract Value is less than the guaranteed amount, Nationwide will credit an amount to the contract so that the Contract Value equals the guaranteed amount.
- amounts credited to fulfill the principal guarantee are considered, for the purposes of other benefits under this contract, earnings, not purchase payments.

The Contract Owner may also elect Dollar Cost Averaging for Living Benefits (see *Contract Owner Services*). During the preservation phase, for purposes of this option, Nationwide will consider a change in Contract Owner as a death of Contract Owner.

### ***Options at the End of a CPP Program Period***

Approximately 75 days before the end of a CPP program period, Nationwide will communicate the ensuing CPP program period end to the Contract Owner. The communication will inform the Contract Owner of his/her options relating to the CPPLI Option and will instruct him/her to elect how the contract should continue. The Contract Owner must elect one of the following options: remain in the preservation phase of the option by electing a new CPP program; move into the withdrawal phase of the option; or terminate the option. The Contract Owner's election is irrevocable. Each of the options is discussed more thoroughly below.

#### *Remaining in the Preservation Phase of the CPP Lifetime Income Option*

After Nationwide applies any credit that may be due on the maturing CPP program, the Contract Owner may elect to remain in the preservation phase of the CPPLI Option by beginning a new CPP program. If the Contract Owner elects this option, the new CPP program will be subject to the rates and conditions that are in effect at that point in time, and the guaranteed amount corresponding to the new CPP program will be the Contract Value as of the beginning of that CPP program period. The charge, from that point forward, will be the then current charge for the CPPLI Option.

#### *Moving into the Withdrawal Phase of the CPPLI Option*

After Nationwide applies any credit that may be due on the maturing CPP program, the Contract Owner may elect to begin the withdrawal phase of the CPPLI Option (see *Withdrawal Phase of the CPPLI Option*). During the withdrawal phase, Nationwide will continue to assess the same charge that was assessed during the prior CPP program period.

#### *Terminating the CPPLI Option*

After Nationwide applies any credit that may be due on the maturing CPP program, the Contract Owner may elect to terminate the CPPLI Option. Upon such an election, Nationwide will no longer assess the charge associated with the option, all benefits associated the option will terminate, and all conditions associated with the option are removed. The contract's variable investment allocations will remain the same as they were prior to the termination (unless Nationwide is instructed otherwise) and the Contract Value previously allocated to the GTO and any amounts credited under the principal guarantee will be allocated to the money market Sub-Account.

If Nationwide does not receive the Contract Owner's instructions as to how the option/contract should continue prior to the end of the CPP program period, upon such CPP program period end, Nationwide will assume that the Contract Owner intends to terminate the CPPLI Option.

### **Withdrawal Phase of the CPPLI Option**

Upon electing to begin the withdrawal phase, the Contract Owner must instruct Nationwide how to allocate their Contract Value among a select group of investment options. A list of the investment options available during the withdrawal phase will be included in the election notice. The Contract Owner may reallocate only among the limited investment options for the remainder of the withdrawal phase. During the withdrawal phase of the option, Nationwide will not permit any additional purchase payments to the contract and Nationwide will not permit a change in Contract Owner (unless the change would result in using the same determining life).

At the beginning of the withdrawal phase of the CPPLI Option, Nationwide will determine the lifetime withdrawal base, which is equal to the Contract Value as of the end of the CPP program period (including any amounts credited under the principal guarantee).

At any point in the withdrawal phase, the Contract Owner may begin taking the lifetime income stream by requesting a withdrawal from the contract. All withdrawals taken from the contract during the withdrawal phase will be taken from each investment option in proportion to the value in each investment option at the time of the withdrawal request.

At the time the first withdrawal is requested during the withdrawal phase, Nationwide will determine the benefit amount under this option, referred to as the "lifetime withdrawal amount." The lifetime withdrawal amount is determined by multiplying the lifetime withdrawal base by the corresponding Lifetime Withdrawal Percentage in the chart that follows.

<u>Age of Determining Life</u>	<u>Lifetime Withdrawal Percentage</u>
age 35 up to age 59½ .....	4%
age 59½ through 66 .....	5%
age 67 through 71 .....	6%
age 72 or older .....	7%

The Lifetime Withdrawal Percentage is based on the age of the determining life as of the date of the first withdrawal during the withdrawal phase and will not change, except as described in *Lifetime Withdrawal Base Reset Opportunity*.

Thereafter, on each anniversary of the beginning of the withdrawal phase, the Contract Owner is entitled to withdraw an amount equal to the lifetime withdrawal amount without reducing the lifetime withdrawal base. The Contract Owner may continue to take annual withdrawals that do not exceed the lifetime withdrawal amount until the earlier of the Contract Owner's death or annuitization regardless of the actual value of the contract. Thus, it is possible for the Contract Owner to take annual withdrawals equal to the lifetime withdrawal amount after the Contract Value is \$0. After the Contract Value falls to \$0, the Contract Owner can continue to take annual withdrawals of no more than the lifetime withdrawal amount. Surrender requests may be submitted systematically or directly by the Contract Owner.

Although withdrawals of the lifetime income amount do not reduce the lifetime withdrawal base, they do reduce the Contract Value and death benefit, and are subject to the CDSC provisions of the contract. Lifetime withdrawal amounts not withdrawn in a given year are forfeited and may not be claimed in subsequent years. Withdrawals taken before the Contract Owner is age 59½ may be subject to additional tax penalties.

Contract Owners are permitted to take withdrawals in excess of the lifetime withdrawal amount (provided that the Contract Value is greater than \$0). However, to the extent that a withdrawal exceeds that year's lifetime withdrawal amount, Nationwide will proportionally reduce the lifetime withdrawal base, which will result in lower lifetime withdrawal amounts in subsequent years. The proportionate reduction will be equal to the amount withdrawn in excess of the lifetime withdrawal amount, divided by the Contract Value (after it is reduced by the lifetime withdrawal amount). Once the Contract Value falls to \$0, the Contract Owner is no longer permitted to take withdrawals in excess of the lifetime withdrawal amount.

#### *Required Minimum Distribution Privilege*

If a Contract Owner withdraws an amount greater than the lifetime withdrawal amount for the sole purpose of satisfying Internal Revenue Code minimum distribution requirements for this contract, Nationwide will not reduce the lifetime withdrawal base. This RMD privilege does not apply to beneficially owned contracts. Nationwide reserves the right to modify or eliminate this RMD privilege. Nationwide will notify Contract Owners if it discontinues or eliminates the RMD privilege. If Nationwide exercises its right to modify or eliminate this privilege, any distribution in excess of the lifetime withdrawal amount will reduce the remaining lifetime withdrawal base.

### ***Lifetime Withdrawal Base Reset Opportunity***

On the five-year anniversary of the beginning of the withdrawal phase, if the Contract Value exceeds the lifetime withdrawal base, Nationwide will reset the lifetime withdrawal base to equal the current Contract Value.

### ***Annuitization and the CPPLI Option***

Election of CPPLI Option does not restrict the Contract Owner's right to annuitize the contract. If the Contract Owner elects to annuitize during the preservation phase, any portion of the Contract Value allocated to a GTO must be reallocated and a market value adjustment may apply. Upon annuitization, all guarantees associated with the preservation phase are terminated, the charge is removed, and the conditions associated with the CPP program are no longer applicable. The amount to be annuitized will be the Contract Value after any market value adjustment has been applied.

If the Contract Owner elects to annuitize during the withdrawal phase, the charge is removed and the investment restrictions associated with the withdrawal phase are no longer applicable. The amount to be annuitized will be the Contract Value. Since withdrawals from the contract during the withdrawal phase reduce the Contract Value, and consequently, the amount to be annuitized, the Contract Owner should carefully weigh the option of annuitization against continuing with the lifetime income stream associated with the CPPLI Option.

### ***Succession of Rights and Termination of the CPPLI Option***

The following events will trigger an automatic termination of the CPPLI Option:

- a full surrender of the contract;
- a full surrender of the death benefit proceeds; or
- an election to annuitize the contract.

If any of the events listed above occur, the CPPLI Option will terminate and Nationwide will no longer be obligated to fulfill the principal guarantee or to provide the lifetime withdrawal benefit.

### ***Immediate Withdrawal Benefit***

During the preservation phase of the CPPLI Option, the Contract Owner can invoke the immediate withdrawal benefit. This benefit permits the Contract Owner to take immediate withdrawals each Contract Year of up to 6% of the immediate withdrawal base until the remaining immediate withdrawal base is depleted (both discussed herein).

The benefit may only be invoked during the preservation phase, specifically during the current CPP program period. A Contract Owner wishing to invoke the immediate withdrawal benefit must affirmatively elect to do so by submitting an election form approved by Nationwide. **Note:** A withdrawal request alone will not invoke the immediate withdrawal benefit, but will, instead, be treated as an ordinary withdrawal under the contract.

Upon receipt of an election to invoke, Nationwide will calculate the immediate withdrawal base, which is equal to the current CPP program's guarantee amount (determined as of the day the immediate withdrawal benefit is invoked). The immediate withdrawal base is the dollar amount that Nationwide will use as the basis for determining how much the Contract Owner can withdraw under the immediate withdrawal benefit each year. The immediate withdrawal base will not change unless the Contract Owner takes withdrawals in excess of 6% any given Contract Year.

After the benefit is invoked, the current CPP program period will remain in effect until its regular maturity date. However, at the end of the current CPP program period, Nationwide will not credit an amount to the contract – by invoking the immediate withdrawal benefit, the Contract Owner is forfeiting any guarantee associated with the current CPP program. In order to continue the right to take immediate withdrawals after the end of the current CPP program period, the Contract Owner must reallocate the Contract Value among a limited set of investment options that may not include GTOs. Approximately 60 days before the end of the CPP program period, Nationwide will provide a notice to the Contract Owner prompting them that the Contract Value must be reallocated in order to continue the CPPLI Option and providing them with a list of available investment options. If the Contract Owner fails to reallocate the Contract Value by the end of the current CPP program period, the CPPLI Option will terminate.

Once the immediate withdrawal benefit is invoked, the Contract Owner will not be permitted to enter the withdrawal phase of the CPPLI Option and no additional purchase payments may be applied to the contract. Furthermore, the *Succession of Rights and Termination of the CPPLI Option* provision no longer applies.

Example: If the Contract Owner's initial investment at the beginning of the current CPP program period was \$100,000, and no withdrawals were taken, the guarantee amount at the end of the CPP program period will be \$100,000. If the Contract Owner invokes the immediate withdrawal benefit, the immediate withdrawal base is calculated to equal the CPP guarantee amount (\$100,000). The contract will not be credited with any CPP guarantee amount at the end of the CPP program period.

After the immediate withdrawal benefit is invoked, in order to take an immediate withdrawal, the Contract Owner must submit a withdrawal request to Nationwide. To effectuate the withdrawal, Nationwide will surrender Accumulation Units from the Sub-Accounts and an amount from the Fixed Account and GTO in proportion to the value in each investment option at the time of the withdrawal request, unless otherwise directed. Immediate withdrawals cannot be taken exclusively from the GTO. Amounts withdrawn from the GTO could incur a market value adjustment, which will increase the gross amount of the withdrawal. Contract Owners can request to have the withdrawal taken entirely from non-GTO allocations in order to avoid a market value adjustment. Refer to the GTO prospectus for more information on market value adjustments. Immediate withdrawals are subject to the CDSC provisions of the contract. Application of a CDSC in addition to the requested withdrawal amount could result in the gross withdrawal being greater than 6%. To avoid this, Contract Owners have the option of requesting the withdrawal net of the CDSC.

The amount available or remaining for withdrawal under the immediate withdrawal benefit is referred to as the "remaining immediate withdrawal base." This figure is used to track how much the Contract Owner has withdrawn and how much the Contract Owner has left to withdraw. For purposes of the remaining immediate withdrawal base, the gross withdrawal is what is tracked – the gross withdrawal will include any applicable CDSC, market value adjustments, and amounts withdrawn to meet required minimum distributions under the Internal Revenue Code.

Each immediate withdrawal reduces the the remaining immediate withdrawal base. Immediate withdrawals in excess of the 6% per Contract Year annual limit not only reduce the remaining immediate withdrawal base, but also reduce the immediate withdrawal base, thereby reducing the amount of all future immediate withdrawal benefit amounts. The immediate withdrawal benefit is non-cumulative. Withdrawals not taken in a Contract Year cannot be carried over to the following Contract Year.

Example: Assume the Contract Owner submits a gross immediate withdrawal request for \$6,000, which is within his 6% immediate withdrawal benefit limit. Contract status is as follows:

	<u>Contract Status Prior to \$6,000 Withdrawal:</u>	<u>Contract Status After \$6,000 Withdrawal:</u>
Immediate Withdrawal Base .....	\$100,000	\$100,000
Contract Value .....	\$ 31,000	\$ 25,000
Remaining Immediate Withdrawal Base .....	\$ 56,000	\$ 50,000

The withdrawal results in a dollar-for-dollar reduction of the gross withdrawal amount to both the Contract Value and the remaining immediate withdrawal base.

Withdrawals in excess of 6% in a given Contract Year will not only reduce the Contract Value and remaining immediate withdrawal base (as described previously), but will also have an additional negative impact on both the immediate withdrawal base and the remaining immediate withdrawal base, thereby reducing the amount of future immediate withdrawals available under the benefit. In addition to the dollar-for-dollar reduction to the remaining immediate withdrawal base, both the remaining immediate withdrawal base and the immediate withdrawal base will also be reduced by the greater of:

- (1) the dollar amount of the withdrawal in excess of the 6% withdrawal amount; or
- (2) a figure representing the proportional amount of the withdrawal. This amount is determined by the following formula:

$$\frac{\text{dollar amount of the excess withdrawal}}{\text{Contract Value (reduced by the amount of any applicable market value adjustment and the amount of the withdrawal request up to 6\%)}} \times \text{Immediate withdrawal base prior to the withdrawal}$$



Example: Assume the Contract Owner submits a gross immediate withdrawal request for \$11,000, which exceeds his 6% immediate withdrawal benefit limit by \$5,000. Since there is an excess withdrawal, the impact to the contract will be calculated in two steps: the first step calculates the impact of the withdrawal that is within the 6% limit:

	<u>Contract Status Prior to \$6,000 Withdrawal:</u>	<u>Contract Status After \$6,000 Withdrawal:</u>
Immediate Withdrawal Base .....	\$100,000	\$100,000
Contract Value .....	\$ 31,000	\$ 25,000
Remaining Immediate Withdrawal Base .....	\$ 56,000	\$ 50,000

The second step calculates the secondary impact of the excess withdrawal, which is equal to \$5,000, using the excess withdrawal formula described previously:

$$\frac{\$5,000}{\$25,000} \times \$100,000 = \$20,000$$

This excess withdrawal adjustment is then applied to the contract status previously calculated:

	<u>Contract Status Prior to \$11,000 Withdrawal</u>	<u>Contract Status After Permitted Withdrawal (\$6,000)</u>	<u>Contract Status After Permitted and Excess Withdrawal (\$11,000)</u>
Immediate Withdrawal Base .....	\$100,000	\$100,000	\$80,000
Contract Value .....	\$ 31,000	\$ 25,000	\$20,000
Remaining Immediate Withdrawal Base .....	\$ 56,000	\$ 50,000	\$30,000

Once the Contract Value falls to \$0, the Contract Owner is not permitted to take withdrawals in excess of the annual benefit amount.

A Contract Owner can continue to take immediate withdrawals as long as the remaining immediate withdrawal base is greater than \$0 at which time the immediate withdrawal benefit is exhausted and the Contract Owner can no longer take withdrawals under the immediate withdrawal benefit. However, the Contract Owner can still take surrenders from the contract as long as there the Contract Value is greater than \$0 (subject to the CDSC provisions of the contract). The charge associated with the CPPLI Option will continue to be assessed until the contract is terminated or annuitized.

If Contract Value reaches \$0 and there is still a remaining immediate withdrawal base, the Contract Owner can continue to take immediate withdrawals up to the 6% limit each Contract Year until the remaining immediate withdrawal base is \$0. Additionally, if the Contract Owner has invoked the benefit but has not requested regular or Systematic Withdrawals, Nationwide will automatically begin paying the Contract Owner the value of 6% of the remaining immediate withdrawal base until the remaining immediate withdrawal base is zero. Once the remaining immediate withdrawal base reaches \$0 and the Contract Value is \$0, the contract will automatically terminate.

Once the immediate withdrawal benefit is invoked, the CPPLI Option can only be terminated by failing to reallocate the Contract Value at the end of the current CPP program period.

The immediate withdrawal benefit provisions apply as long as the CPPLI Option is in force. If by the terms of the contract the death of the Contract Owner results in the contract being continued (i.e., does not result in payment of the death benefit), the CPPLI Option will continue in force with the immediate withdrawal benefit invoked. The values of the immediate withdrawal base and the remaining immediate withdrawal base remain the same as they were prior to the Contract Owner's death and the new owner will continue receiving withdrawals until the remaining immediate withdrawal base is \$0. If death of the Contract Owner occurs after the immediate withdrawal benefit was invoked but before the end of the CPP program period, the new owner will be required to reallocate the Contract Value no sooner than the expiration of the CPP program period in order to continue to receive the withdrawals and retain the benefit.

### ***Taxation of Surrenders under the CPPLI Option***

Although the tax treatment is not clear, when the Contract Owner takes a withdrawal from the contract before the Annuitization Date, Nationwide will treat the following amount of the withdrawal as a taxable distribution: the excess of the greater of (a) the Contract Value immediately before the withdrawal; or (b) the guaranteed benefit amount immediately before the withdrawal; over the remaining investment in the contract. In certain circumstances, this treatment could result in the Contract Value being less than the investment in the contract after the withdrawal. A subsequent withdrawal under such circumstances could result in a loss that may be deductible. Consult a qualified tax advisor.

## **10% Nationwide Lifetime Income Rider (formerly the 10% Lifetime Income Option)**

The 10% Nationwide Lifetime Income Rider (the "10% Nationwide L.inc Rider") provides for Lifetime Withdrawals, up to a certain amount each year, even after the Contract Value is \$0, provided that the Contract Owner does not deplete the Current Income Benefit Base by taking excess withdrawals. Investment restrictions apply. The age of the person upon which the benefit depends (the "determining life") must be between 45 and 85 years old at the time of application. For contracts issued in the State of New York, the Contract Owner (or the Annuitant in the case of a non-natural Contract Owner) must be between age 50 and 85 at the time of application. For most contracts, the determining life is that of the Contract Owner. For those contracts where the Contract Owner is a non-natural person, for purposes of this option, the determining life is that of the Annuitant, and all references in this option to "Contract Owner" shall mean Annuitant. If, in addition to the Annuitant, a Co-Annuitant or joint annuitant has been elected, the determining life will be that of the primary Annuitant as named on the application. The determining life may not be changed.

### ***Availability***

The 10% Nationwide Lifetime Income Rider is available under the contract at the time of application. Once elected, the 10% Nationwide L.inc Rider is irrevocable. The 10% Nationwide L.inc Rider is not available on beneficially owned contracts – those contracts that are inherited by a beneficiary and the beneficiary continues to hold the contract as a beneficiary (as opposed to treating the contract as his/her own) for tax purposes. However, if such contract becomes beneficially owned by the spouse of the Contract Owner, and the Joint Option for the 10% Nationwide Lifetime Income Rider is elected, then the spouse may keep the 10% Nationwide L.inc Rider. However, once a contract becomes beneficially owned, the contract will not receive the benefit of the RMD privilege discussed later in this section. The 10% Nationwide Lifetime Income Rider may not be elected if any of the following optional benefits are elected: another Nationwide Lifetime Income Rider, the Capital Preservation Plus Lifetime Income Option, or an Extra Value Option.

### ***10% Nationwide L.inc Rider Charge***

In exchange for Lifetime Withdrawals, Nationwide will assess an annual charge not to exceed 1.20% of the Current Income Benefit Base. For contracts issued on or after January 24, 2011, the current charge for the 10% Nationwide Lifetime Income Rider is 1.20% of the Current Income Benefit Base. For contracts issued before January 24, 2011, the current charge for the 10% Nationwide Lifetime Income Rider is 1.00% of the Current Income Benefit Base. The current charge will not change, except, possibly, upon the Contract Owner's election to reset the benefit base, as discussed herein. If the current charge does change, it will not exceed the maximum charge of 1.20% of the Current Income Benefit Base.

The charge will be assessed on each Contract Anniversary and will be deducted via redemption of Accumulation Units. The charge will be assessed until annuitization. A prorated charge will also be deducted upon full surrender of the contract. Accumulation Units will be redeemed proportionally from each Sub-Account in which the Contract Owner is invested at the time the charge is taken. Amounts redeemed as the 10% Nationwide L.inc Rider charge will not negatively impact calculations associated with other benefits elected or available under the contract, will not be subject to a CDSC, and will not reduce amounts available under the CDSC-free withdrawal privilege.

### ***Lifetime Income Rider Investment Requirements***

Election of the 10% Nationwide L.inc Rider requires that the Contract Owner, until annuitization, allocate the entire Contract Value to a limited set of investment options currently available in the contract. Contact the Service Center for the list of available investment options. Allocation requests to investment options other than the limited set of investment options will not be honored; they will be treated as though no allocation request was submitted. Nationwide may offer Dollar Cost Averaging for Living Benefits described in the *Contract Owner Services* provision. Allocation to the Fixed Account is not permitted (except as the originating account when the Contract Owner elects Dollar Cost Averaging for Living Benefits). Allocation to the GTOs is not permitted.

### ***Transfers Among Permitted Investment Options***

The Contract Owner may reallocate the Contract Value among the limited set of investment options in accordance with the *Transfers Prior to Annuitization* provision.

### ***Subsequent Purchase Payments***

Subsequent purchase payments are permitted under the 10% Nationwide L.inc Rider as long as the Contract Value is greater than \$0. Effective July 15, 2013, subsequent purchase payments are limited to an aggregate total of \$50,000 in any calendar year. The \$50,000 threshold may take into consideration all contracts issued by Nationwide to a particular Contract Owner or using the same determining life. If subsequent purchase payments are submitted in excess of \$50,000

in any calendar year, the entire purchase payment that causes the aggregate amount to exceed \$50,000 will be immediately returned to the Contract Owner in the same form in which it was received. Contract Owners may contact the Service Center to find out if Nationwide will accept a particular subsequent purchase payment. Nationwide may waive the \$50,000 limitation for subsequent purchase payments in the future.

### ***Determination of the Income Benefit Base Prior to the First Withdrawal***

Upon contract issuance, the Original Income Benefit Base is equal to the Contract Value. Thereafter, Nationwide tracks, on a continuous basis, the Current Income Benefit Base which is used to calculate the Lifetime Withdrawal Amount. The Current Income Benefit Base from the date of contract issuance until the first Lifetime Withdrawal will reflect any additional purchase payments, Extra Value Option credits and Purchase Payment Credits, and reset opportunities, as described below.

Provided no withdrawals are taken from the contract, the Current Income Benefit Base for the 10% Nationwide L.inc Rider will equal the greater of:

- (1) the highest Contract Value on any Contract Anniversary plus purchase payments submitted and any Extra Value Option credits and Purchase Payment Credits applied after that Contract Anniversary; or
- (2) the 10% roll-up amount, which is equal to the sum of the following calculations:
  - (a) Original Income Benefit Base with Roll-up: the Original Income Benefit Base, plus 10% of the Original Income Benefit Base for each Contract Anniversary up to and including the 10<sup>th</sup> Contract Anniversary; plus
  - (b) Purchase Payments with Roll-up: any purchase payments submitted after contract issuance and before the 10<sup>th</sup> Contract Anniversary, plus any Extra Value Option credits and Purchase Payment Credits applied, increased by simple interest at an annual rate of 10% each year from the date of the purchase payment through the 10<sup>th</sup> Contract Anniversary; plus
  - (c) Purchase Payments with No Roll-up: any purchase payments submitted after the 10<sup>th</sup> Contract Anniversary plus any Extra Value Option credits and Purchase Payment Credits applied.

When a purchase payment and any Extra Value Option credits and Purchase Payment Credits are applied on a date other than a Contract Anniversary, simple interest is calculated using a prorated method based upon the number of days from the date of the purchase payment to the next Contract Anniversary. However, if at any time prior to the first withdrawal the Contract Value equals \$0, no additional purchase payments will be accepted and no further benefit base calculations will be made. The Current Income Benefit Base will be set equal to the benefit base calculated on the most recent Contract Anniversary minus adjustments made for excess withdrawals after that date, and the Lifetime Withdrawal Amount will be based on that Current Income Benefit Base. Since the roll-up is only calculated for the first 10 Contract Years or prior to the first withdrawal, whichever comes first, any purchase payments the Contract Owner makes during that time period will increase the Current Income Benefit Base more than purchase payments made after that time period.

### ***Lifetime Withdrawals***

At any time after the 10% Nationwide L.inc Rider is elected, the Contract Owner may begin taking the Lifetime Withdrawal Amount by taking a withdrawal from the contract. **The first withdrawal under the contract constitutes the first Lifetime Withdrawal, even if such withdrawal is taken to meet minimum distribution requirements under the Internal Revenue Code or is taken to pay advisory or investment management fees.** Nationwide will surrender Accumulation Units proportionally from the Sub-Accounts as of the date of the Lifetime Withdrawal request. As with any withdrawal, Lifetime Withdrawals reduce the Contract Value and consequently, the amount available for annuitization.

At the time of the first Lifetime Withdrawal, the 10% roll-up amount terminates and the Current Income Benefit Base is locked in and will not change unless the Contract Owner takes excess withdrawals, elects a reset opportunity (both discussed later in this provision), or submits additional purchase payments. Additional purchase payments submitted after the first Lifetime Withdrawal from the contract will increase the Current Income Benefit Base by the amount of the purchase payment.

Simultaneously, the Lifetime Withdrawal Percentage is determined based on the age of the Contract Owner as indicated in the following tables.

For contracts issued on or after December 5, 2011 or the date of state approval (whichever is later):

<u>Contract Owner's Age</u> <u>(at time of first Lifetime Withdrawal)</u>	<u>45 up to 59½</u>	<u>59½ through 64</u>	<u>65 through 80</u>	<u>81 and older</u>
Lifetime Withdrawal Percentage .....	3.00%	3.75%	4.75%	5.75%

The Contract Owner's age at the time of first withdrawal is different for contracts issued in the State of New York.

For contracts that elect the Joint Option for the 10% Nationwide Lifetime Income Rider, the Lifetime Withdrawal Percentages will be reduced (see *Joint Option for the 10% Nationwide Lifetime Income Rider (formerly the 10% Spousal Continuation Benefit)*).

For contracts issued before December 5, 2011 or the date of state approval of the changes shown above (whichever is later):

<u>Contract Owner's Age</u> <u>(at time of first Lifetime Withdrawal)</u>	<u>45 up to 59½</u>	<u>59½ through 64</u>	<u>65 through 80</u>	<u>81 and older</u>
Lifetime Withdrawal Percentage .....	3.00%	4.00%	5.25%	6.25%

The Contract Owner's age at the time of first withdrawal is different for contracts issued in the State of New York.

A Contract Owner will receive the greatest Lifetime Withdrawal Percentage only if he or she does not take a Lifetime Withdrawal from the contract prior to age 81.

**Note:** The Internal Revenue Code requires that IRAs, SEP IRAs, Simple IRAs, and Investment-Only Contracts begin distributions no later than April 1 of the calendar year following the calendar year in which the Contract Owner reaches age 70½ (age 72 for those Contract Owners who turn age 72 on or after January 1, 2020). **Contract Owners subject to minimum required distribution rules may not be able to take advantage of the Lifetime Withdrawal Percentages available at higher age bands if distributions are taken from the contract to meet these Internal Revenue Code requirements.** Contract Owners who elect not to take minimum required distributions from this contract, *i.e.*, they take minimum required distributions from other sources, may be able to take advantage of Lifetime Withdrawal Percentages at the higher age bands. Consult a qualified tax advisor for more information.

At the time of the first Lifetime Withdrawal and on each Contract Anniversary thereafter, the Lifetime Withdrawal Percentage is multiplied by the Current Income Benefit Base to determine the Lifetime Withdrawal Amount for that year. The Lifetime Withdrawal Amount is the maximum amount that can be withdrawn from the contract before the next Contract Anniversary without reducing the Current Income Benefit Base. The ability to withdraw the Lifetime Withdrawal Amount will continue until the earlier of the Contract Owner's death or annuitization.

The Contract Owner can elect to set up Systematic Withdrawals or can request each Lifetime Withdrawal separately. All Lifetime Withdrawal requests must be made on a Nationwide form available by contacting the Service Center.

Each year's Lifetime Withdrawal Amount is non-cumulative. A Contract Owner cannot take a previous year's Lifetime Withdrawal Amount in a subsequent year without causing an excess withdrawal (discussed herein) that will reduce the Current Income Benefit Base. Although Lifetime Withdrawals up to the Lifetime Withdrawal Amount do not reduce the Current Income Benefit Base, they do reduce the Contract Value and the death benefit.

**Impact of Withdrawals in Excess of the Lifetime Withdrawal Percentage Limit**

The Contract Owner is permitted to withdraw Contract Value in excess of that year's Lifetime Withdrawal Amount provided that the Contract Value is greater than \$0. Withdrawals in excess of the Lifetime Withdrawal Amount will reduce the Current Income Benefit Base, and consequently, the Lifetime Withdrawal Amount calculated for subsequent years. In the event of excess withdrawals, the Current Income Benefit Base will be reduced by the greater of:

- (1) the dollar amount of the withdrawal in excess of the Lifetime Withdrawal Amount; or
- (2) a figure representing the proportional amount of the withdrawal. This amount is determined by the following formula:

$$\frac{\text{dollar amount of the excess withdrawal}}{\text{Contract Value (reduced by the amount of the Lifetime Withdrawal Amount withdrawn)}} \times \text{Current Income Benefit Base prior to the withdrawal}$$

In situations where the Contract Value exceeds the existing Current Income Benefit Base, excess withdrawals will typically result in a dollar amount reduction to the new Current Income Benefit Base. In situations where the Contract Value is less than the existing Current Income Benefit Base, excess withdrawals will typically result in a proportional reduction to the new Current Income Benefit Base.

Currently, Nationwide allows for an "RMD privilege" whereby Nationwide permits a Contract Owner to withdraw Contract Value in excess of the Lifetime Withdrawal Amount without reducing the Current Income Benefit Base if such excess withdrawal is for the sole purpose of meeting Internal Revenue Code required minimum distributions for this contract. This RMD privilege does not apply to beneficially owned contracts. In order to qualify for the RMD privilege, the Contract Owner must:

- (1) be at least 70½ years old (72 years old for those Contract Owners who turn age 72 on or after January 1, 2020) as of the date of the request;
- (2) own the contract as an IRA, SEP IRA, Simple IRA, or Investment-Only Contract; and
- (3) submit a completed administrative form in advance of the withdrawal to the Service Center.

Nationwide reserves the right to modify or eliminate the RMD privilege if there is any change to the Internal Revenue Code or IRS rules relating to required minimum distributions, including the issuance of relevant IRS guidance. If Nationwide exercises this right, Nationwide will provide notice to Contract Owners and any withdrawal in excess of the Lifetime Withdrawal Amount will reduce the remaining Current Income Benefit Base.

Once the Contract Value falls to \$0, the Contract Owner is no longer permitted to submit additional purchase payments or take withdrawals in excess of the Lifetime Withdrawal Amount. Additionally, there is no Contract Value to annuitize, making the payment of the benefit associated with this option the only income stream producing benefit remaining in the contract.

### ***Reset Opportunities***

Nationwide offers an automatic reset of the Current Income Benefit Base. If, on any Contract Anniversary, the Contract Value exceeds the Current Income Benefit Base, Nationwide will automatically reset the Current Income Benefit Base to equal that Contract Value. This higher amount will be the new Current Income Benefit Base. This automatic reset will continue until either the current price or the list of permitted investment options associated with the 10% Nationwide L.inc Rider changes.

In the event the current price or the list of permitted investment options of the 10% Nationwide L.inc Rider changes, the reset opportunities still exist, but are no longer automatic. An election to reset the Current Income Benefit Base must be made by the Contract Owner to Nationwide. On or about each Contract Anniversary, Nationwide will provide the Contract Owner with information necessary to make this determination. Specifically, Nationwide will provide: the Contract Value; the Current Income Benefit Base; the current terms and conditions associated with the 10% Nationwide L.inc Rider; and instructions on how to communicate an election to reset the benefit base.

If the Contract Owner elects to reset the Current Income Benefit Base, it will be at the then current terms and conditions of the option as described in the most current prospectus. If Nationwide does not receive a Contract Owner's election to reset the Current Income Benefit Base within 60 days after the Contract Anniversary, Nationwide will assume that the Contract Owner does not wish to reset the Current Income Benefit Base. If the Current Income Benefit Base is not reset, it will remain the same and the terms and conditions of the 10% Nationwide L.inc Rider will not change (as applicable to that particular contract).

Contract Owners may cancel the automatic reset feature of the 10% Nationwide L.inc Rider by notifying Nationwide as to such election. Nationwide reserves the right to modify or terminate the automatic reset feature at any time upon written notice to Contract Owners.

### ***Settlement Options***

If a Contract Owner's Contract Value falls to \$0 and there is still a positive Current Income Benefit Base, Nationwide will provide the Contract Owner with settlement options. Specifically, Nationwide will provide a notification to the Contract Owner describing the following three options, along with instructions on how to submit the election to Nationwide:

- (1) The Contract Owner can take Lifetime Withdrawals of the Lifetime Withdrawal Amount until the death of the Contract Owner;
- (2) The Contract Owner can elect the Age Based Lump Sum Settlement Option, as described below; or

- (3) If the Contract Owner qualifies after a medical examination, the Contract Owner can elect the Underwritten Lump Sum Settlement Option, as described below.

The options above each result in a different amount ultimately received under the 10% Nationwide L.inc Rider. The Underwritten Lump Sum Settlement Option will generally pay a larger amount than the Age Based Lump Sum Settlement Option when a Contract Owner is healthier than the normal population. Regardless of age or health, the Underwritten Lump Sum Settlement Option amount will never be less than the Age Based Lump Sum Settlement Option amount. Election of the Age Based Lump Sum Settlement Option enables the Contract Owner to receive payment without a medical exam, which could potentially delay payment. Before selecting a settlement option, consult with a financial professional to determine which option is best based on the Contract Owner's individual financial situation and needs.

The Contract Owner will have 60 days from the date of Nationwide's notification letter to make an election ("Notification Period"). Once the Contract Owner makes an election, the election is irrevocable. **If the Contract Owner is receiving Systematic Withdrawals of the Lifetime Withdrawal Amount and does not make an election within the Notification Period, Nationwide will continue sending Systematic Withdrawals of the full amount of the Lifetime Withdrawal Amount to the Contract Owner.** If the Contract Owner had requested Systematic Withdrawals of only a portion of the Lifetime Withdrawal Amount prior to the notice, Systematic Withdrawals will continue, but Nationwide will increase the Lifetime Withdrawals to the full amount of the Lifetime Withdrawal Amount.

**If the Contract Owner is not taking Systematic Withdrawals of the Lifetime Withdrawal Amount and does not make an election within the Notification Period, Nationwide will initiate Systematic Withdrawals of the Lifetime Withdrawal Amount on behalf of the Contract Owner and will begin mailing to the Contract Owner on an annual basis an amount equal to the Lifetime Withdrawal Amount. If Nationwide initiates Systematic Withdrawals of the Lifetime Withdrawal Amount on behalf of the Contract Owner, it will be irrevocable.** If Nationwide initiates Systematic Withdrawals of the Lifetime Withdrawal Amount on behalf of the Contract Owner, the first payment of the Lifetime Withdrawal Amount will be sent on the next business day following the Notification Period ("Settlement Payment Date"). Nationwide will then send the Contract Owner the Lifetime Withdrawal Amount annually on the anniversary of the Settlement Payment Date (or the next business day if the anniversary of the Settlement Payment Date does not fall on a business day). Nationwide will mail a check to the Contract Owner's address on record. The Contract Owner may contact the Service Center at any time to change the frequency of the Systematic Withdrawals.

**Note:** In any event, if the Contract Owner does not make an election within the Notification Period, Nationwide will send the Contract Owner the full amount of the Lifetime Withdrawal Amount to which he/she is entitled to each year. There may be tax consequences if Nationwide increases or initiates the Lifetime Withdrawals on behalf of a Contract Owner. Consult a qualified tax advisor.

#### *Age Based Lump Sum Settlement Option*

Under the Age Based Lump Sum Settlement Option, in lieu of taking Lifetime Withdrawals of the Lifetime Withdrawal Amount, Nationwide will pay the Contract Owner a lump sum equal to the Contract Owner's most recently calculated Lifetime Withdrawal Amount multiplied by the Annual Benefit Multiplier listed below:

<u>Contract Owner's Age*</u>	<u>Up to Age 70</u>	<u>71-75</u>	<u>76-80</u>	<u>81-85</u>	<u>86-90</u>	<u>91-95</u>	<u>96+</u>
Annual Benefit Multiplier.....	5.5	4.5	3.5	2.5	2.0	1.5	1.0

\* As of the date the Age Based Lump Sum Option is elected.

For contracts that have elected the Joint Option for the 10% Nationwide Lifetime Income Rider, if both spouses are living on the date the Age Based Lump Sum Settlement Option is elected, Nationwide will use the age of the younger spouse minus three years to determine the Annual Benefit Multiplier. If only one spouse is living on the date the Age Based Lump Sum Settlement Option is elected, Nationwide will use the age of the living spouse to determine the Annual Benefit Multiplier.

#### *Underwritten Lump Sum Settlement Option*

Under the Underwritten Lump Sum Settlement Option, in lieu of taking Lifetime Withdrawals of the Lifetime Withdrawal Amount, for those who qualify based on a medical exam, Nationwide will pay the Contract Owner a lump sum based upon the attained age, sex, and health of the Contract Owner (and spouse if the Joint Option for the 10% Nationwide Lifetime Income Rider is elected). Nationwide will provide the Contract Owner with a medical examination form, which must be completed by a certified physician chosen by the Contract Owner. Upon completion of underwriting by Nationwide, the lump sum settlement amount (determined as of the date that Nationwide received all of the necessary information) is issued to the Contract Owner.

## ***Annuitization***

If the Contract Owner elects to annuitize the contract, this option will terminate. Specifically, the charge associated with the option will no longer be assessed and all benefits associated with the 10% Nationwide L.inc Rider will terminate.

## ***Death of Determining Life***

For contracts with no Joint Option for the 10% Nationwide Lifetime Income Rider, upon the death of the determining life, the benefits associated with the option terminate. If the Contract Owner is also the Annuitant, the death benefit will be paid in accordance with the *Death Benefits* provision. If the Contract Owner is not the Annuitant, the Contract Value will be distributed as described in *Appendix C: Contract Types and Tax Information*.

For contracts with the Joint Option for the 10% Nationwide Lifetime Income Rider, upon the death of the determining life, the surviving spouse continues to receive the same benefit associated with the 10% Nationwide L.inc Rider which had been received by the deceased spouse, for the remainder of the survivor's lifetime. The Contract Value will reflect the death benefit and the Spousal Protection Annuity Option.

## ***Tax Treatment***

Although the tax treatment for Lifetime Withdrawals under withdrawal benefits such as the 10% Nationwide L.inc Rider is not clear, Nationwide will treat a portion of each Lifetime Withdrawal as a taxable distribution, as follows:

First, Nationwide determines which is greater: (1) the Contract Value immediately before the Lifetime Withdrawal; or (2) the Lifetime Withdrawal Amount immediately before the Lifetime Withdrawal. That amount (the greater of (1) or (2)) minus any remaining investment in the contract at the time of the Lifetime Withdrawal will be reported as a taxable distribution.

For any Lifetime Withdrawal taken when the Contract Value is less than or equal to the total investment in the contract, Nationwide treats the Lifetime Withdrawal as a tax-free return of investment until the entire investment in the contract has been received tax-free. Once the entire investment in the contract has been received tax-free, Lifetime Withdrawals will be reported as taxable distributions. Consult a qualified tax advisor.

## **7% Nationwide Lifetime Income Rider (formerly the 7% Lifetime Income Option)**

The 7% Nationwide Lifetime Income (the "7% Nationwide L.inc") Rider provides for Lifetime Withdrawals, up to a certain amount each year, even after the Contract Value is \$0, provided that the Contract Owner does not deplete the Current Income Benefit Base by taking excess withdrawals. Investment restrictions apply. The age of the person upon which the benefit depends (the "determining life") must be between 50 and 85 years old at the time of application (for contracts issued prior to January 24, 2011, the Contract Owner must have been between 45 and 85 at the time of application). For most contracts, the determining life is that of the Contract Owner. For those contracts where the Contract Owner is a non-natural person, for purposes of this option, the determining life is that of the Annuitant, and all references in this option to "Contract Owner" shall mean Annuitant. If, in addition to the Annuitant, a Co-Annuitant or joint annuitant has been elected, the determining life will be that of the primary Annuitant as named on the application. The determining life may not be changed.

## ***Availability***

For contracts issued on or after January 24, 2011, the 7% Nationwide Lifetime Income Rider is available for election only for contracts issued in the State of New York and must be elected at the time of application. For contracts issued before January 24, 2011, the 7% Nationwide Lifetime Income Rider was available in all states (subject to state approval) and must have been elected at the time of application. Once elected, the 7% Nationwide L.inc Rider is irrevocable. The 7% Nationwide L.inc Rider is not available on beneficially owned contracts – those contracts that are inherited by a beneficiary and the beneficiary continues to hold the contract as a beneficiary (as opposed to treating the contract as his/her own) for tax purposes. However, if such contract becomes beneficially owned by the spouse of the Contract Owner, and the Joint Option for the 7% Nationwide Lifetime Income Rider is elected, then the spouse may keep the 7% Nationwide L.inc Rider. However, once a contract becomes beneficially owned, the contract will not receive the benefit of the RMD privilege discussed later in this section. The 7% Nationwide Lifetime Income Rider may not be elected if a loan is outstanding or if any of the following optional benefits are elected: another Nationwide Lifetime Income Rider, the Capital Preservation Plus Lifetime Income Option, or an Extra Value Option.

### **7% Nationwide L.inc Rider Charge**

In exchange for Lifetime Withdrawals, Nationwide will assess an annual charge not to exceed 1.00% of the Current Income Benefit Base. For contracts that elect the 7% Nationwide Lifetime Income Rider on or after December 5, 2011, or the date of state approval (whichever is later), the current charge is 1.00% of the Current Income Benefit Base. For contracts that elected the 7% Nationwide Lifetime Income Rider before December 5, 2011, or the date of state approval (whichever is later), the current charge is 0.95% of the Current Income Benefit Base. The current charge will not change, except, possibly, upon the Contract Owner's election to reset the benefit base, as discussed herein. If the current charge does change, it will not exceed the maximum charge of 1.00% of the Current Income Benefit Base.

The charge will be assessed on each Contract Anniversary and will be deducted via redemption of Accumulation Units. The charge will be assessed until annuitization. A prorated charge will also be deducted upon full surrender of the contract. Accumulation Units will be redeemed proportionally from each Sub-Account in which the Contract Owner is invested at the time the charge is taken. Amounts redeemed as the 7% Nationwide L.inc Rider charge will not negatively impact calculations associated with other benefits elected or available under the contract, will not be subject to a CDSC, and will not reduce amounts available under the CDSC-free withdrawal privilege.

### **Lifetime Income Rider Investment Requirements**

Election of the 7% Nationwide L.inc Rider requires that the Contract Owner, until annuitization, allocate the entire Contract Value to a limited set of investment options currently available in the contract. Contact the Service Center for the list of available investment options. Allocation requests to investment options other than the limited set of investment options will not be honored; they will be treated as though no allocation request was submitted. Nationwide may offer Dollar Cost Averaging for Living Benefits described in the *Contract Owner Services* provision. Allocation to the Fixed Account is not permitted (except as the originating account when the Contract Owner elects Dollar Cost Averaging for Living Benefits). Allocation to the GTOs is not permitted.

### **Transfers Among Permitted Investment Options**

The Contract Owner may reallocate the Contract Value among the limited set of investment options in accordance with the *Transfers Prior to Annuitization* provision.

### **Subsequent Purchase Payments**

Subsequent purchase payments are permitted under the 7% Nationwide L.inc Rider as long as the Contract Value is greater than \$0. Effective July 15, 2013, subsequent purchase payments are limited to an aggregate total of \$50,000 in any calendar year. The \$50,000 threshold may take into consideration all contracts issued by Nationwide to a particular Contract Owner or using the same determining life. If subsequent purchase payments are submitted in excess of \$50,000 in any calendar year, the entire purchase payment that causes the aggregate amount to exceed \$50,000 will be immediately returned to the Contract Owner in the same form in which it was received. Contract Owners may contact the Service Center to find out if Nationwide will accept a particular subsequent purchase payment. Nationwide may waive the \$50,000 limitation for subsequent purchase payments in the future.

### **Determination of the Income Benefit Base Prior to the First Withdrawal**

Upon contract issuance, the Original Income Benefit Base is equal to the Contract Value. Thereafter, Nationwide tracks, on a continuous basis, the Current Income Benefit Base which is used to calculate the benefit amount. The Current Income Benefit Base from the date of contract issuance until the first Lifetime Withdrawal will reflect any additional purchase payments, Extra Value Option credits and Purchase Payment Credits, and reset opportunities, as described below.

Provided no withdrawals are taken from the contract, the Current Income Benefit Base for the 7% Nationwide L.inc Rider will equal the greater of:

- (1) the highest Contract Value on any Contract Anniversary plus purchase payments submitted and any Extra Value Option credits and Purchase Payment Credits applied after that Contract Anniversary; or
- (2) the 7% roll-up amount, which is equal to the sum of the following calculations:
  - (a) Original Income Benefit Base with Roll-up: the Original Income Benefit Base, plus 7% of the Original Income Benefit Base for each Contract Anniversary up to and including the 10<sup>th</sup> Contract Anniversary; plus



- (b) Purchase Payments with Roll-up: any purchase payments submitted after contract issuance and before the 10<sup>th</sup> Contract Anniversary, plus any Extra Value Option credits and Purchase Payment Credits applied, increased by simple interest at an annual rate of 7% each year from the date of the purchase payment through the 10<sup>th</sup> Contract Anniversary; plus
- (c) Purchase Payments with No Roll-up: any purchase payments submitted after the 10<sup>th</sup> Contract Anniversary plus any Extra Value Option credits and Purchase Payment Credits applied.

When a purchase payment and any Extra Value Option credits and Purchase Payment Credits are applied on a date other than a Contract Anniversary, simple interest is calculated using a prorated method based upon the number of days from the date of the purchase payment to the next Contract Anniversary. However, if at any time prior to the first Lifetime Withdrawal the Contract Value equals \$0, no additional purchase payments will be accepted and no further benefit base calculations will be made. The Current Income Benefit Base will be set equal to the benefit base calculated on the most recent Contract Anniversary minus adjustments made for excess withdrawals after that date, and the Lifetime Withdrawal Amount will be based on that Current Income Benefit Base. Since the roll-up is only calculated for the first 10 Contract Years or prior to the first Lifetime Withdrawal, whichever comes first, any purchase payments the Contract Owner makes during that time period will increase the Current Income Benefit Base more than purchase payments made after that time period.

**Lifetime Withdrawals**

At any time after the 7% Nationwide L.inc Rider is elected, the Contract Owner may begin taking the lifetime income benefit by taking a Lifetime Withdrawal from the contract. **The first withdrawal under the contract constitutes the first Lifetime Withdrawal, even if such withdrawal is taken to meet minimum distribution requirements under the Internal Revenue Code or is taken to pay advisory or investment management fees.** Nationwide will surrender Accumulation Units proportionally from the Sub-Accounts as of the date of the withdrawal request. As with any withdrawal, Lifetime Withdrawals reduce the Contract Value and consequently, the amount available for annuitization.

At the time of the first Lifetime Withdrawal, the 7% roll-up amount terminates and the Current Income Benefit Base is locked in and will not change unless the Contract Owner takes excess withdrawals, elects a reset opportunity (both discussed later in this provision), or submits additional purchase payments. Additional purchase payments submitted after the first Lifetime Withdrawal from the contract will increase the Current Income Benefit Base by the amount of the purchase payment.

Simultaneously, the Lifetime Withdrawal Percentage is determined based on the age of the Contract Owner as indicated in the following table:

For contracts issued on or after December 5, 2011 or the date of state approval (whichever is later):

<u>Contract Owner's Age (at time of first withdrawal)</u>	<u>50 up to 59½</u>	<u>59½ through 64</u>	<u>65 through 80</u>	<u>81 and older</u>
Lifetime Withdrawal Percentage* .....	3.00%	3.75%	4.75%	5.75%

\* For contracts that elect the 7% Spousal Continuation Benefit, the Lifetime Withdrawal Percentages will be reduced (see *Joint Option for the 7% Nationwide Lifetime Income Rider (formerly the 7% Spousal Continuation Benefit)*).

For contracts issued on or after January 24, 2011 or the date of state approval (whichever is later) and before December 5, 2011 or the date of state approval of the changes noted above (whichever is later):

<u>Contract Owner's Age (at time of first withdrawal)</u>	<u>50 up to 59½</u>	<u>59½ through 64</u>	<u>65 through 80</u>	<u>81 and older</u>
Lifetime Withdrawal Percentage .....	3.00%	4.00%	5.25%	6.25%

For contracts issued on or after May 1, 2010 or the date of state approval (whichever is later) and before January 24, 2011 or the date of state approval of the changes noted above (whichever is later):

<u>Contract Owner's Age (at time of first withdrawal)</u>	<u>45 up to 59½</u>	<u>59½ through 64</u>	<u>65 through 80</u>	<u>81 and older</u>
Lifetime Withdrawal Percentage .....	3.00%	4.00%	5.25%	6.25%

For contracts issued on or after May 1, 2009 or the date of state approval (whichever is later) and before May 1, 2010 or the date of state approval of the changes noted above (whichever is later):

<u>Contract Owner's Age (at time of first withdrawal)</u>	<u>45 up to 59½</u>	<u>59½ through 64</u>	<u>65 through 80</u>	<u>81 and older</u>
Lifetime Withdrawal Percentage .....	3.00%	4.00%	5.00%	6.00%

For contracts issued before May 1, 2009 or the date of state approval of the changes noted above (whichever is later):

<u>Contract Owner's Age (at time of first withdrawal)</u>	<u>45 up to 59½</u>	<u>59½ through 66</u>	<u>67 through 71</u>	<u>72 through 80</u>	<u>81 and older</u>
Lifetime Withdrawal Percentage .....	4.00%	5.00%	5.50%	6.00%	7.00%

A Contract Owner will receive the greatest Lifetime Withdrawal Percentage only if he or she does not take a surrender from the contract prior to age 81.

For contracts that elect the Joint Option for the 7% Nationwide Lifetime Income Rider, the Lifetime Withdrawal Percentages will be equal to or less than the Lifetime Withdrawal Percentages for the 7% Nationwide L.inc Rider.

**Note:** The Internal Revenue Code requires that IRAs, SEP IRAs, Simple IRAs, and Investment-Only Contracts begin distributions no later than April 1 of the calendar year following the calendar year in which the Contract Owner reaches age 70½ (age 72 for those Contract Owners who turn age 72 on or after January 1, 2020). **Contract Owners subject to minimum required distribution rules may not be able to take advantage of the Lifetime Withdrawal Percentages available at higher age bands if distributions are taken from the contract to meet these Internal Revenue Code requirements.** Contract Owners who elect not to take minimum required distributions from this contract, *i.e.*, they take minimum required distributions from other sources, may be able to take advantage of Lifetime Withdrawal Percentages at the higher age bands. Consult a qualified tax advisor for more information.

At the time of the first Lifetime Withdrawal and on each Contract Anniversary thereafter, the Lifetime Withdrawal Percentage is multiplied by the Current Income Benefit Base to determine the Lifetime Withdrawal Amount for that year. The Lifetime Withdrawal Amount is the maximum amount that can be withdrawn from the contract before the next Contract Anniversary without reducing the Current Income Benefit Base. The ability to withdraw the Lifetime Withdrawal Amount will continue until the earlier of the Contract Owner's death or annuitization.

The Contract Owner can elect to set up Systematic Withdrawals or can request each Lifetime Withdrawal separately. All Lifetime Withdrawal requests must be made on a Nationwide form available by contacting the Service Center.

Each year's Lifetime Withdrawal Amount is non-cumulative. A Contract Owner cannot take a previous year's Lifetime Withdrawal Amount in a subsequent year without causing an excess withdrawal (discussed herein) that will reduce the Current Income Benefit Base. Although Lifetime Withdrawals up to the Lifetime Withdrawal Amount do not reduce the Current Income Benefit Base, they do reduce the Contract Value and the death benefit.

**Impact of Withdrawals in Excess of the Lifetime Withdrawal Amount**

The Contract Owner is permitted to withdraw Contract Value in excess of that year's Lifetime Withdrawal Amount provided that the Contract Value is greater than \$0. Withdrawals in excess of the Lifetime Withdrawal Amount will reduce the Current Income Benefit Base, and consequently, the Lifetime Withdrawal Amount calculated for subsequent years. In the event of excess withdrawals, the Current Income Benefit Base will be reduced by the greater of:

- (1) the dollar amount of the withdrawal in excess of the Lifetime Withdrawal Amount; or
- (2) a figure representing the proportional amount of the withdrawal. This amount is determined by the following formula:

$$\frac{\text{dollar amount of the excess withdrawal}}{\text{Contract Value (reduced by the amount of the Lifetime Withdrawal Amount withdrawn)}} \times \text{Current Income Benefit Base prior to the withdrawal}$$

In situations where the Contract Value exceeds the existing Current Income Benefit Base, excess withdrawals will typically result in a dollar amount reduction to the new Current Income Benefit Base. In situations where the Contract Value is less than the existing Current Income Benefit Base, excess withdrawals will typically result in a proportional reduction to the new Current Income Benefit Base.

Currently, Nationwide allows for an "RMD privilege" whereby Nationwide permits a Contract Owner to withdraw Contract Value in excess of the Lifetime Withdrawal Amount without reducing the Current Income Benefit Base if such excess withdrawal is for the sole purpose of meeting Internal Revenue Code required minimum distributions for this contract. In order to qualify for the RMD privilege, the Contract Owner must:

- (1) be at least 70½ years old (72 years old for those Contract Owners who turn age 72 on or after January 1, 2020) as of the date of the request;
- (2) own the contract as an IRA, SEP IRA, Simple IRA, or Investment-Only Contract; and
- (3) submit a completed administrative form in advance of the withdrawal to the Service Center.

Nationwide reserves the right to modify or eliminate the RMD privilege if there is any change to the Internal Revenue Code or IRS rules relating to required minimum distributions, including the issuance of relevant IRS guidance. If Nationwide exercises this right, Nationwide will provide notice to Contract Owners and any withdrawal in excess of the Lifetime Withdrawal Amount will reduce the remaining Current Income Benefit Base.

Once the Contract Value falls to \$0, the Contract Owner is no longer permitted to submit additional purchase payments or take withdrawals in excess of the Lifetime Withdrawal Amount. Additionally, there is no Contract Value to annuitize, making the payment of the benefit associated with this option the only income stream producing benefit remaining in the contract.

### ***Reset Opportunities***

Nationwide offers an automatic reset of the Current Income Benefit Base. If, on any Contract Anniversary, the Contract Value exceeds the Current Income Benefit Base, Nationwide will automatically reset the Current Income Benefit Base to equal that Contract Value. This higher amount will be the new Current Income Benefit Base. This automatic reset will continue until either the current charge for, or the list of permitted investment options associated with the 7% Nationwide L.inc Rider changes.

In the event the current charge for, or the list of permitted investment options of the 7% Nationwide L.inc Rider changes, the reset opportunities still exist, but are no longer automatic. An election to reset the Current Income Benefit Base must be made by the Contract Owner to Nationwide. On or about each Contract Anniversary, Nationwide will provide the Contract Owner with information necessary to make this determination. Specifically, Nationwide will provide: the Contract Value; the Current Income Benefit Base; the current terms and conditions associated with the 7% Nationwide L.inc Rider; and instructions on how to communicate an election to reset the benefit base.

If the Contract Owner elects to reset the Current Income Benefit Base, it will be at the then current terms and conditions of the option as described in the most current prospectus. If Nationwide does not receive a Contract Owner's election to reset the Current Income Benefit Base within 60 days after the Contract Anniversary, Nationwide will assume that the Contract Owner does not wish to reset the Current Income Benefit Base. If the Current Income Benefit Base is not reset, it will remain the same and the terms and conditions of the 7% Nationwide L.inc Rider will not change (as applicable to that particular contract).

Contract Owners may cancel the automatic reset feature of the 7% Nationwide L.inc Rider by notifying Nationwide as to such election. Nationwide reserves the right to modify or terminate the automatic reset feature at any time upon written notice to Contract Owners.

### ***Settlement Options***

If a Contract Owner's Contract Value falls to \$0 and there is still a positive Current Income Benefit Base, Nationwide will provide the Contract Owner with settlement options. Specifically, Nationwide will provide a notification to the Contract Owner describing the following three options, along with instructions on how to submit the election to Nationwide:

- (1) The Contract Owner can take Lifetime Withdrawals of the Lifetime Withdrawal Amount until the death of the Contract Owner;
- (2) The Contract Owner can elect the Age Based Lump Sum Settlement Option, as described below; or
- (3) If the Contract Owner qualifies after a medical examination, the Contract Owner can elect the Underwritten Lump Sum Settlement Option, as described below.

The options above each result in a different amount ultimately received under the 7% Nationwide L.inc Rider. The Underwritten Lump Sum Settlement Option will generally pay a larger amount than the Age Based Lump Sum Settlement Option when a Contract Owner is healthier than the normal population. Regardless of age or health, the Underwritten Lump Sum Settlement Option amount will never be less than the Age Based Lump Sum Settlement Option amount.

Election of the Age Based Lump Sum Settlement Option enables the Contract Owner to receive payment without a medical exam, which could potentially delay payment. Before selecting a settlement option, consult with a financial professional to determine which option is best based on the Contract Owner's individual financial situation and needs.

The Contract Owner will have 60 days from the date of Nationwide's notification letter to make an election ("Notification Period"). Once the Contract Owner makes an election, the election is irrevocable. **If the Contract Owner is receiving Systematic Withdrawals of the Lifetime Withdrawal Amount and does not make an election within the Notification Period, Nationwide will continue sending Systematic Withdrawals of the full amount of the Lifetime Withdrawal Amount to the Contract Owner.** If the Contract Owner had requested Systematic Withdrawals of only a portion of the Lifetime Withdrawal Amount prior to the notice, Systematic Withdrawals will continue, but Nationwide will increase the Lifetime Withdrawals to the full amount of the Lifetime Withdrawal Amount.

**If the Contract Owner is not taking Systematic Withdrawals of the Lifetime Withdrawal Amount and does not make an election within the Notification Period, Nationwide will initiate Systematic Withdrawals of the Lifetime Withdrawal Amount on behalf of the Contract Owner and will begin mailing to the Contract Owner on an annual basis an amount equal to the Lifetime Withdrawal Amount. If Nationwide initiates Systematic Withdrawals of the Lifetime Withdrawal Amount on behalf of the Contract Owner, it will be irrevocable.** If Nationwide initiates Systematic Withdrawals of the Lifetime Withdrawal Amount on behalf of the Contract Owner, the first payment of the Lifetime Withdrawal Amount will be sent on the next business day following the Notification Period ("Settlement Payment Date"). Nationwide will then send the Contract Owner the Lifetime Withdrawal Amount annually on the anniversary of the Settlement Payment Date (or the next business day if the anniversary of the Settlement Payment Date does not fall on a business day). Nationwide will mail a check to the Contract Owner's address on record. The Contract Owner may contact the Service Center at any time to change the frequency of the Systematic Withdrawals.

**Note:** In any event, if the Contract Owner does not make an election within the Notification Period, Nationwide will send the Contract Owner the full amount of the Lifetime Withdrawal Amount to which he/she is entitled to each year. There may be tax consequences if Nationwide increases or initiates the Lifetime Withdrawals on behalf of a Contract Owner. Consult a qualified tax advisor.

*Age Based Lump Sum Settlement Option*

Under the Age Based Lump Sum Settlement Option, in lieu of taking Lifetime Withdrawals of the Lifetime Withdrawal Amount, Nationwide will pay the Contract Owner a lump sum equal to the Contract Owner's most recently calculated Lifetime Withdrawal Amount multiplied by the Annual Benefit Multiplier listed below:

<u>Contract Owner's Age*</u>	<u>Up to Age 70</u>	<u>71-75</u>	<u>76-80</u>	<u>81-85</u>	<u>86-90</u>	<u>91-95</u>	<u>96+</u>
Annual Benefit Multiplier.....	5.5	4.5	3.5	2.5	2.0	1.5	1.0

\* As of the date the Age Based Lump Sum Option is elected.

For contracts that have elected the Joint Option for the 7% Nationwide Lifetime Income Rider, if both spouses are living on the date the Age Based Lump Sum Settlement Option is elected, Nationwide will use the age of the younger spouse minus three years to determine the Annual Benefit Multiplier. If only one spouse is living on the date the Age Based Lump Sum Settlement Option is elected, Nationwide will use the age of the living spouse to determine the Annual Benefit Multiplier.

*Underwritten Lump Sum Settlement Option*

Under the Underwritten Lump Sum Settlement Option, in lieu of taking Lifetime Withdrawals of the Lifetime Withdrawal Amount, for those who qualify based on a medical exam, Nationwide will pay the Contract Owner a lump sum based upon the attained age, sex, and health of the Contract Owner (and spouse if the Joint Option for the 7% Nationwide Lifetime Income Rider is elected). Nationwide will provide the Contract Owner with a medical examination form, which must be completed by a certified physician chosen by the Contract Owner. Upon completion of underwriting by Nationwide, the lump sum settlement amount (determined as of the date that Nationwide received all of the necessary information) is issued to the Contract Owner.

**Annuitization**

If the Contract Owner elects to annuitize the contract, this option will terminate. Specifically, the charge associated with the option will no longer be assessed and all benefits associated with the 7% Nationwide L.inc Rider will terminate.

## ***Death of Determining Life***

For contracts with no Joint Option for the 7% Nationwide Lifetime Income Rider, upon the death of the determining life, the benefits associated with the option terminate. If the Contract Owner is also the Annuitant, the death benefit will be paid in accordance with the *Death Benefits* provision. If the Contract Owner is not the Annuitant, the Contract Value will be distributed as described in *Appendix C: Contract Types and Tax Information*.

For contracts with the Joint Option for the 7% Nationwide Lifetime Income Rider, upon the death of the determining life, the surviving spouse continues to receive the same benefit associated with the 7% Nationwide L.inc Rider which had been received by the deceased spouse, for the remainder of the survivor's lifetime. The Contract Value will reflect the death benefit and the Spousal Protection Annuity Option.

## ***Tax Treatment***

Although the tax treatment for Lifetime Withdrawals under withdrawal benefits such as the 7% Nationwide L.inc Rider is not clear, Nationwide will treat a portion of each Lifetime Withdrawal as a taxable distribution, as follows:

First, Nationwide determines which is greater: (1) the Contract Value immediately before the Lifetime Withdrawal; or (2) the Lifetime Withdrawal Amount immediately before the Lifetime Withdrawal. That amount (the greater of (1) or (2)) minus any remaining investment in the contract at the time of the Lifetime Withdrawal will be reported as a taxable distribution.

For any Lifetime Withdrawal taken when the Contract Value is less than or equal to the total investment in the contract, Nationwide treats the Lifetime Withdrawal as a tax-free return of investment until the entire investment in the contract has been received tax-free. Once the entire investment in the contract has been received tax-free, Lifetime Withdrawals will be reported as taxable distributions. Consult a qualified tax advisor.

## **5% Nationwide Lifetime Income Rider (formerly the 5% Lifetime Income Option)**

The 5% Nationwide Lifetime Income Rider (the "5% Nationwide L.inc Rider") provides for Lifetime Withdrawals, up to a certain amount each year, even after the Contract Value is \$0, provided that the Contract Owner does not deplete the Current Income Benefit Base by taking excess withdrawals. Investment restrictions apply. The age of the person upon which the benefit depends (the "determining life") must be between 45 and 85 years old at the time of application. For most contracts, the determining life is that of the Contract Owner. For those contracts where the Contract Owner is a non-natural person, for purposes of this option, the determining life is that of the Annuitant, and all references in this option to "Contract Owner" shall mean Annuitant. If, in addition to the Annuitant, a Co-Annuitant or joint annuitant has been elected, the determining life will be that of the primary Annuitant as named on the application. The determining life may not be changed.

## ***Availability***

For contracts issued before May 1, 2007, the 5% Nationwide Lifetime Income Rider is available for election at any time. For all other contracts, the 5% Nationwide Lifetime Income Rider is not available for election. Once elected, the 5% Nationwide L.inc Rider is irrevocable. The 5% Nationwide L.inc Rider is not available on beneficially owned contracts – those contracts that are inherited by a beneficiary and the beneficiary continues to hold the contract as a beneficiary (as opposed to treating the contract as his/her own) for tax purposes. However, if such contract becomes beneficially owned by the spouse of the Contract Owner, and the Joint Option for the 5% Nationwide Lifetime Income Rider is elected, then the spouse may keep the 5% Nationwide L.inc Rider. However, once a contract becomes beneficially owned, the contract will not receive the benefit of the RMD privilege discussed later in this section. The 5% Nationwide Lifetime Income Rider may not be elected if a loan is outstanding or if any of the following optional benefits are elected: another Nationwide Lifetime Income Rider, the Capital Preservation Plus Lifetime Income Option, or an Extra Value Option.

## ***5% Nationwide L.inc Rider Charge***

In exchange for Lifetime Withdrawals, Nationwide will assess an annual charge not to exceed 1.00% of the Current Income Benefit Base. Currently, the charge for the 5% Nationwide Lifetime Income Rider is 0.85% of the Current Income Benefit Base. The current charge will not change, except, possibly, upon the Contract Owner's election to reset the benefit base, as discussed herein. If the current charge does change, it will not exceed the maximum charge of 1.00% of the Current Income Benefit Base.

The charge will be assessed on each anniversary of the date the 5% Nationwide L.inc Rider was elected (each a "5% Nationwide L.inc Anniversary") and will be deducted via redemption of Accumulation Units. The charge will be assessed until annuitization. A prorated charge will also be deducted upon full surrender of the contract. Accumulation Units will be redeemed proportionally from each Sub-Account in which the Contract Owner is invested at the time the charge is taken.

Amounts redeemed as the 5% Nationwide L.inc Rider charge will not negatively impact calculations associated with other benefits elected or available under the contract, will not be subject to a CDSC, and will not reduce amounts available under the CDSC-free withdrawal privilege.

### ***Lifetime Income Rider Investment Requirements***

Election of the 5% Nationwide L.inc Rider requires that the Contract Owner, until annuitization, allocate the entire Contract Value to a limited set of investment options currently available in the contract. Contact the Service Center for the list of available investment options. Allocation requests to investment options other than the limited set of investment options will not be honored; they will be treated as though no allocation request was submitted. Nationwide may offer Dollar Cost Averaging for Living Benefits described in the *Contract Owner Services* provision. Allocation to the Fixed Account is not permitted (except as the originating account when the Contract Owner elects Dollar Cost Averaging for Living Benefits). Allocation to the GTOs is not permitted.

### ***Transfers Among Permitted Investment Options***

The Contract Owner may reallocate the Contract Value among the limited set of investment options in accordance with the *Transfers Prior to Annuitization* provision.

### ***Subsequent Purchase Payments***

Subsequent purchase payments are permitted under the 5% Nationwide L.inc Rider as long as the Contract Value is greater than \$0. Effective July 15, 2013, subsequent purchase payments are limited to an aggregate total of \$50,000 in any calendar year. The \$50,000 threshold may take into consideration all contracts issued by Nationwide to a particular Contract Owner or using the same determining life. If subsequent purchase payments are submitted in excess of \$50,000 in any calendar year, the entire purchase payment that causes the aggregate amount to exceed \$50,000 will be immediately returned to the Contract Owner in the same form in which it was received. Contract Owners may contact the Service Center to find out if Nationwide will accept a particular subsequent purchase payment. Nationwide may waive the \$50,000 limitation for subsequent purchase payments in the future.

### ***Determination of the Income Benefit Base Prior to the First Withdrawal***

Upon contract issuance, the Original Income Benefit Base is equal to the Contract Value. Thereafter, Nationwide tracks, on a continuous basis, the Current Income Benefit Base which is used to calculate the Lifetime Withdrawal Amount. The Current Income Benefit Base from the date of contract issuance until the first Lifetime Withdrawal will reflect any additional purchase payments, Extra Value Option credits and Purchase Payment Credits, and reset opportunities, as described below.

Provided no withdrawals are taken from the contract, the Current Income Benefit Base for the 5% Nationwide L.inc Rider will equal the greater of:

- (1) the highest Contract Value on any Contract Anniversary plus purchase payments submitted and any Extra Value Option credits and Purchase Payment Credits applied after that Contract Anniversary; or
- (2) the 5% roll-up amount, which is equal to the sum of the following calculations:
  - (a) Original Income Benefit Base with Roll-up: the Original Income Benefit Base, plus 5% of the Original Income Benefit Base for each Contract Anniversary up to and including the 10<sup>th</sup> Contract Anniversary; plus
  - (b) Purchase Payments with Roll-up: any purchase payments submitted after contract issuance and before the 10<sup>th</sup> Contract Anniversary, plus any Extra Value Option credits and Purchase Payment Credits applied, increased by simple interest at an annual rate of 5% each year from the date of the purchase payment through the 10<sup>th</sup> Contract Anniversary; plus
  - (c) Purchase Payments with No Roll-up: any purchase payments submitted after the 10<sup>th</sup> Contract Anniversary plus any Extra Value Option credits and Purchase Payment Credits applied.

When a purchase payment and any Extra Value Option credits and Purchase Payment Credits are applied on a date other than a Contract Anniversary, simple interest is calculated using a prorated method based upon the number of days from the date of the purchase payment to the next Contract Anniversary. However, if at any time prior to the first withdrawal the Contract Value equals \$0, no additional purchase payments will be accepted and no further benefit base calculations will be made. The Current Income Benefit Base will be set equal to the benefit base calculated on the most recent Contract Anniversary minus adjustments made for excess withdrawals after that date, and the Lifetime Withdrawal Amount will be

based on that Current Income Benefit Base. Since the roll-up is only calculated for the first 10 Contract Years or prior to the first withdrawal, whichever comes first, any purchase payments the Contract Owner makes during that time period will increase the Current Income Benefit Base more than purchase payments made after that time period.

**Lifetime Withdrawals**

At any time after the 5% Nationwide L.inc Rider is elected, the Contract Owner may begin taking the Lifetime Withdrawal Amount by taking a withdrawal from the contract. **The first withdrawal under the contract constitutes the first Lifetime Withdrawal, even if such withdrawal is taken to meet minimum distribution requirements under the Internal Revenue Code or is taken to pay advisory or investment management fees.** Nationwide will surrender Accumulation Units proportionally from the Sub-Accounts as of the date of the withdrawal request. As with any withdrawal, Lifetime Withdrawals reduce the Contract Value and consequently, the amount available for annuitization.

At the time of the first Lifetime Withdrawal, the 5% roll-up amount terminates and the Current Income Benefit Base is locked in and will not change unless the Contract Owner takes excess withdrawals, elects a reset opportunity (both discussed later in this provision), or submits additional purchase payments. Additional purchase payments submitted after the first Lifetime Withdrawal will increase the Current Income Benefit Base by the amount of the purchase payment.

Simultaneously, the Lifetime Withdrawal Percentage is determined based on the age of the Contract Owner as indicated in the following tables. State specific Lifetime Withdrawal Percentages, based on the approved table at the time of application, can be obtained from your financial professional or by contacting the Service Center.

For contracts that elect this option on or after May 1, 2009, or the date of state approval (whichever is later):

<u>Contract Owner's Age (at time of first lifetime income withdrawal)</u>	<u>45 up to 59½</u>	<u>59½ through 64</u>	<u>65 through 80</u>	<u>81 and older</u>
Lifetime Withdrawal Percentage.....	3.00%	4.00%	5.00%	6.00%

For contracts that elect this option before May 1, 2009, or the date of state approval (whichever is later):

<u>Contract Owner's Age (at time of first lifetime income withdrawal)</u>	<u>45 up to 59½</u>	<u>59½ through 66</u>	<u>67 through 71</u>	<u>72 through 80</u>	<u>81 and older</u>
Lifetime Withdrawal Percentage.....	4.00%	5.00%	5.50%	6.00%	7.00%

A Contract Owner will receive the greatest Lifetime Withdrawal Percentage only if he or she does not take a withdrawal from the contract prior to age 81.

**Note:** The Internal Revenue Code requires that IRAs, SEP IRAs, Simple IRAs, and Investment-Only Contracts begin distributions no later than April 1 of the calendar year following the calendar year in which the Contract Owner reaches age 70½ (age 72 for those Contract Owners who turn age 72 on or after January 1, 2020). **Contract Owners subject to minimum required distribution rules may not be able to take advantage of the Lifetime Withdrawal Percentages available at higher age bands if distributions are taken from the contract to meet these Internal Revenue Code requirements.** Contract Owners who elect not to take minimum required distributions from this contract, i.e., they take minimum required distributions from other sources, may be able to take advantage of Lifetime Withdrawal Percentages at the higher age bands. Consult a qualified tax advisor for more information.

At the time of the first Lifetime Withdrawal and on each 5% Nationwide L.inc Anniversary thereafter, the Lifetime Withdrawal Percentage is multiplied by the Current Income Benefit Base to determine the Lifetime Withdrawal Amount for that year. The Lifetime Withdrawal Amount is the maximum amount that can be withdrawn from the contract before the next 5% Nationwide L.inc Anniversary without reducing the Current Income Benefit Base. The ability to withdraw the Lifetime Withdrawal Amount will continue until the earlier of the Contract Owner's death or annuitization.

The Contract Owner can elect to set up Systematic Withdrawals or can request each withdrawal separately. All Lifetime Withdrawal requests must be made on a Nationwide form available by contacting the Service Center.

Each year's Lifetime Withdrawal Amount is non-cumulative. A Contract Owner cannot take a previous year's Lifetime Withdrawal Amount in a subsequent year without causing an excess withdrawal (discussed herein) that will reduce the Current Income Benefit Base. Although Lifetime Withdrawals up to the Lifetime Withdrawal Amount do not reduce the Current Income Benefit Base, they do reduce the Contract Value and the death benefit.

### **Impact of Withdrawals in Excess of the Lifetime Withdrawal Amount**

The Contract Owner is permitted to withdraw Contract Value in excess of that year's Lifetime Withdrawal Amount provided that the Contract Value is greater than \$0. Withdrawals in excess of the Lifetime Withdrawal Amount will reduce the Current Income Benefit Base, and consequently, the Lifetime Withdrawal Amount calculated for subsequent years. In the event of excess withdrawals, the Current Income Benefit Base will be reduced by the greater of:

- (1) the dollar amount of the withdrawal in excess of the Lifetime Withdrawal Amount; or
- (2) a figure representing the proportional amount of the withdrawal. This amount is determined by the following formula:

$$\frac{\text{dollar amount of the excess withdrawal}}{\text{Contract Value (reduced by the amount of the Lifetime Withdrawal Amount withdrawn)}} \times \text{Current Income Benefit Base prior to the withdrawal}$$

In situations where the Contract Value exceeds the existing Current Income Benefit Base, excess withdrawals will typically result in a dollar amount reduction to the new Current Income Benefit Base. In situations where the Contract Value is less than the existing Current Income Benefit Base, excess withdrawals will typically result in a proportional reduction to the new Current Income Benefit Base.

Currently, Nationwide allows for an "RMD privilege" whereby Nationwide permits a Contract Owner to withdraw Contract Value in excess of the Lifetime Withdrawal Amount without reducing the Current Income Benefit Base if such excess withdrawal is for the sole purpose of meeting Internal Revenue Code required minimum distributions for this contract. This RMD privilege does not apply to beneficially owned contracts. In order to qualify for the RMD privilege, the Contract Owner must:

- (1) be at least 70½ years old (72 years old for those Contract Owners who turn age 72 on or after January 1, 2020) as of the date of the request;
- (2) own the contract as an IRA, SEP IRA, Simple IRA, or Investment-Only Contract; and
- (3) submit a completed administrative form in advance of the withdrawal to the Service Center.

Nationwide reserves the right to modify or eliminate the RMD privilege if there is any change to the Internal Revenue Code or IRS rules relating to required minimum distributions, including the issuance of relevant IRS guidance. If Nationwide exercises this right, Nationwide will provide notice to Contract Owners and any withdrawal in excess of the Lifetime Withdrawal Amount will reduce the remaining Current Income Benefit Base.

Once the Contract Value falls to \$0, the Contract Owner is no longer permitted to submit additional purchase payments or take withdrawals in excess of the Lifetime Withdrawal Amount. Additionally, there is no Contract Value to annuitize, making the payment of the Lifetime Withdrawal Amount associated with this option the only income stream producing benefit remaining in the contract.

### **Reset Opportunities**

Nationwide offers an automatic reset of the Current Income Benefit Base. If, on any 5% Nationwide L.inc Anniversary, the Contract Value exceeds the Current Income Benefit Base, Nationwide will automatically reset the Current Income Benefit Base to equal that Contract Value. This higher amount will be the new Current Income Benefit Base. This automatic reset will continue until either the current charge for or the list of permitted investment options associated with the 5% Nationwide L.inc Rider changes.

In the event the current charge for or the list of permitted investment options of the 5% Nationwide L.inc Rider changes, the reset opportunities still exist, but are no longer automatic. An election to reset the Current Income Benefit Base must be made by the Contract Owner to Nationwide. On or about each 5% Nationwide L.inc Anniversary, Nationwide will provide the Contract Owner with information necessary to make this determination. Specifically, Nationwide will provide: the Contract Value; the Current Income Benefit Base; the current terms and conditions associated with the 5% Nationwide L.inc Rider; and instructions on how to communicate an election to reset the benefit base.

If the Contract Owner elects to reset the Current Income Benefit Base, it will be at the then current terms and conditions of the option as described in the most current prospectus. If Nationwide does not receive a Contract Owner's election to reset the Current Income Benefit Base within 60 days after the 5% Nationwide L.inc Anniversary, Nationwide will assume



that the Contract Owner does not wish to reset the Current Income Benefit Base. If the Current Income Benefit Base is not reset, it will remain the same and the terms and conditions of the 5% Nationwide L.inc Rider will not change (as applicable to that particular contract).

Contract Owners may cancel the automatic reset feature of the 5% Nationwide L.inc Rider by notifying Nationwide as to such election. Nationwide reserves the right to modify or terminate the automatic reset feature at any time upon written notice to Contract Owners.

**Settlement Options**

If a Contract Owner’s Contract Value falls to \$0 and there is still a positive Current Income Benefit Base, Nationwide will provide the Contract Owner with settlement options. Specifically, Nationwide will provide a notification to the Contract Owner describing the following three options, along with instructions on how to submit the election to Nationwide:

- (1) The Contract Owner can take Lifetime Withdrawals of the Lifetime Withdrawal Amount until the death of the Contract Owner;
- (2) The Contract Owner can elect the Age Based Lump Sum Settlement Option, as described below; or
- (3) If the Contract Owner qualifies after a medical examination, the Contract Owner can elect the Underwritten Lump Sum Settlement Option, as described below.

The options above each result in a different amount ultimately received under the 5% Nationwide L.inc Rider. The Underwritten Lump Sum Settlement Option will generally pay a larger amount than the Age Based Lump Sum Settlement Option when a Contract Owner is healthier than the normal population. Regardless of age or health, the Underwritten Lump Sum Settlement Option amount will never be less than the Age Based Lump Sum Settlement Option amount. Election of the Age Based Lump Sum Settlement Option enables the Contract Owner to receive payment without a medical exam, which could potentially delay payment. Before selecting a settlement option, consult with a financial professional to determine which option is best based on the Contract Owner’s individual financial situation and needs.

The Contract Owner will have 60 days from the date of Nationwide’s notification letter to make an election (“Notification Period”). Once the Contract Owner makes an election, the election is irrevocable. **If the Contract Owner is receiving Systematic Withdrawals of the Lifetime Withdrawal Amount and does not make an election within the Notification Period, Nationwide will continue sending Systematic Withdrawals of the full amount of the Lifetime Withdrawal Amount to the Contract Owner.** If the Contract Owner had requested Systematic Withdrawals of only a portion of the Lifetime Withdrawal Amount prior to the notice, Systematic Withdrawals will continue, but Nationwide will increase the Lifetime Withdrawals to the full amount of the Lifetime Withdrawal Amount.

**If the Contract Owner is not taking Systematic Withdrawals of the Lifetime Withdrawal Amount and does not make an election within the Notification Period, Nationwide will initiate Systematic Withdrawals of the Lifetime Withdrawal Amount on behalf of the Contract Owner and will begin mailing to the Contract Owner on an annual basis an amount equal to the Lifetime Withdrawal Amount. If Nationwide initiates Systematic Withdrawals of the Lifetime Withdrawal Amount on behalf of the Contract Owner, it will be irrevocable.** If Nationwide initiates Systematic Withdrawals of the Lifetime Withdrawal Amount on behalf of the Contract Owner, the first payment of the Lifetime Withdrawal Amount will be sent on the next business day following the Notification Period (“Settlement Payment Date”). Nationwide will then send the Contract Owner the Lifetime Withdrawal Amount annually on the anniversary of the Settlement Payment Date (or the next business day if the anniversary of the Settlement Payment Date does not fall on a business day). Nationwide will mail a check to the Contract Owner’s address on record. The Contract Owner may contact the Service Center at any time to change the frequency of the Systematic Withdrawals.

**Note:** In any event, if the Contract Owner does not make an election within the Notification Period, Nationwide will send the Contract Owner the full amount of the Lifetime Withdrawal Amount to which he/she is entitled to each year. There may be tax consequences if Nationwide increases or initiates the Lifetime Withdrawals on behalf of a Contract Owner. Consult a qualified tax advisor.

*Age Based Lump Sum Settlement Option*

Under the Age Based Lump Sum Settlement Option, in lieu of taking Lifetime Withdrawals of the Lifetime Withdrawal Amount, Nationwide will pay the Contract Owner a lump sum equal to the Contract Owner’s most recently calculated Lifetime Withdrawal Amount multiplied by the Annual Benefit Multiplier listed below:

<u>Contract Owner’s Age*</u>	<u>Up to Age 70</u>	<u>71-75</u>	<u>76-80</u>	<u>81-85</u>	<u>86-90</u>	<u>91-95</u>	<u>96+</u>
Annual Benefit Multiplier.....	5.5	4.5	3.5	2.5	2.0	1.5	1.0

\* As of the date the Age Based Lump Sum Option is elected.

For contracts that have elected the Joint Option for the 5% Nationwide Lifetime Income Rider, if both spouses are living on the date the Age Based Lump Sum Settlement Option is elected, Nationwide will use the age of the younger spouse minus three years to determine the Annual Benefit Multiplier. If only one spouse is living on the date the Age Based Lump Sum Settlement Option is elected, Nationwide will use the age of the living spouse to determine the Annual Benefit Multiplier.

#### *Underwritten Lump Sum Settlement Option*

Under the Underwritten Lump Sum Settlement Option, in lieu of taking Lifetime Withdrawals of the Lifetime Withdrawal Amount, for those who qualify based on a medical exam, Nationwide will pay the Contract Owner a lump sum based upon the attained age, sex, and health of the Contract Owner (and spouse if the Joint Option for the 5% Nationwide Lifetime Income Rider is elected). Nationwide will provide the Contract Owner with a medical examination form, which must be completed by a certified physician chosen by the Contract Owner. Upon completion of underwriting by Nationwide, the lump sum settlement amount (determined as of the date that Nationwide received all of the necessary information) is issued to the Contract Owner.

#### **Annuitization**

If the Contract Owner elects to annuitize the contract, this option will terminate. Specifically, the charge associated with the option will no longer be assessed and all benefits associated with the 5% Nationwide L.inc Rider will terminate.

#### **Death of Determining Life**

For contracts with no Joint Option for the 5% Nationwide Lifetime Income Rider, upon the death of the determining life, the benefits associated with the option terminate. If the Contract Owner is also the Annuitant, the death benefit will be paid in accordance with the *Death Benefits* provision. If the Contract Owner is not the Annuitant, the Contract Value will be distributed as described in *Appendix C: Contract Types and Tax Information*.

For contracts with the Joint Option for the 5% Nationwide Lifetime Income Rider, upon the death of the determining life, the surviving spouse continues to receive the same benefit associated with the 5% Nationwide L.inc Rider which had been received by the deceased spouse, for the remainder of the survivor's lifetime. The Contract Value will reflect the death benefit and the Spousal Protection Annuity Option.

#### **Tax Treatment**

Although the tax treatment for withdrawals under withdrawal benefits such as the 5% Nationwide Lifetime Income Rider is not clear, Nationwide will treat a portion of each Lifetime Withdrawal as a taxable distribution, as follows:

First, Nationwide determines which is greater: (1) the Contract Value immediately before the Lifetime Withdrawal; or (2) the Lifetime Withdrawal Amount immediately before the Lifetime Withdrawal. That amount (the greater of (1) or (2)) minus any remaining investment in the contract at the time of the Lifetime Withdrawal will be reported as a taxable distribution.

For any Lifetime Withdrawal taken when the Contract Value is less than or equal to the total investment in the contract, Nationwide treats the Lifetime Withdrawal as a tax-free return of investment until the entire investment in the contract has been received tax-free. Once the entire investment in the contract has been received tax-free, Lifetime Withdrawals will be reported as taxable distributions. Consult a qualified tax advisor.

### **Joint Option for the 10% Nationwide Lifetime Income Rider (formerly the 10% Spousal Continuation Benefit)**

At the time the 10% Nationwide L.inc Rider is elected (at time of application), the Contract Owner may elect the Joint Option for the 10% Nationwide Lifetime Income Rider ("Joint Option") (not available for contracts issued as Charitable Remainder Trusts). The Joint Option allows a surviving spouse to continue to receive, for the duration of his/her lifetime, the benefit associated with the 10% Nationwide L.inc Rider, provided certain conditions are met. Once the Joint Option is elected, it may not be removed from the contract, except as provided in the *Marriage Termination* section. If the Joint Option is elected, the determining life for purposes of the 10% Nationwide L.inc Rider will be that of the younger spouse. The Joint Option for the 10% Nationwide Lifetime Income Rider is not available for Contracts issued in the State of New York.

The annual charge for the Joint Option will not exceed 0.30% of the Current Income Benefit Base. The charge will be assessed until annuitization. For contracts issued on or after December 5, 2011 or the date of state approval (whichever is later) that elect the Joint Option, there is no charge for this option. However, Nationwide will reduce the Lifetime Withdrawal Percentages associated with the 10% Nationwide L.inc Rider as follows:

<b>Contract Owner's Age (at time of first Lifetime Withdrawal)</b>	<b>45 up to 59½</b>	<b>59½ through 64</b>	<b>65 through 80</b>	<b>81 and older</b>
Lifetime Withdrawal Percentage .....	3.00%	3.25%	4.25%	5.25%

The Lifetime Withdrawal Percentage will be based on the age of the younger spouse as of the date of the first Lifetime Withdrawal from the contract.

For contracts issued before December 5, 2011 or the date of state approval (whichever is later) that elected the Joint Option, the current charge is 0.20% of the Current Income Benefit Base and there is no reduction to the Lifetime Withdrawal Percentages associated with the 10% Nationwide L.inc Rider.

To be eligible for the Joint Option, the following conditions must be met:

- (1) Both spouses must be between 45 and 85 years old at the time of application;
- (2) Both spouses must be at least age 45 before either spouse is eligible to begin withdrawals. **Note:** the Internal Revenue Code imposes a penalty tax if a distribution is made before the Contract Owner reaches age 59½ unless certain exceptions are met (see *Appendix C: Contract Types and Tax Information*);
- (3) If the Contract Owner is a non-natural person, both spouses must be named as Co-Annuitants;
- (4) One or both spouses (or a revocable trust of which either or both of the spouses is/are grantor(s)) must be named as the Contract Owner. For contracts issued as IRAs and Roth IRAs, only the person for whom the IRA or Roth IRA was established may be named as the Contract Owner;
- (5) Both spouses must be named as primary beneficiaries;
- (6) No person other than the spouse may be named as Contract Owner, Annuitant, or primary beneficiary; and
- (7) If both spouses are alive upon annuitization, the Contract Owner must specify which spouse is the Annuitant upon whose continuation of life any annuity payments involving life contingencies depend (for IRA and Roth IRA contracts, this person must be the Contract Owner).

**Note:** The Joint Option is distinct from the Spousal Protection Annuity Option associated with the death benefits. The Joint Option allows a surviving spouse to continue receiving the Lifetime Withdrawals associated with the 10% Nationwide L.inc Rider. In contrast, the Spousal Protection Annuity Option is a death benefit bump-up feature associated with the death benefit.

***Marriage Termination***

If, prior to taking any withdrawals from the contract, the marriage terminates due to divorce, dissolution, or annulment, the Contract Owner may remove the Joint Option from the contract. Nationwide will remove the benefit and the associated charge after the Contract Owner submits to the Service Center a written request and evidence of the marriage termination satisfactory to Nationwide. Once the Joint Option is removed from the contract, the benefit may not be re-elected or added to cover a subsequent spouse.

If, after taking any withdrawals from the contract, the marriage terminates due to divorce, dissolution, or annulment, the Contract Owner may not remove the Joint Option from the contract.

***Risks Associated with Electing the Joint Option***

There are situations where a Contract Owner who elects the Joint Option will not receive the benefits associated with the option. This will occur if:

- (1) the Contract Owner's spouse (Co-Annuitant) dies before him/her;
- (2) the contract is annuitized;
- (3) after the first withdrawal, the marriage terminates due to divorce, dissolution, or annulment; or
- (4) the Contract Owner, Annuitant, Co-Annuitant, and/or beneficiary is changed.

Additionally, in the situations described in (1), (3) and (4) above, not only will the Contract Owner not receive the benefit associated with the Joint Option, but he/she must continue to pay the applicable charge until annuitization.

### Joint Option for the 7% Nationwide Lifetime Income Rider (formerly the 7% Spousal Continuation Benefit)

At the time the 7% Nationwide Lifetime Income ("7% Nationwide L.inc") Rider is elected (at time of application), the Contract Owner may elect the Joint Option for the 7% Nationwide Lifetime Income Rider ("Joint Option") (not available for contracts issued as Charitable Remainder Trusts). The Joint Option allows a surviving spouse to continue to receive, for the duration of his/her lifetime, the benefit associated with the 7% Nationwide L.inc Rider, provided certain conditions are met. Once the Joint Option is elected, it may not be removed from the contract, except as provided in the *Marriage Termination* section. If the Joint Option is elected, the determining life for purposes of the 7% Nationwide L.inc Rider will be that of the younger spouse. Effective January 24, 2011, the Joint Option is only available for contracts issued in the State of New York.

The annual charge for the Joint Option will not exceed 0.30% of the Current Income Benefit Base. The charge will be assessed until annuitization. For contracts issued on or after December 5, 2011 or the date of state approval (whichever is later) that elect the Joint Option, there is no charge for the Joint Option. However, Nationwide will reduce the Lifetime Withdrawal Percentages associated with the 7% Nationwide L.inc Rider as follows:

<u>Contract Owner's Age (at time of first withdrawal)</u>	<u>50 up to 59½</u>	<u>59½ through 64</u>	<u>65 through 80</u>	<u>81 and older</u>
Lifetime Withdrawal Percentage .....	3.00%	3.25%	4.25%	5.25%

The Lifetime Withdrawal Percentage will be based on the age of the younger spouse as of the date of the first withdrawal from the contract.

For contracts issued before December 5, 2011 or the date of state approval (whichever is later) that elected the Joint Option, the current charge is 0.15% of the Current Income Benefit Base and there is no reduction to the Lifetime Withdrawal Percentages associated with the 7% Nationwide L.inc Rider.

To be eligible for the Joint Option, the following conditions must be met:

- (1) Both spouses must be between 50 and 85 years old at the time of application (minimum age is 45 for non-New York contracts);
- (2) Both spouses must be at least age 50 before either spouse is eligible to begin withdrawals (minimum age is 45 for non-New York contracts). **Note:** the Internal Revenue Code imposes a penalty tax if a distribution is made before the Contract Owner reaches age 59½ unless certain exceptions are met (see *Appendix C: Contract Types and Tax Information*);
- (3) If the Contract Owner is a non-natural person, both spouses must be named as Co-Annuitants;
- (4) One or both spouses (or a revocable trust of which either or both of the spouses is/are grantor(s)) must be named as the Contract Owner. For contracts issued as IRAs and Roth IRAs, only the person for whom the IRA or Roth IRA was established may be named as the Contract Owner;
- (5) Both spouses must be named as primary beneficiaries;
- (6) No person other than the spouse may be named as Contract Owner, Annuitant, or primary beneficiary; and
- (7) If both spouses are alive upon annuitization, the Contract Owner must specify which spouse is the Annuitant upon whose continuation of life any annuity payments involving life contingencies depend (for IRA and Roth IRA contracts, this person must be the Contract Owner).

**Note:** The Joint Option is distinct from the Spousal Protection Annuity Option associated with the death benefits. The Joint Option allows a surviving spouse to continue receiving the Lifetime Withdrawals associated with the 7% Nationwide L.inc Rider. In contrast, the Spousal Protection Annuity Option is a death benefit bump-up feature associated with the death benefit.

## ***Marriage Termination***

If, prior to taking any withdrawals from the contract, the marriage terminates due to divorce, dissolution, or annulment, the Contract Owner may remove the Joint Option from the contract. Nationwide will remove the benefit and the associated charge after the Contract Owner submits to the Service Center a written request and evidence of the marriage termination satisfactory to Nationwide. Once the Joint Option is removed from the contract, the benefit may not be re-elected or added to cover a subsequent spouse.

If, after taking any withdrawals from the contract, the marriage terminates due to divorce, dissolution, or annulment, the Contract Owner may not remove the Joint Option from the contract.

## ***Risks Associated with Electing the Joint Option***

There are situations where a Contract Owner who elects the Joint Option will not receive the benefits associated with the option. This will occur if:

- (1) the Contract Owner's spouse (Co-Annuitant) dies before him/her;
- (2) the contract is annuitized;
- (3) after the first withdrawal, the marriage terminates due to divorce, dissolution, or annulment; or
- (4) the Contract Owner, Annuitant, Co-Annuitant, and/or beneficiary is changed.

**Additionally, in the situations described in (1), (3), and (4) above, not only will the Contract Owner not receive the benefit associated with the Joint Option, but he/she must continue to pay any applicable charge until annuitization.**

## **Joint Option for the 5% Nationwide Lifetime Income Rider (formerly the 5% Spousal Continuation Benefit)**

At the time the 5% Nationwide Lifetime Income ("5% Nationwide L.inc") Rider is elected, the Contract Owner may elect the Joint Option for the 5% Nationwide Lifetime Income Rider ("Joint Option") (not available for contracts issued as Charitable Remainder Trusts). The Joint Option allows a surviving spouse to continue to receive, for the duration of his/her lifetime, the benefit associated with the 5% Nationwide L.inc Rider, provided certain conditions are met. Once the Joint Option is elected, it may not be removed from the contract, except as provided in the *Marriage Termination* section. If the Joint Option is elected, the determining life for purposes of the 5% Nationwide L.inc Rider will be that of the younger spouse. Effective January 24, 2011, the Joint Option is no longer available for election.

The annual charge for the Joint Option will not exceed 0.15% of the Current Income Benefit Base. The charge will be assessed until annuitization. Currently, the charge for the Joint Option is 0.15% of the Current Income Benefit Base.

To be eligible for the Joint Option, the following conditions must be met:

- (1) Both spouses must be between 45 and 85 years old at the time of application;
- (2) Both spouses must be at least age 45 before either spouse is eligible to begin withdrawals. **Note:** the Internal Revenue Code imposes a penalty tax if a distribution is made before the Contract Owner reaches age 59½ unless certain exceptions are met (see *Appendix C: Contract Types and Tax Information*);
- (3) If the Contract Owner is a non-natural person, both spouses must be named as Co-Annuitants;
- (4) One or both spouses (or a revocable trust of which either or both of the spouses is/are grantor(s)) must be named as the Contract Owner. For contracts issued as IRAs and Roth IRAs, only the person for whom the IRA or Roth IRA was established may be named as the Contract Owner;
- (5) Both spouses must be named as primary beneficiaries;
- (6) No person other than the spouse may be named as Contract Owner, Annuitant, or primary beneficiary; and
- (7) If both spouses are alive upon annuitization, the Contract Owner must specify which spouse is the Annuitant upon whose continuation of life any annuity payments involving life contingencies depend (for IRA and Roth IRA contracts, this person must be the Contract Owner).

**Note:** The Joint Option is distinct from the Spousal Protection Annuity Option associated with the death benefits. The Joint Option allows a surviving spouse to continue receiving the Lifetime Withdrawals associated with the 5% Nationwide L.inc Rider. In contrast, the Spousal Protection Annuity Option is a death benefit bump-up feature associated with the death benefit.

### ***Marriage Termination***

If, prior to taking any withdrawals from the contract, the marriage terminates due to divorce, dissolution, or annulment, the Contract Owner may remove the Joint Option from the contract. Nationwide will remove the benefit and the associated charge after the Contract Owner submits to the Service Center a written request and evidence of the marriage termination satisfactory to Nationwide. Once the Joint Option is removed from the contract, the benefit may not be re-elected or added to cover a subsequent spouse.

If, after taking any withdrawals from the contract, the marriage terminates due to divorce, dissolution, or annulment, the Contract Owner may not remove the Joint Option from the contract.

### ***Risks Associated with Electing the Joint Option***

There are situations where a Contract Owner who elects the Joint Option will not receive the benefits associated with the option. This will occur if:

- (1) the Contract Owner's spouse (Co-Annuitant) dies before him/her;
- (2) the contract is annuitized;
- (3) after the first withdrawal, the marriage terminates due to divorce, dissolution, or annulment; or
- (4) the Contract Owner, Annuitant, Co-Annuitant, and/or beneficiary is changed.

**Additionally, in the situations described in (1), (3), and (4) above, not only will the Contract Owner not receive the benefit associated with the Joint Option, but he/she must continue to pay any applicable charge until annuitization.**

## **Removal of Variable Account Charges**

For certain optional benefits, a charge is assessed only for a specified period of time. To remove the charge, Nationwide systematically re-rates the contract. This re-rating results in lower contract charges, but no change in Contract Value or any other contractual benefit.

Re-rating involves two steps: the adjustment of contract expenses and the adjustment of the number of units in the contract.

The first step, the adjustment of contract expenses, involves removing the charge from the unit value calculation. For example, on a contract where the only optional benefit elected is the 3% Extra Value Option, the Variable Account value will be calculated using unit values with Variable Account charges of 1.75% for the first eight Contract Years. At the end of that period, the charge associated with the 3% Extra Value Option will be removed. From that point on, the Variable Account value will be calculated using the unit values with Variable Account charges at 1.25%. Thus, the 3% Extra Value Option charge is no longer included in the daily Sub-Account valuation for the contract.

The second step of the re-rating process, the adjustment of the number of units in the contract, is necessary in order to keep the re-rating process from altering the Contract Value. Generally, for any given Sub-Account, the higher the Variable Account charges, the lower the unit value, and vice versa. For example, Sub-Account X with charges of 1.75% will have a lower unit value than Sub-Account X with charges of 1.25% (higher expenses result in lower unit values). When, upon re-rating, the unit values used in calculating Variable Account value are dropped from the higher expense level to the lower expense level, the higher unit values will cause an incidental increase in the Contract Value. In order to avoid this incidental increase, Nationwide adjusts the number of units in the contract down so that the Contract Value after the re-rating is the same as the Contract Value before the re-rating.

# Ownership and Interests in the Contract

## Contract Owner

Prior to the Annuitization Date, the Contract Owner has all rights under the contract, unless a joint owner is named. If a joint owner is named, each joint owner has all rights under the contract. **Purchasers who name someone other than themselves as the Contract Owner will have no rights under the contract.**

On the Annuitization Date, the Annuitant becomes the Contract Owner, unless the Contract Owner is a Charitable Remainder Trust. If the Contract Owner is a Charitable Remainder Trust, the Charitable Remainder Trust continues to be the Contract Owner after annuitization.

Contract Owners of Non-Qualified Contracts may name a new Contract Owner at any time before the Annuitization Date. Any change of Contract Owner automatically revokes any prior Contract Owner designation. Changes in contract ownership may result in federal income taxation and may be subject to state and federal gift taxes.

## Joint Owner

Joint owners each own an undivided interest in the contract.

Non-Qualified Contract Owners can name a joint owner at any time before annuitization. However, joint owners must be spouses at the time joint ownership is requested, unless state law requires Nationwide to allow non-spousal joint owners. Joint ownership is not permitted on contracts owned by a non-natural Contract Owner.

Generally, the exercise of any ownership rights under the contract must be in writing and signed by both joint owners. However, if a written election, signed by both Contract Owners, authorizing Nationwide to allow the exercise of ownership rights independently by either joint owner is submitted, Nationwide will permit joint owners to act independently. If such an authorization is submitted, Nationwide will not be liable for any loss, liability, cost, or expense for acting in accordance with the instructions of either joint owner.

If either joint owner dies before the Annuitization Date, the contract continues with the surviving joint owner as the remaining Contract Owner.

## Contingent Owner

The contingent owner succeeds to the rights of a Contract Owner if a Contract Owner who is not the Annuitant dies before the Annuitization Date and there is no surviving joint owner.

If a Contract Owner who is the Annuitant dies before the Annuitization Date, the contingent owner will not have any rights under the contract, unless such contingent owner is also the beneficiary.

The Contract Owner may name a contingent owner at any time before the Annuitization Date.

## Annuitant

The Annuitant is the person who will receive annuity payments and upon whose continuation of life any annuity payment involving life contingencies depends. This person must be age 85 or younger at the time of contract issuance, unless Nationwide approves a request for an Annuitant of greater age.

Only Non-Qualified Contract Owners may name someone other than himself/herself as the Annuitant.

The Contract Owner may not name a new Annuitant without Nationwide's consent.

## Contingent Annuitant

If the Annuitant dies before the Annuitization Date, the Contingent Annuitant becomes the Annuitant. The Contingent Annuitant must be age 85 or younger at the time of contract issuance, unless Nationwide approves a request for a Contingent Annuitant of greater age.

If a Contingent Annuitant is named, all provisions of the contract that are based on the Annuitant's death prior to the Annuitization Date will be based on the death of the last survivor of the Annuitant and Contingent Annuitant.

Only Non-Qualified Contract Owners may name a Contingent Annuitant.

## Co-Annuitant

A Co-Annuitant, if named, must be the Annuitant's spouse. The Co-Annuitant may be named at any time prior to annuitization and will receive the benefit of the Spousal Protection Annuity Option, provided all of the requirements set forth in the *Spousal Protection Annuity Option* section are met.

If either Co-Annuitant dies before the Annuitization Date, the surviving Co-Annuitant may continue the contract and will receive the benefit of the Spousal Protection Annuity Option.

## Joint Annuitant

The joint Annuitant is designated as a second person (in addition to the Annuitant) upon whose continuation of life any annuity payment involving life contingencies depends. The joint Annuitant is named at the time of annuitization.

## Beneficiary and Contingent Beneficiary

The beneficiary is the person who is entitled to the death benefit if the Annuitant (and Contingent Annuitant, if applicable) dies before the Annuitization Date and there is no joint owner. The Contract Owner can name more than one beneficiary. Multiple beneficiaries will share the death benefit equally, unless otherwise specified.

A contingent beneficiary will succeed to the rights of the beneficiary if no beneficiary is alive when a death benefit is paid. The Contract Owner can name more than one contingent beneficiary. Multiple contingent beneficiaries will share the death benefit equally, unless otherwise specified.

## Changes to the Parties to the Contract

Prior to the Annuitization Date (and subject to any existing assignments), the Contract Owner may request to change the following:

- Contract Owner (Non-Qualified Contracts only);
- Joint Owner (must be Contract Owner's spouse);
- contingent owner;
- Annuitant (subject to Nationwide's underwriting and approval);
- Contingent Annuitant (subject to Nationwide's underwriting and approval);
- joint annuitant (subject to Nationwide's underwriting and approval);
- Co-Annuitant (must be Annuitant's spouse);
- beneficiary; or
- contingent beneficiary.

The Contract Owner must submit the request to Nationwide in writing and Nationwide must receive the request at the Service Center before the Annuitization Date. Once Nationwide receives and records the change request, the change will be effective as of the date the written request was signed (unless otherwise specified by the Contract Owner), whether or not the Contract Owner or Annuitant is living at the time it was recorded. The change will not affect any action taken by Nationwide before the change was recorded.

Any request to change the Contract Owner must be signed by the existing Contract Owner and the person designated as the new Contract Owner. Nationwide may require a signature guarantee.

If the Contract Owner is not a natural person and there is a change of the Annuitant, distributions will be made as if the Contract Owner died at the time of the change, regardless of whether the Contract Owner named a Contingent Annuitant.

Nationwide reserves the right to reject any change request that would alter the nature of the risk that Nationwide assumed when it originally issued the contract.

Certain options and features under the contract have specific requirements as to who can be named as the Contract Owner, Annuitant, Co-Annuitant, and/or beneficiary in order to receive the benefit of the option or feature. Changes to the parties to the contract may result in the termination or loss of benefit of these options or features. Further, changes to the parties to the contract may result in the Contract Owner not receiving the benefit associated with an option while still



continuing to pay any applicable charge for the option. Contract Owners contemplating changes to the parties to the contract should contact their financial professional to determine how the changes impact the options and features under the contract.

## Operation of the Contract

### Purchase Payment Credits

Purchase Payment Credits ("PPCs") are additional credits that Nationwide will apply to a contract when cumulative purchase payments reach certain aggregate levels.

When determining PPCs Nationwide will include the purchase payments in this contract, and may include the purchase payments of other Nationwide annuity contracts issued to an immediate family member within the 12 months before the purchase of this contract. Immediate family members include spouses, children, or other family members living within the Contract Owner's household. In order to be considered for PPCs, the Contract Owner must notify Nationwide in writing of all Nationwide annuity contracts owned by the Contract Owner or immediate family members. Contact the Service Center to determine if another annuity contract can be considered in determining PPCs for this contract.

Each time a Contract Owner submits a purchase payment, Nationwide will perform a calculation to determine if and how many PPCs are payable as a result of that particular deposit.

The formula used to determine the amount of the PPC is as follows:

$$(\text{Cumulative Purchase Payments} \times \text{PPC}\%) - \text{PPCs Paid to Date} = \text{PPCs Payable}$$

Cumulative Purchase Payments = the total of all purchase payments applied to the contract(s) eligible to receive a PPC, including the current deposit, minus any withdrawals.

PPC% = either 0.0%, 0.5%, or 1.0%, depending on the level of Cumulative Purchase Payments as follows:

If Cumulative Purchase Payments are	Then the PPC% is
\$0 - \$499,999 .....	0.0% (no PPC is payable)
\$500,000 - \$999,999 .....	0.5%
\$1,000,000 or more .....	1.0%

PPCs Paid to Date = the total PPCs that Nationwide has already applied to this contract.

PPCs Payable = the PPCs that Nationwide will apply to the contract as a result of the current deposit.

For example, on March 1, Ms. Z makes an initial deposit of \$200,000 to her contract. Her contract is the only one eligible to receive PPCs. For this deposit, she does not receive a PPC since her Cumulative Purchase Payments are less than \$500,000.

On April 1, Ms. Z applies additional purchase payments of \$350,000. Cumulative Purchase Payments now equal \$550,000. Nationwide will apply PPCs to Ms. Z's contract equal to \$2,750, which is  $(0.5\% \times \$550,000) - \$0$ .

On May 1, Ms. Z takes a withdrawal of \$150,000. Cumulative Purchase Payments now equal \$400,000.

On June 1, Ms. Z applies additional purchase payments of \$500,000. Cumulative Purchase Payments now equal \$900,000. Nationwide will apply PPCs to Ms. Z's contract equal to \$1,750, which is  $(\$900,000 \times 0.5\%) - \$2,750$ . At this point in time, a total of \$4,500 in PPCs have been applied to Ms. Z's contract.

On July 1, Ms. Z applies additional purchase payments of \$300,000. Cumulative Purchase Payments now equal \$1,200,000. Nationwide will apply PPCs to Ms. Z's contract equal to \$7,500, which is  $(\$1,200,000 \times 1.0\%) - \$4,500$ . At this point in time, a total of \$12,000 in PPCs have been applied to Ms. Z's contract. For purposes of all benefits and taxes under these contracts, PPCs are considered earnings, not purchase payments, and they will be allocated in the same proportion that purchase payments are allocated on the date the PPCs are applied.

### Recapture of Purchase Payment Credits

If the Contract Owner cancels the contract pursuant to the contractual free look provision, Nationwide will recapture all PPCs applied to the contract. In those states that require the return of purchase payments for IRAs that are surrendered pursuant to the contractual free look, Nationwide will recapture all PPCs, but under no circumstances will the amount returned to the Contract Owner be less than the purchase payments made to the contract. In those states that allow a

return of Contract Value, the Contract Owner will retain any earnings attributable to the PPCs, but all losses attributable to the PPCs will be incurred by Nationwide. After the end of the contractual free look period, all PPCs are fully vested and not subject to recapture.

## **Pricing**

Generally, Nationwide prices Accumulation Units on each day that the New York Stock Exchange is open. (Pricing is the calculation of a new Accumulation Unit value that reflects that day's investment experience.)

Accumulation Units are not priced when the New York Stock Exchange is closed or on the following nationally recognized holidays:

- New Year's Day
- Martin Luther King, Jr. Day
- Presidents' Day
- Good Friday
- Memorial Day
- Independence Day
- Labor Day
- Thanksgiving
- Christmas

Nationwide also will not price purchase payments, withdrawals, or transfers if:

- (1) trading on the New York Stock Exchange is restricted;
- (2) an emergency exists making disposal or valuation of securities held in the Variable Account impracticable; or
- (3) the SEC, by order, permits a suspension or postponement for the protection of security holders.

Rules and regulations of the SEC will govern as to when the conditions described in (2) and (3) exist. If Nationwide is closed on days when the New York Stock Exchange is open, Contract Value may change and Contract Owners will not have access to their accounts.

## **Application and Allocation of Purchase Payments**

### ***Initial Purchase Payments***

Initial purchase payments will be priced at the Accumulation Unit value next determined no later than two business days after receipt of an order to purchase if the application and all necessary information are complete and are received at the Service Center before the close of regular trading on the New York Stock Exchange, which generally occurs at 4:00 p.m. EST. If the order is received after the close of regular trading on the New York Stock Exchange, the initial purchase payment will be priced within two business days after the next Valuation Date.

If an incomplete application is not completed within five business days after receipt at the Service Center, the prospective purchaser will be informed of the reason for the delay. The purchase payment will be returned unless the prospective purchaser specifically consents to allow Nationwide to hold the purchase payment until the application is completed.

Generally, initial purchase payments are allocated according to Contract Owner instructions on the application. However, in some states, Nationwide will allocate initial purchase payments to the money market Sub-Account during the free look period. After the free look period, Nationwide will reallocate the Contract Value among the investment options based on the instructions contained on the application. In other states, Nationwide will immediately allocate initial purchase payments to the investment options based on the instructions contained on the application. Contact the Service Center or refer to your contract for state specific information on the allocation of initial purchase payments.

### ***Subsequent Purchase Payments***

Any subsequent purchase payment received at the Service Center (along with all necessary information) before the close of regular trading on the New York Stock Exchange on any Valuation Date will be priced at the Accumulation Unit value next determined after receipt of the purchase payment. If a subsequent purchase payment is received at the Service Center (along with all necessary information) after the close of regular trading on the New York Stock Exchange, it will be priced at the Accumulation Unit value determined on the following Valuation Date.

## ***Allocation of Purchase Payments***

Nationwide allocates purchase payments to Sub-Accounts as instructed by the Contract Owner. Shares of the underlying mutual funds in which the Sub-Accounts invest are purchased at Net Asset Value, then the Contract Owner receives Accumulation Units in the Sub-Account(s) to which the Contract Owner allocated purchase payments.

Contract Owners can change allocations or make exchanges among the Sub-Accounts after the time of application by submitting a written request to the Service Center. However, no change may be made that would result in an amount less than 1% of the purchase payments being allocated to any Sub-Account. In the event that Nationwide receives such a request, Nationwide will inform the Contract Owner that the allocation instructions are invalid and that the contract's allocations among the Sub-Accounts prior to the request will remain in effect. Certain transactions may be subject to conditions imposed by the underlying mutual funds.

## **Determining the Contract Value**

The Contract Value is the sum of the value of amounts (including Extra Value Option credits and PPCs) allocated to the Sub-Accounts plus any amount held in the Fixed Account, the GTOs, and the collateral fixed account. If charges are assessed against the whole Contract Value, Nationwide will deduct a proportionate amount from each Sub-Account, the Fixed Account, and the GTOs based on current cash values.

### ***Determining Variable Account Value - Valuing an Accumulation Unit***

Sub-Account allocations are accounted for in Accumulation Units. Accumulation Unit values (for each Sub-Account) are determined by calculating the Net Investment Factor for the Sub-Accounts for the current Valuation Period and multiplying that result with the Accumulation Unit values determined on the previous Valuation Period. For each Sub-Account, the Net Investment Factor is the investment performance of the underlying mutual fund in which a particular Sub-Account invests, including the charges assessed against that Sub-Account for a Valuation Period.

Nationwide uses the Net Investment Factor as a way to calculate the investment performance of a Sub-Account from Valuation Period to Valuation Period.

The Net Investment Factor for any particular Sub-Account before the Annuitization Date is determined by dividing (a) by (b), and then subtracting (c) from the result, where:

- (a) is the sum of:
  - (1) the Net Asset Value of the underlying mutual fund as of the end of the current Valuation Period; and
  - (2) the per share amount of any dividend or income distributions made by the underlying mutual fund (if the date of the dividend or income distribution occurs during the current Valuation Period).
- (b) is the Net Asset Value of the underlying mutual fund determined as of the end of the preceding Valuation Period.
- (c) is a factor representing the daily total Variable Account charges, which may include charges for optional benefits elected by the Contract Owner. The factor is equal to an annualized rate ranging from 1.25% to 3.70% of the Daily Net Assets, depending on which optional benefits the Contract Owner elects.

**Note:** The range shown above reflects only those Variable Account charges that are assessed daily as part of the daily Accumulation Unit calculation. It does not reflect the cost of other optional benefits that assess charges via the redemption of Accumulation Units.

Based on the change in the Net Investment Factor, the value of an Accumulation Unit may increase or decrease. Changes in the Net Investment Factor may not be directly proportional to changes in the Net Asset Value of the underlying mutual fund shares because of the deduction of Variable Account charges.

Though the number of Accumulation Units will not change as a result of investment experience, the value of an Accumulation Unit may increase or decrease from Valuation Period to Valuation Period.

### ***Determining Fixed Account Value***

Nationwide determines the value of the Fixed Account by:

- (1) adding all amounts allocated to the Fixed Account (including any Extra Value Option credits and Purchase Payment Credits applied to the contract), minus amounts previously transferred or withdrawn from the Fixed Account;

- (2) adding any interest earned on the amounts allocated to the Fixed Account; and
- (3) subtracting charges deducted in accordance with the contract.

### ***Determining Guaranteed Term Option Value***

Nationwide determines the value of a Guaranteed Term Option by:

- (1) adding all amounts allocated to any Guaranteed Term Option (including any Extra Value Option credits and Purchase Payment Credits applied to the contract), minus amounts previously transferred or withdrawn from a Guaranteed Term Option (which may be subject to a market value adjustment);
- (2) adding any interest earned on the amounts allocated to a Guaranteed Term Option; and
- (3) subtracting charges deducted in accordance with the contract.

### **Transfer Requests**

Contract Owners may submit transfer requests in writing, over the telephone, or via the Internet to the Service Center. Some benefits or features under the contract may limit the manner in which transfer requests can be submitted, as indicated in the respective provision. Nationwide may restrict or withdraw the telephone and/or Internet transfer privilege at any time.

Generally, Sub-Account transfers will receive the Accumulation Unit value next computed after the transfer request is received at the Service Center. However, if a contract that is limited to submitting transfer requests via U.S. mail submits a transfer request via the Internet or telephone pursuant to Nationwide's one-day delay policy, the transfer will be executed on the next Valuation Date after the exchange request is received at the Service Center (see *Managers of Multiple Contracts*).

### **Transfer Restrictions**

Neither the contracts described in this prospectus nor the underlying mutual funds are designed to support active trading strategies that require frequent movement between or among Sub-Accounts (sometimes referred to as "market-timing" or "short-term trading"). A Contract Owner who intends to use an active trading strategy should consult his/her financial professional and request information on other Nationwide variable annuity contracts that offer investment in underlying mutual funds that are designed specifically to support active trading strategies.

Nationwide discourages (and will take action to deter) short-term trading in this contract because the frequent movement between or among Sub-Accounts may negatively impact other investors in the contract. Short-term trading can result in:

- the dilution of the value of the investors' interests in the underlying mutual fund;
- underlying mutual fund managers taking actions that negatively impact performance (keeping a larger portion of the underlying mutual fund assets in cash or liquidating investments prematurely in order to support redemption requests); and/or
- increased administrative costs due to frequent purchases and redemptions.

To protect investors in this contract from the negative impact of these practices, Nationwide has implemented, or reserves the right to implement, several processes and/or restrictions aimed at eliminating the negative impact of active trading strategies. Nationwide makes no assurances that all risks associated with short-term trading will be completely eliminated by these processes and/or restrictions.

Nationwide cannot guarantee that its attempts to deter active trading strategies will be successful. If Nationwide is unable to deter active trading strategies, the performance of the Sub-Accounts that are actively traded may be adversely impacted.

### ***Redemption Fees***

Some underlying mutual funds assess a short-term trading fee in connection with transfers from a Sub-Account that occur within 60 days after the date of the allocation to the Sub-Account. The fee is assessed against the amount transferred and is paid to the underlying mutual fund. Redemption fees compensate the underlying mutual fund for any negative impact on fund performance resulting from short-term trading. If a short-term trading fee is assessed, the Contract Owner will receive a confirmation notice.

Currently, none of the underlying mutual funds assess a short-term trading fee.

## **U.S. Mail Restrictions**

Nationwide monitors transfer activity in order to identify those who may be engaged in harmful trading practices. Transaction reports are produced and examined. Generally, a contract may appear on these reports if the Contract Owner (or a third party acting on their behalf) engages in a certain number of "transfer events" in a given period. A "transfer event" is any transfer, or combination of transfers, occurring on a given trading day (Valuation Period). For example, if a Contract Owner executes multiple transfers involving 10 investment options in one day, this counts as one transfer event. A single transfer occurring on a given trading day and involving only two investment options will also count as one transfer event.

As a result of this monitoring process, Nationwide may restrict the method of communication by which transfer orders will be accepted. In general, Nationwide will adhere to the following guidelines:

<b>Trading Behavior</b>	<b>Nationwide's Response</b>
Six or more transfer events in one calendar quarter	Nationwide will mail a letter to the Contract Owner notifying them that: (1) they have been identified as engaging in harmful trading practices; and (2) if their transfer events exceed 11 in two consecutive calendar quarters or 20 in one calendar year, the Contract Owner will be limited to submitting transfer requests via U.S. mail on a Nationwide issued form.
More than 11 transfer events in two consecutive calendar quarters OR More than 20 transfer events in one calendar year	Nationwide will automatically limit the Contract Owner to submitting transfer requests via U.S. mail on a Nationwide issued form.

For purposes of Nationwide's transfer policy, U.S. mail includes standard U.S. mail, overnight U.S. mail, and overnight delivery via private carrier.

Each January 1, Nationwide will start the monitoring anew, so that each contract starts with 0 transfer events each January 1. See, however, the *Other Restrictions* provision.

## **Managers of Multiple Contracts**

Some financial professionals manage the assets of multiple Nationwide contracts pursuant to trading authority granted or conveyed by multiple Contract Owners. These multi-contract financial professionals will generally be required by Nationwide to submit all transfer requests via U.S. mail.

Nationwide may, as an administrative practice, implement a "one-day delay" program for these multi-contract financial professionals, which they can use in addition to or in lieu of submitting transfer requests via U.S. mail. The one-day delay option permits multi-contract financial professionals to continue to submit transfer requests via the Internet or telephone. However, transfer requests submitted by multi-contract financial professionals via the Internet or telephone will not receive the next available Accumulation Unit value. Rather, they will receive the Accumulation Unit value that is calculated on the following Valuation Date. Transfer requests submitted under the one-day delay program are irrevocable. Multi-contract financial professionals will receive advance notice of being subject to the one-day delay program.

## **Other Restrictions**

Contract Owners that are required to submit transfer requests via U.S. mail will be required to use a Nationwide issued form for their transfer request. Nationwide will refuse transfer requests that either do not use the Nationwide issued form for their transfer request or fail to provide accurate and complete information on their transfer request form. In the event that a Contract Owner's transfer request is refused by Nationwide, they will receive notice in writing by U.S. mail and will be required to resubmit their transfer request on a Nationwide issued form.

Nationwide reserves the right to refuse or limit transfer requests, or take any other action it deems necessary in order to protect Contract Owners, Annuitants, and beneficiaries from the negative investment results that may result from short-term trading or other harmful investment practices employed by some Contract Owners (or third parties acting on their behalf). In particular, trading strategies designed to avoid or take advantage of Nationwide's monitoring procedures (and other measures aimed at curbing harmful trading practices) that are nevertheless determined by Nationwide to constitute harmful trading practices, may be restricted.

Any restrictions that Nationwide implements will be applied consistently and uniformly.

## ***Underlying Mutual Fund Restrictions and Prohibitions***

Pursuant to regulations adopted by the SEC, Nationwide is required to enter into written agreements with the underlying mutual funds which allow the underlying mutual funds to:

- (1) request the taxpayer identification number, international taxpayer identification number, or other government issued identifier of any Contract Owner;
- (2) request the amounts and dates of any purchase, redemption, transfer, or exchange request ("transaction information"); and
- (3) instruct Nationwide to restrict or prohibit further purchases or exchanges by Contract Owners that violate policies established by the underlying mutual fund (whose policies may be more restrictive than Nationwide's policies).

Nationwide is required to provide such transaction information to the underlying mutual funds upon their request. In addition, Nationwide is required to restrict or prohibit further purchases or requests to exchange into a specific Sub-Account upon instruction from the underlying mutual fund in which that Sub-Account invests. Nationwide and any affected Contract Owner may not have advance notice of such instructions from an underlying mutual fund to restrict or prohibit further purchases or requests to exchange. If an underlying mutual fund refuses to accept a purchase or request to exchange into the Sub-Account associated with the underlying mutual fund submitted by Nationwide, Nationwide will keep any affected Contract Owner in their current Sub-Account allocation.

## **Transfers Prior to Annuitization**

### ***Transfers from the Fixed Account***

A Contract Owner may request to transfer allocations from the Fixed Account to the Sub-Accounts or a GTO only upon reaching the end of a Fixed Account interest rate guarantee period. Fixed Account transfers must be made within 45 days after the end of the interest rate guarantee period.

Normally, Nationwide will permit 100% of the maturing Fixed Account allocations to be transferred. However, Nationwide may limit the amount that can be transferred from the Fixed Account. Nationwide will determine the amount that may be transferred and will declare this amount at the end of the Fixed Account interest rate guarantee period. The maximum transferable amount will never be less than 10% of the Fixed Account allocation reaching the end of a Fixed Account interest rate guarantee period.

Contract Owners who use Dollar Cost Averaging may transfer from the Fixed Account under the terms of that program.

Nationwide reserves the right to limit the number of transfers from the Fixed Account to the Guaranteed Term Options to one per calendar year.

Nationwide is required by state law to reserve the right to postpone payment or transfer of assets from the Fixed Account for a period of up to six months from the date of the withdrawal or transfer request.

### ***Transfers from a Guaranteed Term Option***

Transfers from a Guaranteed Term Option prior to maturity are subject to a market value adjustment. Nationwide reserves the right to limit or refuse transfers to the Fixed Account and to limit the number of transfers out of the Guaranteed Term Options to one per calendar year.

### ***Transfers from the Sub-Accounts***

A Contract Owner may request to transfer allocations from the Sub-Accounts to the Fixed Account or a GTO at any time. Nationwide reserves the right to limit or refuse transfers to the Fixed Account and to limit the number of transfers from the Sub-Accounts to the Guaranteed Term Options to one per calendar year.

Nationwide reserves the right to limit or refuse transfers to the Fixed Account. Generally, Nationwide will invoke this right when interest rates are low by historical standards.

### ***Transfers Among the Sub-Accounts***

A Contract Owner may request to transfer allocations among the Sub-Accounts at any time, subject to terms and conditions imposed by this prospectus and the underlying mutual funds.

## **Transfers After Annuitization**

After annuitization, the portion of the Contract Value allocated to fixed annuity payments and the portion of the Contract Value allocated to variable annuity payments may not be changed.

After annuitization, transfers among Sub-Accounts may only be made once per calendar year.

## **Right to Examine and Cancel**

If the Contract Owner elects to cancel the contract, he/she may return it to the Service Center within a certain period of time known as the "free look" period. Depending on the state in which the contract was purchased (and, in some states, if the contract is purchased as a replacement for another annuity contract), the free look period may be 10 days or longer. For ease of administration, Nationwide will honor any free look cancellation request that is in good order and received at the Service Center or postmarked within 30 days after the contract issue date. The contract issue date is the date the initial purchase payment is applied to the contract.

Where state law requires the return of purchase payments for free look cancellations, Nationwide will return all purchase payments applied to the contract, less any withdrawals from the contract and any applicable federal and state income tax withholding. Nationwide will recapture all of the Extra Value Option credits and Purchase Payment Credits applied to the contract, but under no circumstances will the amount returned be less than the purchase payments made to the contract.

Where state law requires the return of Contract Value for free look cancellations, Nationwide will return the Contract Value as of the date of the cancellation, less any withdrawals from the contract and any applicable federal and state income tax withholding. Nationwide will recapture all of the Extra Value Option credits and Purchase Payment Credits applied to the contract. The Contract Owner will retain any earnings attributable to the Extra Value Option credits and Purchase Payment Credits, but all losses attributable to the Extra Value Option credits and Purchase Payment Credits will be incurred by Nationwide.

Liability of the Variable Account under this provision is limited to the Contract Value in each Sub-Account on the date of revocation. Any additional amounts refunded to the Contract Owner will be paid by Nationwide.

## **Allocation of Purchase Payments during Free Look Period**

Where state law requires the return of purchase payments for free look cancellations, Nationwide will allocate initial purchase payments allocated to Sub-Accounts to the money market Sub-Account during the free look period.

Where state law requires the return of Contract Value for free look cancellations, Nationwide will immediately allocate initial purchase payments to the investment options based on the instructions contained on the application.

## **Surrender/Withdrawal Prior to Annuitization**

Prior to annuitization and before the Annuitant's death, Contract Owners may generally withdraw some or all of their Contract Value. Withdrawals from the contract may be subject to federal income tax and/or a tax penalty (see *Appendix C: Contract Types and Tax Information*). Withdrawal requests may be submitted in writing or by telephone to the Service Center and Nationwide may require additional information. Requests submitted by telephone will be subject to dollar amount limitations and may be subject to payment and other restrictions to prevent fraud. Nationwide reserves the right to require written requests to be submitted on current Nationwide forms for withdrawals. Nationwide reserves the right to remove the ability to submit requests by telephone upon written notice. Contact the Service Center for current limitations and restrictions. When taking a full surrender, Nationwide may require that the contract accompany the request. Nationwide may require a signature guarantee.

Surrender and withdrawal requests will receive the Accumulation Unit value next determined at the end of the current Valuation Period if the request and all necessary information is received at the Service Center before the close of regular trading on the New York Stock Exchange (generally, 4:00 pm EST). If the request and all necessary information is received after the close of regular trading on the New York Stock Exchange, the request will receive the Accumulation Unit value determined at the end of the next Valuation Day.

Nationwide will pay any amounts withdrawn from the Sub-Accounts within seven days after the request is received in good order at the Service Center (see *Determining the Contract Value*). However, Nationwide may suspend or postpone payment when it is unable to price a purchase payment or transfer, or as permitted or required by federal securities laws and rules and regulations of the SEC.

Nationwide is required by state law to reserve the right to postpone payment or transfer of assets from the Fixed Account for a period of up to six months from the date of the withdrawal or transfer request.

If an Extra Value Option has been elected, then for the first seven Contract Years only, a portion of the amount credited under the Extra Value Option may be recaptured. No recapture will take place after the seventh Contract Year.

## Partial Withdrawals

If a Contract Owner requests a partial withdrawal, Nationwide will redeem Accumulation Units from the Sub-Accounts and an amount from the Fixed Account and the GTOs. The amount withdrawn from each investment option will be in proportion to the value in each option at the time of the withdrawal request, unless Nationwide is instructed otherwise.

Partial withdrawals are subject to the CDSC provisions of the contract. If a CDSC is assessed, the Contract Owner may elect to have the CDSC deducted from either:

- (a) the amount requested; or
- (b) the Contract Value remaining after the Contract Owner has received the amount requested.

If the Contract Owner does not make a specific election, any applicable CDSC will be deducted from the amount requested by the Contract Owner.

The CDSC deducted is a percentage of the amount requested by the Contract Owner. Amounts deducted for CDSC are not subject to subsequent CDSC.

### ***Partial Withdrawals to Pay Investment Advisory Fees***

Some Contract Owners utilize an investment advisor(s) to manage their assets, for which the investment advisor assesses a fee. Investment advisors are not endorsed or affiliated with Nationwide and Nationwide makes no representation as to their qualifications. The fees for these investment advisory services are specified in the respective account agreements and are separate from and in addition to the contract fees and expenses described in this prospectus. Some Contract Owners authorize their investment advisor to take a partial withdrawal(s) from the contract in order to collect investment advisory fees. Withdrawals taken from this contract to pay advisory or investment management fees are subject to the CDSC provisions of the contract and may be subject to income tax and/or tax penalties. **In addition, withdrawals taken from the contract to pay advisory or investment management fees may negatively impact the benefit associated with the 10% Nationwide Lifetime Income Rider, 7% Nationwide Lifetime Income Rider, and 5% Nationwide Lifetime Income Rider.**

## Full Surrenders

Upon full surrender, the Contract Value may be more or less than the total of all purchase payments made to the contract. The Contract Value will reflect:

- Variable Account charges
- underlying mutual fund charges
- the investment performance of the underlying mutual funds
- amounts allocated to the Fixed Account and any interest credited
- amounts allocated to the GTOs plus or minus any market value adjustment
- application of any Extra Value Option credits (and any recapture of such credits, if applicable)
- charges associated with the 10% Nationwide Lifetime Income Rider, 7% Nationwide Lifetime Income Rider, or 5% Nationwide Lifetime Income Rider and Joint Option (if elected)
- Purchase Payment Credits, if applicable
- a \$50 Contract Maintenance Charge (this charge will be waived upon full surrender if the Contract Value is equal to or greater than \$50,000 at the time of the full surrender or on any Contract Anniversary prior to the full surrender)
- any outstanding loan balance plus accrued interest

The CDSC-free withdrawal privilege does not apply to full surrenders of the contract. For purposes of the CDSC-free withdrawal privilege, a full surrender is:



- multiple withdrawals taken within a Contract Year that deplete the entire Contract Value; or
- any single net withdrawal of 90% or more of the Contract Value.

## **Surrender/Withdrawal After Annuitization**

After the Annuitization Date, withdrawals other than regularly scheduled annuity payments are not permitted.

## **Withdrawals Under Certain Plan Types**

### **Withdrawals Under a Texas Optional Retirement Program or a Louisiana Optional Retirement Plan**

Redemption restrictions apply to contracts issued under the Texas Optional Retirement Program or the Louisiana Optional Retirement Plan.

The Texas Attorney General has ruled that participants in contracts issued under the Texas Optional Retirement Program may only take withdrawals if:

- the participant dies;
- the participant retires;
- the participant terminates employment due to total disability; or
- the participant that works in a Texas public institution of higher education terminates employment.

A participant under a contract issued under the Louisiana Optional Retirement Plan may only take distributions from the contract upon retirement or termination of employment. All retirement benefits under this type of plan must be paid as lifetime income; lump sum cash payments are not permitted, except for death benefits.

Due to these restrictions, a participant under either of these plans will not be able to withdraw Cash Value from the contract unless one of the applicable conditions is met. However, Contract Value may be transferred to other carriers, subject to any CDSC.

Nationwide issues this contract to participants in the Texas Optional Retirement Program in reliance upon and in compliance with Rule 6c-7 of the Investment Company Act of 1940. Nationwide issues this contract to participants in the Louisiana Optional Retirement Plan in reliance upon and in compliance with an exemptive order that Nationwide received from the SEC on August 22, 1990.

### **Withdrawals Under a Tax Sheltered Annuity**

Contract Owners of a Tax Sheltered Annuity may withdraw part or all of their Contract Value before the earlier of the Annuitization Date or the Annuitant's death, except as provided below:

- (A) Contract Value attributable to contributions made under a qualified cash or deferred arrangement (within the meaning of Internal Revenue Code Section 402(g)(3)(A)), a salary reduction agreement (within the meaning of Internal Revenue Code Section 402(g)(3)(C)), or transfers from a Custodial Account (described in Section 403(b)(7) of the Internal Revenue Code), may be withdrawn only:
  - (1) when the Contract Owner reaches age 59½, separates from service, dies, or becomes disabled (within the meaning of Internal Revenue Code Section 72(m)(7)); or
  - (2) in the case of hardship (as defined for purposes of Internal Revenue Code Section 401(k)), provided that any such hardship surrender may not include any income earned on salary reduction contributions.
- (B) The withdrawal limitations described previously also apply to:
  - (1) salary reduction contributions to Tax Sheltered Annuities made for plan years beginning after December 31, 1988;
  - (2) earnings credited to such contracts after the last plan year beginning before January 1, 1989, on amounts attributable to salary reduction contributions; and

- (3) all amounts transferred from Internal Revenue Code Section 403(b)(7) Custodial Accounts (except that earnings and employer contributions as of December 31, 1988 in such Custodial Accounts may be withdrawn in the case of hardship).

Any distribution other than the above, including a free look cancellation of the contract (when available) may result in taxes, penalties, and/or retroactive disqualification of a Tax Sheltered Annuity.

In order to prevent disqualification of a Tax Sheltered Annuity after a free look cancellation, Nationwide will transfer the proceeds to another Tax Sheltered Annuity upon proper direction by the Contract Owner.

These provisions explain Nationwide's understanding of current withdrawal restrictions. These restrictions may change.

Distributions pursuant to Qualified Domestic Relations Orders will not violate the restrictions stated previously.

## **Loan Privilege**

The loan privilege is only available to Contract Owners of Tax Sheltered Annuities. Loans may be taken from the Contract Value after expiration of the free look period up to the Annuitization Date. Loans are subject to the terms of the contract, the plan, and the Internal Revenue Code. Nationwide may modify the terms of a loan to comply with changes in applicable law. Loans are not available in all states. Loans are not available if a Lifetime Income Option is elected.

### **Minimum and Maximum Loan Amounts**

Contract Owners may borrow a minimum of \$1,000, unless Nationwide is required by law to allow a lesser minimum amount. Each loan must individually satisfy the contract minimum amount.

The maximum nontaxable loan amount is based on information provided by the participant or the employer. This amount may be impacted if a participant has additional loans from other plans. The total of all outstanding loans must not exceed the following limits:

Contract Values	Maximum Outstanding Loan Balance Allowed
up to \$20,000	up to 80% of Contract Value (not more than \$10,000)
\$20,000 and over	up to 50% of Contract Value (not more than \$50,000*)

\* The \$50,000 limits will be reduced by the highest outstanding balance owed during the previous 12 months.

For salary reduction Tax Sheltered Annuities, loans may be secured only by the Contract Value.

### **Maximum Loan Processing Fee**

Nationwide charges a Loan Processing Fee at the time each new loan is processed. The Loan Processing Fee will not exceed \$25 per loan processed. This fee compensates Nationwide for expenses related to administering and processing loans. Loans are not available in all states. In addition, some states may not allow Nationwide to assess a Loan Processing Fee.

The fee is taken from all of the investment options in proportion to the Contract Value at the time the loan is processed.

### **How Loan Requests are Processed**

All loans are made from assets in Nationwide's General Account. As collateral for the loan, Nationwide holds an amount equal to the loan in a collateral fixed account (which is part of Nationwide's General Account).

When a loan request is processed, Nationwide transfers Accumulation Units from the Sub-Accounts to the collateral fixed account until the requested amount is reached. The amount deducted from the Sub-Accounts will be in the same proportion as the Sub-Account allocations, unless the Contract Owner has instructed otherwise. If there are not enough Accumulation Units available in the contract to reach the requested loan amount, Nationwide would then transfer Contract Value from the Fixed Account. Contract Value transferred from the Fixed Account to meet the requested loan amount is not subject to the Fixed Account transfer limitations otherwise applicable under the contract.

If the requested loan amount is not reached based on the transfers stated above, any remaining required collateral for the loan will be transferred from the Guaranteed Term Options. Transfers from the Guaranteed Term Options may be subject to a market value adjustment.

No CDSC will be deducted on transfers related to loan processing.

## Interest Charged and Credited

Compound interest is charged on the outstanding loan balance consisting of outstanding principal plus accrued interest. The total interest rate is comprised of a collateral interest rate plus a finance interest rate. The total interest rate is disclosed at the time of loan application or loan issuance.

The finance interest rate will be 2.25%. The collateral interest rate will be the total interest rate minus the finance interest rate and will be no less than the guaranteed minimum interest rate stated in the contract.

When a loan is repaid in accordance with the payment schedule provided at the time the loan is issued, collateral interest and finance interest that accrue between scheduled payments are paid off. As payments are made, collateral interest is credited to the collateral fixed account, and finance interest is paid to Nationwide. Finance interest may provide revenue for risk charges and profit.

## Accrual of Principal and Interest After Default

**Upon default, unpaid principal and collateral interest, and finance interest, will separately accrue and compound at the total interest rate. When the total interest rate is applied to accruing finance interest after default, the entire amount of interest is added to the outstanding finance interest. This will cause the total amount of the outstanding loan balance to grow rapidly over time.** Following is an example of how principal and collateral interest, and finance interest accrue over time after a total default of a \$50,000 loan.

After default, the first time interest is calculated:

1A. The total interest rate (collateral interest rate plus finance interest rate) is applied to the outstanding principal;

$$\begin{array}{rccccccc} 6.25\% & & \times & & \$50,000 & & = & & \$3,125 \\ \text{(total interest rate)} & & & & \text{(outstanding principal)} & & & & \text{(\$2,000 = collateral interest} \\ & & & & & & & & \text{\$1,125 = finance interest)} \end{array}$$

1B. The amount from 1A representing collateral interest is added to the outstanding principal;

$$\begin{array}{rccccccc} \$2,000 & & + & & \$50,000 & & = & & \$52,000 \\ \text{(collateral interest)} & & & & \text{(outstanding principal)} & & & & \text{(outstanding principal} \\ & & & & & & & & \text{and collateral interest)} \end{array}$$

1C. The amount from 1A representing finance interest is held separately, and subsequently accrues interest at the total interest rate on a compound basis and will become the outstanding finance interest; and

$$\begin{array}{r} \$1,125 \\ \text{(outstanding finance interest)} \end{array}$$

1D. The outstanding principal and collateral interest, and the outstanding finance interest, are added to determine the total outstanding principal and interest.

$$\begin{array}{rccccccc} \$52,000 & & + & & \$1,125 & & = & & \$53,125 \\ \text{(outstanding principal} & & & & \text{(outstanding finance interest)} & & & & \text{(total outstanding} \\ \text{and collateral interest)} & & & & & & & & \text{principal and interest)} \end{array}$$

Thereafter, when interest is calculated:

2A. The total interest rate (collateral interest rate plus finance interest rate) is applied to the outstanding principal and collateral interest from 1A above;

$$\begin{array}{rcl}
 6.25\% & \times & \$52,000 & = & \$3,250 \\
 \text{(total interest rate)} & & \text{(1A outstanding principal and collateral interest)} & & \text{(\$2,080 = collateral interest} \\
 & & & & \text{\$1,170 = finance interest)}
 \end{array}$$

2B. The amount from step 2A representing collateral interest is added to the outstanding principal and collateral interest from 1A;

$$\begin{array}{rcl}
 \$2,080 & + & \$52,000 & = & \$54,080 \\
 \text{(collateral interest)} & & \text{(1A outstanding principal and collateral interest)} & & \text{(outstanding principal and collateral interest)}
 \end{array}$$

2C. The total interest rate is applied to the outstanding finance interest from 1C and added to that outstanding finance interest ;

$$\begin{array}{rcl}
 6.25\% & \times & \$1,125 & = & \$70.31 \\
 \text{(total interest rate)} & & \text{(outstanding finance interest)} & & \text{(finance interest)}
 \end{array}$$

$$\begin{array}{rcl}
 \$70.31 & + & \$1,125 & = & \$1,195.31 \\
 \text{(finance interest)} & & \text{(outstanding finance interest)} & & \text{(outstanding finance interest)}
 \end{array}$$

2D. The amount from step 2A representing finance interest is added to the outstanding finance interest amount in 2C;

$$\begin{array}{rcl}
 \$1,170 & + & \$1,195.31 & = & \$2,365.31 \\
 \text{(finance interest)} & & \text{(outstanding finance interest)} & & \text{(outstanding finance interest)}
 \end{array}$$

2E. The outstanding principal and collateral interest from 2B, and the outstanding finance interest from 2D are added together to determine the total outstanding principal and interest.

$$\begin{array}{rcl}
 \$54,080 & + & \$2,365.31 & = & \$56,445.31 \\
 \text{(total outstanding principal and collateral interest)} & & \text{(outstanding finance interest)} & & \text{(total outstanding principal and interest)}
 \end{array}$$

This method of interest calculation and accrual is applied to the total outstanding principal and collateral interest, and finance interest balances until the entire loan balance is paid. Under this method of interest calculation, after 15 years of default, a \$50,000 loan on which no payments were made will accrue as follows:

Outstanding Principal	\$50,000
Outstanding Collateral Interest	\$ 40,047
Outstanding Finance Interest	\$34,091
Total Outstanding Principal and Interest	\$124,138

## **Loan Repayment**

Loans must be repaid in five years. However, if the loan is used to purchase the Contract Owner's principal residence, the Contract Owner has 15 years to repay the loan.

Contract Owners must identify loan repayments as loan repayments or they will be treated as purchase payments and will not reduce the outstanding loan balance. Payments must be substantially level and made at least quarterly. Over time, unpaid loan interest charges can cause the total amount of the outstanding loan balance to be significant, so it is advantageous to make a loan repayment at least quarterly. The Contract Owner should contact the Service Center to obtain loan pay-off amounts.

When the Contract Owner makes a loan repayment, the amount in the collateral fixed account will be reduced by the amount of the payment that represents loan principal. Additionally, the amount of the payment that represents loan principal and credited interest will be applied to the Sub-Accounts and the Fixed Account in accordance with the allocation instructions in effect at the time the payment is received, unless the Contract Owner directs otherwise.

Loan repayments to the Guaranteed Term Options must be at least \$1,000. If the proportional share of the repayment to the Guaranteed Term Option is less than \$1,000, that portion of the repayment will be allocated to the money market Sub-Account unless the Contract Owner directs otherwise.

## **Distributions and Annuity Payments**

Distributions made from the contract while a loan is outstanding will be reduced by the amount of the outstanding loan plus accrued interest if:

- the contract is surrendered;
- the Contract Owner/Annuitant dies;
- the Contract Owner who is not the Annuitant dies prior to annuitization; or
- annuity payments begin.

## **Transferring the Contract**

Nationwide reserves the right to restrict any transfer of the contract while the loan is outstanding.

## **Grace Period and Loan Default**

If a loan payment is not made when due, interest will continue to accrue. A grace period may be available (refer to the terms of the loan agreement). During the grace period, the loan is considered outstanding, but not in default. If a loan payment is not made by the end of the applicable grace period and the Contract Owner is eligible for a distribution, the loan payment amount may be deducted from the Contract Value and applied as a loan payment, which will be treated as an actual distribution.

If the Contract Owner fails to make a full payment by the end of the applicable grace period, and is not eligible to take a distribution, the loan will default. In the year of a default, the entire outstanding loan balance, plus accrued interest, will be treated as a deemed distribution and will be taxable to the Contract Owner. This deemed distribution may also be subject to an early withdrawal tax penalty by the Internal Revenue Service. After default, the loan is still outstanding and interest will continue to accrue until the entire loan balance has been repaid. Additional loans are not available until all defaulted loans have been repaid.

## **Assignment**

Contracts other than Non-Qualified Contracts may not be assigned, pledged or otherwise transferred except where allowed by law.

A Non-Qualified Contract Owner may assign some or all rights under the contract while the Annuitant is alive, subject to Nationwide's consent. Nationwide is not responsible for the validity or tax consequences of any assignment and Nationwide is not liable for any payment or settlement made before the assignment is recorded. Assignments will not be recorded until Nationwide receives sufficient direction from the Contract Owner and the assignee regarding the proper allocation of contract rights.

Amounts pledged or assigned will be treated as distributions and will be included in gross income to the extent that the cash value exceeds the investment in the contract for the taxable year in which it was pledged or assigned. Amounts assigned may be subject to a tax penalty equal to 10% of the amount included in gross income.

Assignment of the entire Contract Value may cause the portion of the Contract Value exceeding the total investment in the contract and previously taxed amounts to be included in gross income for federal income tax purposes each year that the assignment is in effect.

## **Contract Owner Services**

### **Asset Rebalancing**

Asset Rebalancing is the automatic reallocation of Contract Values to the Sub-Accounts on a predetermined percentage basis. Asset Rebalancing is not available for assets held in the Fixed Account or the GTOs. Requests for Asset Rebalancing must be on a Nationwide form and submitted to the Service Center. Once Asset Rebalancing is elected, it will only be terminated upon specific instruction from the Contract Owner; manual transfers will not automatically terminate the program. Currently, there is no additional charge for Asset Rebalancing.

Asset Rebalancing occurs every three months or on another frequency if permitted by Nationwide. If the last day of the designated rebalancing period falls on a Saturday, Sunday, recognized holiday, or any other day when the New York Stock Exchange is closed, Asset Rebalancing will occur on the next business day. Each Asset Rebalancing reallocation is considered a transfer event (see *Transfer Restrictions*).

Asset Rebalancing may be subject to employer limitations or restrictions for contracts issued to a Tax Sheltered Annuity plan. Contract Owners should consult a financial professional to discuss the use of Asset Rebalancing.

Nationwide reserves the right to stop establishing new Asset Rebalancing programs. Existing Asset Rebalancing programs will remain in effect unless otherwise terminated.

### **Dollar Cost Averaging**

Dollar Cost Averaging is a long-term transfer program that allows the Contract Owner to make regular, level investments over time. Dollar Cost Averaging involves the automatic transfer of a specific amount from the Fixed Account and/or certain Sub-Accounts into other Sub-Accounts. With this service, the Contract Owner benefits from the ability to invest in the Sub-Accounts over a period of time, thereby smoothing out the effects of market volatility. Nationwide does not guarantee that this program will result in profit or protect Contract Owners from loss.

Contract Owners direct Nationwide to automatically transfer specified amounts from the Fixed Account and the following Sub-Account(s) (if available):

- Ivy Variable Insurance Portfolios - Government Money Market: Class II

to any other Sub-Account(s). Dollar Cost Averaging transfers may not be directed to the Fixed Account or GTOs. Transfers from the Fixed Account must be equal to or less than 1/30th of the Fixed Account value at the time the program is requested.

Transfers occur monthly or on another frequency if permitted by Nationwide. Nationwide will process transfers until either the value in the originating investment option is exhausted or the Contract Owner instructs Nationwide to stop the transfers. When a Contract Owner instructs Nationwide to stop the transfers, all amounts remaining in the originating Fixed Account or Sub-Account will remain allocated to the Fixed Account or Sub-Account, unless Nationwide is instructed otherwise. Dollar Cost Averaging transfers are not considered transfer events.

Nationwide reserves the right to stop establishing new Dollar Cost Averaging programs.

Nationwide is required by state law to reserve the right to postpone payment or transfer of assets from the Fixed Account for a period of up to six months from the date of the withdrawal or transfer request.

## **Dollar Cost Averaging for Living Benefits**

Nationwide may periodically offer Dollar Cost Averaging programs with the CPPLI Option and the Nationwide Lifetime Income Riders referred to as "Dollar Cost Averaging for Living Benefits." Dollar Cost Averaging for Living Benefits involves the automatic transfer of a specific amount from the Fixed Account into another Sub-Account(s). With this service, the Contract Owner benefits from the ability to invest in the Sub-Account over a period of time, thereby smoothing out the effects of market volatility. Nationwide does not guarantee that this program will result in profit or protect Contract Owners from loss.

Only new purchase payments to the contract are eligible for Dollar Cost Averaging for Living Benefits. Only those investment options available with the elected option are available for use in Dollar Cost Averaging for Living Benefits. Contact the Service Center for the investment options available for the CPPLI Option and the Nationwide Lifetime Income Riders.

Once a Dollar Cost Averaging for Living Benefits program has begun, no transfers among or between Sub-Accounts are permitted until the Dollar Cost Averaging for Living Benefits program is completed or terminated. The interest rate credited on amounts applied to the Fixed Account as part of Dollar Cost Averaging for Living Benefits programs may vary depending on the option elected.

Transfers occur monthly or on another frequency if permitted by Nationwide. Nationwide will process transfers until either amounts allocated to the Fixed Account as part of a Dollar Cost Averaging for Living Benefits program are exhausted or the Contract Owner instructs Nationwide to stop the transfers. When a Contract Owner instructs Nationwide to stop the transfers, Nationwide will automatically reallocate any amount remaining in the Fixed Account according to future investment allocation instructions, unless directed otherwise. Dollar Cost Averaging for Living Benefits transfers are not considered transfer events.

Nationwide reserves the right to stop establishing new Dollar Cost Averaging for Living Benefits programs.

Nationwide is required by state law to reserve the right to postpone payment or transfer of assets from the Fixed Account for a period of up to six months from the date of the withdrawal or transfer request.

## **Fixed Account Interest Out Dollar Cost Averaging**

Nationwide may, periodically, offer a Dollar Cost Averaging program that permits the transfer of interest earned on Fixed Account allocations referred to as "Fixed Account Interest Out Dollar Cost Averaging." Fixed Account Interest Out Dollar Cost Averaging involves the automatic transfer of the interest earned on Fixed Account allocations into any other Sub-Account(s). With this service, the Contract Owner benefits from the ability to invest in the Sub-Accounts over a period of time, thereby smoothing out the effects of market volatility. Nationwide does not guarantee that this program will result in profit or protect Contract Owners from loss.

Fixed Account Interest Out Dollar Cost Averaging transfers may not be directed to the Fixed Account or GTOs.

Transfers occur monthly or on another frequency if permitted by Nationwide. Nationwide will continue to process transfers until the Contract Owner instructs Nationwide in writing to stop the transfers. Fixed Account Interest Out Dollar Cost Averaging transfers are not considered transfer events.

Nationwide reserves the right to stop establishing new Fixed Account Interest Out Dollar Cost Averaging programs.

Nationwide is required by state law to reserve the right to postpone payment or transfer of assets from the Fixed Account for a period of up to six months from the date of the withdrawal or transfer request.

## **Systematic Withdrawals**

Systematic Withdrawals allow Contract Owners to receive a specified amount (of at least \$100) on a monthly, quarterly, semi-annual, or annual basis. Requests for Systematic Withdrawals and requests to discontinue Systematic Withdrawals must be submitted in good order and in writing to the Service Center.

The withdrawals will be taken from the Sub-Accounts and the Fixed Account proportionally unless Nationwide is instructed otherwise. Systematic Withdrawals are not available from the GTOs.

Nationwide will withhold federal income taxes from Systematic Withdrawals unless otherwise instructed by the Contract Owner. The Internal Revenue Service may impose a 10% penalty tax if the Contract Owner is under age 59½, unless the Contract Owner has made an irrevocable election of distributions of substantially equal payments.

A CDSC may apply to amounts taken through Systematic Withdrawals. If the Contract Owner takes Systematic Withdrawals, the maximum amount that can be withdrawn annually without a CDSC is the greater of the amount available under the CDSC-free withdrawal privilege (see *Contingent Deferred Sales Charge*), and a given percentage of the Contract Value that is based on the Contract Owner's age, as shown in the following table:

<u>Contract Owner's Age</u>	<u>Percentage of Contract Value</u>
Under age 59½ .....	5%
59½ through age 61 .....	7%
62 through age 64 .....	8%
65 through age 74 .....	10%
75 and over .....	13%

The Contract Owner's age is determined as of the date the request for Systematic Withdrawals is recorded by the Service Center. For joint owners, the older joint owner's age will be used.

The CDSC-free withdrawal privilege for Systematic Withdrawals is non-cumulative. Free amounts not taken during any Contract Year cannot be taken as free amounts in a subsequent Contract Year. In any given Contract Year, any amount withdrawn in excess of the amount permitted under this program will be subject to the CDSC provisions (see *Contingent Deferred Sales Charge*).

Nationwide reserves the right to stop establishing new Systematic Withdrawal programs. Systematic Withdrawals are not available before the end of the free look period.

## Static Asset Allocation Models

For Contract Owners that have elected the CPP Lifetime Income Option or a Nationwide Lifetime Income Rider, Nationwide makes available as a permitted investment option the following Static Asset Allocation Model(s): Balanced Option (50% Nationwide NVIT Investor Dest. Moderate Fund and 50% Nationwide NVIT Investor Dest. Moderately Conservative Fund) and Capital Appreciation Option (50% Nationwide NVIT Investor Dest. Moderate Fund and 50% Nationwide NVIT Investor Dest. Moderately Aggressive Fund). The availability of some models may be restricted. Contact the Service Center for the available models.

A Static Asset Allocation Model is an allocation strategy comprised of two or more underlying mutual funds that together provide a unique allocation mix not available as a single underlying mutual fund. Contract Owners that elect a Static Asset Allocation Model directly own Sub-Account units of the underlying mutual funds that comprise the particular model. In other words, a Static Asset Allocation Model is not a portfolio of underlying mutual funds with one Accumulation Unit value, but rather, direct investment in a certain allocation of Sub-Accounts. There is no additional charge associated with investing in a Static Asset Allocation Model.

A Static Asset Allocation Model is just that: static. The allocations or "split" between one or more Sub-Accounts is not monitored and adjusted to reflect changing market conditions. However, a Contract Owner's investment in a Static Asset Allocation Model is rebalanced quarterly to ensure that the assets are allocated to the percentages in the same proportion that they were allocated at the time of election. The entire Contract Value must be allocated to the elected model.

With respect to transferring into and out of a Static Asset Allocation Model, the model is treated like a Sub-Account and is subject to the *Transfers Prior to Annuitization* provision. The Contract Owner may request to transfer from a model to a permitted Sub-Account. Each transfer into or out of a Static Asset Allocation Model is considered one transfer event.

For additional information about the underlying mutual funds that comprise a Static Asset Allocation Model, see *Appendix A: Underlying Mutual Fund Information*.

## Death Benefit

### Death of Contract Owner

If a Contract Owner (including a joint owner) who is not the Annuitant dies before the Annuitization Date, no death benefit is payable and the surviving joint owner becomes the Contract Owner. If there is no surviving joint owner, the contingent owner becomes the Contract Owner. If there is no surviving contingent owner, the beneficiary becomes the Contract Owner. If there is no surviving beneficiary, the last surviving Contract Owner's estate becomes the Contract Owner.

A distribution of the Contract Value will be made in accordance with tax rules and as described in *Appendix C: Contract Types and Tax Information*. A CDSC may apply.



## Death of Annuitant

If the Annuitant who is not a Contract Owner dies before the Annuitization Date, the Contingent Annuitant becomes the Annuitant and no death benefit is payable. If no Contingent Annuitant is named, a death benefit is payable to the beneficiary. Multiple beneficiaries will share the death benefit equally unless otherwise specified. If no beneficiaries survive the Annuitant, the contingent beneficiary receives the death benefit. Multiple contingent beneficiaries will share the death benefit equally unless otherwise specified. If no beneficiaries or contingent beneficiaries survive the Annuitant, the Contract Owner or the last surviving Contract Owner's estate will receive the death benefit.

If the Annuitant dies after the Annuitization Date, any benefit that may be payable will be paid according to the selected annuity payment option.

If the Contract Owner is a Charitable Remainder Trust and the Annuitant dies before the Annuitization Date, the death benefit will accrue to the Charitable Remainder Trust. Any designation in conflict with the Charitable Remainder Trust's right to the death benefit will be void.

## Death of Contract Owner/Annuitant

If a Contract Owner (including a joint owner) who is also the Annuitant dies before the Annuitization Date, a death benefit is payable to the surviving joint owner. If there is no surviving joint owner, the death benefit is payable to the beneficiary. Multiple beneficiaries will share the death benefit equally unless otherwise specified. If no beneficiaries survive the Contract Owner/Annuitant, the contingent beneficiary receives the death benefit. Multiple contingent beneficiaries will share the death benefit equally unless otherwise specified. If no contingent beneficiaries survive the Contract Owner/Annuitant, the last surviving Contract Owner's estate will receive the death benefit.

If the Contract Owner/Annuitant dies after the Annuitization Date, any benefit that may be payable will be paid according to the selected annuity payment option.

## Death Benefit Payment

The recipient of the death benefit may elect to receive the death benefit:

- (1) in a lump sum;
- (2) as an annuity (see *Annuity Payment Options*); or
- (3) in any other manner permitted by law and approved by Nationwide.

Premium taxes may be deducted from death benefit proceeds. Nationwide will pay (or will begin to pay) the death benefit after it receives proof of death and the instructions as to the payment of the death benefit. Death benefit claims must be submitted to the Service Center. If the recipient of the death benefit does not elect the form in which to receive the death benefit payment, Nationwide will pay the death benefit in a lump sum. Contract Value will continue to be allocated according to the most recent allocation instructions until the death benefit is paid.

If the contract has multiple beneficiaries entitled to receive a portion of the death benefit, the Contract Value will continue to be allocated according to the most recent allocation instructions until the first beneficiary provides Nationwide with all the information necessary to pay that beneficiary's portion of the death benefit proceeds. At the time the first beneficiary's proceeds are paid, the remaining portion(s) of the death benefit proceeds that are allocated to Sub-Accounts will be reallocated to the available money market Sub-Account until instructions are received from the remaining beneficiary(ies).

Any Contract Value not allocated to the Sub-Accounts will remain invested and will not be reallocated to the available money market Sub-Account.

## Death Benefit Calculations

An applicant may elect either the standard death benefit (Return of Premium) or an available death benefit option that is offered under the contract for an additional charge. If no election is made at the time of application, the death benefit will be the standard death benefit.

The value of each component of the applicable death benefit calculation will be determined as of the date of the Annuitant's death, except for the Contract Value component, which will be determined as of the date described in the applicable death benefit calculation.

**Nationwide reserves the right to refuse any purchase payment that would result in the cumulative total for all contracts issued by Nationwide or its affiliates or subsidiaries on the life of any one Annuitant or owned by any one Contract Owner to exceed \$1,000,000.** If a Contract Owner does not submit purchase payments in excess of \$1,000,000, or if Nationwide has refused to accept purchase payments in excess of \$1,000,000, the references in this provision to purchase payments in excess of \$1,000,000 will not apply.

***Standard Death Benefit (Return of Premium)***

If the Annuitant dies prior to the Annuitization Date and the total of all purchase payments made to the contract is less than or equal to \$3,000,000, the death benefit will be the greater of:

- (1) the Contract Value; or
- (2) the total of all purchase payments, less an adjustment for amounts withdrawn.

If the contract was issued prior to February 1, 2005, the Contract Value in (1) above will be the greater of the Contract Value as of the date that Nationwide receives all the information necessary to pay the death benefit or the Contract Value as of the date of the Annuitant's death.

Any adjustment for amounts withdrawn will reduce the applicable factor above in the same proportion that the Contract Value was reduced on the date(s) of the partial withdrawal(s).

Items shown above that use Contract Value as a factor may include a market value adjustment for any amounts allocated to a GTO.

If Nationwide does not receive all information necessary to pay the death benefit within one year of the Annuitant's death, the death benefit will be the greater of (1) or (2) above.

If the Annuitant dies prior to the Annuitization Date and the total of all purchase payments made to the contract is greater than \$3,000,000, the death benefit will be determined using the following formula:

$(A \times F) + B(1 - F)$ , where

A = the greater of:

- (1) the Contract Value; or
- (2) the total of all purchase payments, less an adjustment for amounts withdrawn.

B = the Contract Value; and

F = the ratio of \$3,000,000 to the total of all purchase payments made to the contract.

If the contract was issued prior to February 1, 2005, the Contract Value in (1) and B above will be the greater of the Contract Value as of the date that Nationwide receives all the information necessary to pay the death benefit or the Contract Value as of the date of the Annuitant's death.

Any adjustment for amounts withdrawn will reduce the applicable factor above in the same proportion that the Contract Value was reduced on the date(s) of the partial withdrawal(s).

Items shown above that use Contract Value as a factor may include a market value adjustment for any amounts allocated to a GTO.

The practical effect of this formula is that, in down markets, the beneficiary recovers a lesser percentage of purchase payments in excess of \$3,000,000 than for purchase payments up to \$3,000,000. In up markets, the formula is less likely to have a negative effect. In no event will the beneficiary receive less than the Contract Value.

***Five-Year Enhanced Death Benefit Option***

For an additional charge at an annualized rate of 0.05% of the Daily Net Assets, an applicant can elect the Five-Year Enhanced Death Benefit Option. This option must be elected at the time of application, and the option is irrevocable. The charge associated with this option is calculated and deducted daily as part of the Accumulation Unit value calculation, and will be assessed until annuitization. Nationwide may realize a profit from the charge assessed for this option. This option, and any charge associated with it, will automatically terminate on the Annuitization Date.

If the Annuitant dies prior to the Annuitization Date and the total of all purchase payments made to the contract is less than or equal to \$3,000,000, the death benefit will be the greatest of:

- (1) the Contract Value as of the date that Nationwide receives all the information necessary to pay the death benefit;
- (2) the total of all purchase payments, less an adjustment for amounts withdrawn; or
- (3) the highest Contract Value on any five-year Contract Anniversary prior to the Annuitant's 86<sup>th</sup> birthday, less an adjustment for amounts subsequently withdrawn, plus purchase payments received after that five-year Contract Anniversary.

If the contract was issued prior to February 1, 2005, the Contract Value in (1) above will be the greater of the Contract Value as of the date that Nationwide receives all the information necessary to pay the death benefit or the Contract Value as of the date of the Annuitant's death.

Any adjustment for amounts withdrawn will reduce the applicable factor above in the same proportion that the Contract Value was reduced on the date(s) of the partial withdrawal(s).

Items shown above that use Contract Value as a factor may include a market value adjustment for any amounts allocated to a GTO.

If Nationwide does not receive all information necessary to pay the death benefit within one year of the Annuitant's death, the death benefit will be the greater of (1) or (2) above.

If the Annuitant dies prior to the Annuitization Date and the total of all purchase payments made to the contract is greater than \$3,000,000, the death benefit will be determined using the following formula:

$(A \times F) + B(1 - F)$ , where

A = the greatest of:

- (1) the Contract Value as of the date that Nationwide receives all the information necessary to pay the death benefit;
- (2) the total of all purchase payments, less an adjustment for amounts surrendered; or
- (3) the Contract Value as of the most recent five-year Contract Anniversary before the Annuitant's 86<sup>th</sup> birthday, less an adjustment for amounts withdrawn, plus purchase payments received after that five-year Contract Anniversary.

If Nationwide does not receive all information necessary to pay the death benefit within one year of the Annuitant's death, the calculation for A above will be the greater of (1) or (2) above.

B = the Contract Value as of the date that Nationwide receives all the information necessary to pay the death benefit; and

F = the ratio of \$3,000,000 to the total of all purchase payments made to the contract.

If the contract was issued prior to February 1, 2005, the Contract Value in (1) and B above will be the greater of the Contract Value as of the date that Nationwide receives all the information necessary to pay the death benefit or the Contract Value as of the date of the Annuitant's death.

Any adjustment for amounts withdrawn will reduce the applicable factor above in the same proportion that the Contract Value was reduced on the date(s) of the partial withdrawal(s).

Items shown above that use Contract Value as a factor may include a market value adjustment for any amounts allocated to a GTO.

The practical effect of this formula is that, in down markets, the beneficiary recovers a lesser percentage of purchase payments in excess of \$3,000,000 than for purchase payments up to \$3,000,000. In up markets, the formula is less likely to have a negative effect. In no event will the beneficiary receive less than the Contract Value.

### ***One-Year Enhanced Death Benefit Option***

For an additional charge at an annualized rate of 0.15% of the Daily Net Assets, an applicant can elect the One-Year Enhanced Death Benefit Option. This option must be elected at the time of application, and the option is irrevocable. The charge associated with this option is calculated and deducted daily as part of the Accumulation Unit value calculation, and will be assessed until annuitization. Nationwide may realize a profit from the charge assessed for this option. This option, and any charge associated with it, will automatically terminate on the Annuitization Date.

If the Annuitant dies prior to the Annuitization Date and the total of all purchase payments made to the contract is less than or equal to \$3,000,000, the death benefit will be the greatest of:

- (1) the Contract Value as of the date that Nationwide receives all the information necessary to pay the death benefit;

- (2) the total of all purchase payments, less an adjustment for amounts withdrawn; or
- (3) the highest Contract Value on any Contract Anniversary prior to the Annuitant's 86<sup>th</sup> birthday, less an adjustment for amounts subsequently withdrawn, plus purchase payments received after that Contract Anniversary.

If the contract was issued prior to February 1, 2005, the Contract Value in (1) above will be the greater of the Contract Value as of the date that Nationwide receives all the information necessary to pay the death benefit or the Contract Value as of the date of the Annuitant's death.

Any adjustment for amounts withdrawn will reduce the applicable factor above in the same proportion that the Contract Value was reduced on the date(s) of the partial withdrawal(s).

Items shown above that use Contract Value as a factor may include a market value adjustment for any amounts allocated to a GTO.

If Nationwide does not receive all information necessary to pay the death benefit within one year of the Annuitant's death, the death benefit will be the greater of (1) or (2) above.

If the Annuitant dies prior to the Annuitization Date and the total of all purchase payments made to the contract is greater than \$3,000,000, the death benefit will be determined using the following formula:

$(A \times F) + B(1 - F)$ , where

A = the greatest of:

- (1) the Contract Value as of the date that Nationwide receives all the information necessary to pay the death benefit;
- (2) the total of all purchase payments, less an adjustment for amounts withdrawn; or
- (3) the highest Contract Value on any Monthly Contract Anniversary prior to the Annuitant's 86<sup>th</sup> birthday, less an adjustment for amounts subsequently withdrawn, plus purchase payments received after that Monthly Contract Anniversary.

If Nationwide does not receive all information necessary to pay the death benefit within one year of the Annuitant's death, the calculation for A above will be the greater of (1) or (2) above.

B = the Contract Value as of the date that Nationwide receives all the information necessary to pay the death benefit; and

F = the ratio of \$3,000,000 to the total of all purchase payments made to the contract.

If the contract was issued prior to February 1, 2005, the Contract Value in (1) and B above will be the greater of the Contract Value as of the date that Nationwide receives all the information necessary to pay the death benefit or the Contract Value as of the date of the Annuitant's death.

Any adjustment for amounts withdrawn will reduce the applicable factor above in the same proportion that the Contract Value was reduced on the date(s) of the partial withdrawal(s).

Items shown above that use Contract Value as a factor may include a market value adjustment for any amounts allocated to a GTO.

The practical effect of this formula is that, in down markets, the beneficiary recovers a lesser percentage of purchase payments in excess of \$3,000,000 than for purchase payments up to \$3,000,000. In up markets, the formula is less likely to have a negative effect. In no event will the beneficiary receive less than the Contract Value.

### ***One-Month Enhanced Death Benefit Option***

For an additional charge at an annualized rate of 0.30% of the Daily Net Assets, an applicant can elect the One-Month Enhanced Death Benefit Option. This option must be elected at the time of application, and the option is irrevocable. The charge associated with this option is calculated and deducted daily as part of the Accumulation Unit value calculation, and will be assessed until annuitization. Nationwide may realize a profit from the charge assessed for this option. This option, and any charge associated with it, will automatically terminate on the Annuitization Date.

If the Annuitant dies prior to the Annuitization Date and the total of all purchase payments made to the contract is less than or equal to \$3,000,000, the death benefit will be the greatest of:

- (1) the Contract Value as of the date that Nationwide receives all the information necessary to pay the death benefit;
- (2) the total of all purchase payments, less an adjustment for amounts withdrawn; or

- (3) the highest Contract Value on any Monthly Contract Anniversary prior to the Annuitant's 86<sup>th</sup> birthday, less an adjustment for amounts subsequently withdrawn, plus purchase payments received after that Monthly Contract Anniversary.

If the contract was issued prior to February 1, 2005, the Contract Value in (1) above will be the greater of the Contract Value as of the date that Nationwide receives all the information necessary to pay the death benefit or the Contract Value as of the date of the Annuitant's death.

Any adjustment for amounts withdrawn will reduce the applicable factor above in the same proportion that the Contract Value was reduced on the date(s) of the partial withdrawal(s).

Items shown above that use Contract Value as a factor may include a market value adjustment for any amounts allocated to a GTO.

If Nationwide does not receive all information necessary to pay the death benefit within one year of the Annuitant's death, the death benefit will be the greater of (1) or (2) above.

If the Annuitant dies prior to the Annuitization Date and the total of all purchase payments made to the contract is greater than \$3,000,000, the death benefit will be determined using the following formula:

$(A \times F) + B(1 - F)$ , where

A = the greatest of:

- (1) the Contract Value as of the date that Nationwide receives all the information necessary to pay the death benefit;
- (2) the total of all purchase payments, less an adjustment for amounts withdrawn; or
- (3) the highest Contract Value on any Monthly Contract Anniversary prior to the Annuitant's 86<sup>th</sup> birthday, less an adjustment for amounts subsequently withdrawn, plus purchase payments received after that Monthly Contract Anniversary.

If Nationwide does not receive all information necessary to pay the death benefit within one year of the Annuitant's death, the calculation for A above will be the greater of (1) or (2) above.

B = the Contract Value as of the date that Nationwide receives all the information necessary to pay the death benefit; and

F = the ratio of \$3,000,000 to the total of all purchase payments made to the contract.

If the contract was issued prior to February 1, 2005, the Contract Value in (1) and B above will be the greater of the Contract Value as of the date that Nationwide receives all the information necessary to pay the death benefit or the Contract Value as of the date of the Annuitant's death.

Any adjustment for amounts withdrawn will reduce the applicable factor above in the same proportion that the Contract Value was reduced on the date(s) of the partial withdrawal(s).

Items shown above that use Contract Value as a factor may include a market value adjustment for any amounts allocated to a GTO.

The practical effect of this formula is that, in down markets, the beneficiary recovers a lesser percentage of purchase payments in excess of \$3,000,000 than for purchase payments up to \$3,000,000. In up markets, the formula is less likely to have a negative effect. In no event will the beneficiary receive less than the Contract Value.

### ***Combination Enhanced Death Benefit Option***

For an additional charge at an annualized rate of 0.40% of the Daily Net Assets, an applicant can elect the Combination Enhanced Death Benefit Option. The Combination Enhanced Death Benefit Option is only available for contracts with Annuitants age 80 or younger at the time of application. This option must be elected at the time of application, and the option is irrevocable. The charge associated with this option is calculated and deducted daily as part of the Accumulation Unit value calculation, and will be assessed until annuitization. Nationwide may realize a profit from the charge assessed for this option. This option, and any charge associated with it, will automatically terminate on the Annuitization Date.

If the Annuitant dies prior to the Annuitization Date and the total of all purchase payments made to the contract is less than or equal to \$3,000,000, the death benefit will be the greatest of:

- (1) the Contract Value as of the date that Nationwide receives all the information necessary to pay the death benefit;
- (2) the total of all purchase payments, less an adjustment for amounts withdrawn;

- (3) the highest Contract Value on any Contract Anniversary before the Annuitant's 81<sup>st</sup> birthday, less an adjustment for amounts subsequently withdrawn, plus purchase payments received after that Contract Anniversary; or
- (4) the 5% interest anniversary value.

The 5% interest anniversary value is equal to purchase payments, accumulated at 5% annual compound interest until the last Contract Anniversary prior to the Annuitant's 81<sup>st</sup> birthday, proportionately adjusted for amounts withdrawn. The adjustment for amounts withdrawn will reduce the accumulated value as of the most recent Contract Anniversary prior to each partial withdrawal in the same proportion that the Contract Value was reduced on the date of the partial withdrawal. Such total accumulated amount, after the withdrawal adjustment, shall not exceed 200% of purchase payments adjusted for amounts withdrawn.

If the contract was issued prior to February 1, 2005, the Contract Value in (1) above will be the greater of the Contract Value as of the date that Nationwide receives all the information necessary to pay the death benefit or the Contract Value as of the date of the Annuitant's death.

Any adjustment for amounts withdrawn will reduce the applicable factor above in the same proportion that the Contract Value was reduced on the date(s) of the partial withdrawal(s).

Items shown above that use Contract Value as a factor may include a market value adjustment for any amounts allocated to a GTO.

If Nationwide does not receive all information necessary to pay the death benefit within one year of the Annuitant's death, the death benefit will be the greater of (1) or (2) above.

If, after the first contract anniversary, the Fixed Account allocation becomes greater than 30% of the Contract Value due to the application of additional purchase payments, additional surrenders, or transfers among investment options, then for purposes of calculating the 5% interest anniversary value, 0% will accrue for that year. The 30% threshold will come into effect only as a result of an action or actions by the Contract Owner (e.g., additional purchase payment, surrender or transfers). If the 30% threshold is reached because of a combination of market performance and Contract Owner actions, and would not have been reached but for the market performance, interest will continue to accrue at 5%.

If the Annuitant dies prior to the Annuitization Date and the total of all purchase payments made to the contract is greater than \$3,000,000, the death benefit will be determined using the following formula:

$(A \times F) + B(1 - F)$ , where

A = the greatest of:

- (1) the Contract Value as of the date that Nationwide receives all the information necessary to pay the death benefit;
- (2) the total of all purchase payments, less an adjustment for amounts withdrawn;
- (3) the highest Contract Value on any Contract Anniversary before the Annuitant's 81<sup>st</sup> birthday, less an adjustment for amounts subsequently withdrawn, plus purchase payments received after that Contract Anniversary; or
- (4) the 5% interest anniversary value.

If Nationwide does not receive all information necessary to pay the death benefit within one year of the Annuitant's death, the calculation for A above will be the greater of (1) or (2) above.

B = the Contract Value as of the date that Nationwide receives all the information necessary to pay the death benefit; and

F = the ratio of \$3,000,000 to the total of all purchase payments made to the contract.

If the contract was issued prior to February 1, 2005, the Contract Value in (1) and B above will be the greater of the Contract Value as of the date that Nationwide receives all the information necessary to pay the death benefit or the Contract Value as of the date of the Annuitant's death.

Any adjustment for amounts withdrawn will reduce the applicable factor above in the same proportion that the Contract Value was reduced on the date(s) of the partial withdrawal(s).

Items shown above that use Contract Value as a factor may include a market value adjustment for any amounts allocated to a GTO.

The practical effect of this formula is that, in down markets, the beneficiary recovers a lesser percentage of purchase payments in excess of \$3,000,000 than for purchase payments up to \$3,000,000. In up markets, the formula is less likely to have a negative effect. In no event will the beneficiary receive less than the Contract Value.

## **Annuity Commencement Date**

The Annuity Commencement Date is the date on which annuity payments are scheduled to begin. Generally, the Contract Owner designates the Annuity Commencement Date at the time of application. If no Annuity Commencement Date is designated at the time of application, Nationwide will establish the Annuity Commencement Date as the date the Annuitant reaches age 90. The Contract Owner may initiate a change to the Annuity Commencement Date at any time. Additionally, Nationwide will notify the Contract Owner approximately 90 days before the impending Annuity Commencement Date of the opportunity to change the Annuity Commencement Date or annuitize the contract.

Any request to change the Annuity Commencement Date must meet the following requirements:

- the request is made prior to annuitization;
- the requested date is at least two years after the date of issue;
- the requested date is not later than the Annuitant's 90th birthday (or the 90th birthday of the oldest Annuitant if there are joint Annuitants) unless approved by Nationwide; and
- the request for change is made in writing, submitted in good order to the Service Center, and approved by Nationwide.

Generally, Nationwide will not initiate annuitization until specifically directed to do so. However, for Non-Qualified Contracts only, Nationwide will automatically initiate annuitization within 45 days after the Annuity Commencement Date (whether default or otherwise), unless (1) Nationwide has had direct contact with the Contract Owner (indicating that the contract is not abandoned); or (2) the Contract Owner has taken some type of action which is inconsistent with the desire to annuitize.

## **Annuitizing the Contract**

### **Annuitization Date**

The Annuitization Date is the date that annuity payments begin. If the Contract Owner has elected the 10% Nationwide Lifetime Income Rider, 7% Nationwide Lifetime Income Rider, or 5% Nationwide Lifetime Income Rider, an election to begin annuity payments will terminate all benefits, conditions, guarantees, and charges associated with the elected option.

In addition, any optional death benefit that the Contract Owner elects will automatically terminate upon annuitization.

The Annuitization Date will be the first day of a calendar month unless otherwise agreed. Unless otherwise required by state law, the Annuitization Date must be at least two years after the contract is issued, but may not be later than either:

- the age (or date) specified in the contract; or
- the age (or date) specified by state law, where applicable.

The Internal Revenue Code may require that distributions be made prior to the Annuitization Date (see *Appendix C: Contract Types and Tax Information*).

On the Annuitization Date, the Annuitant becomes the Contract Owner unless the Contract Owner is a Charitable Remainder Trust.

If the contract is issued to fund a Tax Sheltered Annuity, annuitization may occur during the first two Contract Years subject to Nationwide's approval.

### **Annuitization**

Annuitization is the period during which annuity payments are received. It is irrevocable once payments have begun. Upon arrival of the Annuitization Date, the Annuitant must choose:

- (1) an annuity payment option; and
- (2) either a fixed payment annuity, variable payment annuity, or an available combination.

Annuity purchase rates are used to determine the amount of the annuity payments based upon the annuity payment option elected. Actual purchase rates used to determine annuity payments will be those in effect on the Annuitization Date, and will not be less than the guaranteed minimum purchase rates as provided in the contract.

Nationwide guarantees that each payment under a fixed payment annuity will be the same throughout annuitization. Under a variable payment annuity, the amount of each payment will vary with the performance of the Sub-Accounts elected.

The Static Asset Allocation Models are not available after annuitization.

Any allocations in the Fixed Account that are to be annuitized as a variable payment annuity must be transferred to one or more Sub-Accounts prior to the Annuitization Date. There are no restrictions on Fixed Account transfers made in anticipation of annuitization.

Any allocations in the Sub-Accounts that are to be annuitized as a fixed payment annuity must be transferred to the Fixed Account prior to the Annuitization Date.

Guaranteed Term Options are not available during annuitization. Any Guaranteed Term Option allocations must be transferred out of the Guaranteed Term Options prior to the Annuitization Date. A market value adjustment may apply.

## **Fixed Annuity Payments**

Fixed annuity payments provide for level annuity payments. Premium taxes are deducted prior to determining fixed annuity payments. The fixed annuity payments will remain level unless the annuity payment option provides otherwise.

## **Variable Annuity Payments**

Variable annuity payments will vary depending on the performance of the Sub-Accounts selected. The Sub-Accounts available during annuitization are those Sub-Accounts corresponding to the underlying mutual funds shown in *Appendix A: Underlying Mutual Fund Information*.

### ***First Variable Annuity Payment***

A number of factors determine the amount of the first variable annuity payment, including, but not limited to:

- the portion of purchase payments allocated to provide variable annuity payments;
- the Variable Account value on the Annuitization Date;
- the adjusted age and sex of the Annuitant (and joint annuitant, if any) in accordance with the contract;
- the annuity payment option elected;
- the frequency of annuity payments;
- the Annuitization Date;
- the assumed investment return (the net investment return required to maintain level variable annuity payments);
- the deduction of applicable premium taxes; and
- the date the contract was issued.

### ***Assumed Investment Return***

An assumed investment return is the net investment return required to maintain level variable annuity payments. Nationwide uses a 3.5% assumed investment return factor. Therefore, if the net investment performance of each Sub-Account in which the Contract Owner invests exactly equals 3.5% for every payment period, then each payment will be the same amount. To the extent that investment performance is not equal to 3.5% for given payment periods, the amount of the payments in those periods will not be the same. Payments will increase from one payment date to the next if the annualized net rate of return is greater than 3.5% during that time. Conversely, payments will decrease from one payment to the next if the annualized net rate of return is less than 3.5% during that time.

Nationwide uses the assumed investment rate of return to determine the amount of the first variable annuity payment.

### ***Subsequent Variable Annuity Payments***

Variable annuity payments after the first will vary with the performance of the Sub-Accounts chosen by the Contract Owner after the investment performance is adjusted by the assumed investment return factor.



The dollar amount of each subsequent variable annuity payment is determined by taking the portion of the first annuity payment funded by a particular Sub-Account divided by the Annuity Unit value for that Sub-Account as of the Annuitization Date. This establishes the number of Annuity Units provided by each Sub-Account for each variable annuity payment after the first.

The number of Annuity Units comprising each variable annuity payment, on a Sub-Account basis, will remain constant, unless the Contract Owner transfers value from one Sub-Account to another. After annuitization, transfers among Sub-Accounts may only be made once per calendar year.

The number of Annuity Units for each Sub-Account is multiplied by the Annuity Unit value for that Sub-Account for the Valuation Period for which the payment is due. The sum of these results for all the Sub-Accounts in which the Contract Owner invests establishes the dollar amount of the variable annuity payment.

Subsequent variable annuity payments may be more or less than the previous variable annuity payment, depending on whether the net investment performance of the elected Sub-Accounts is greater or lesser than the assumed investment return.

### ***Value of an Annuity Unit***

Annuity Unit values for Sub-Accounts are determined by:

- (1) multiplying the Annuity Unit value for each Sub-Account for the immediately preceding Valuation Period by the Net Investment Factor for the Sub-Account for the subsequent Valuation Period; and then
- (2) multiplying the result from (1) by a factor to neutralize the assumed investment return factor.

The Net Investment Factor for any particular Sub-Account on or after the Annuitization Date is determined by dividing (a) by (b), and then subtracting (c) from the result, where:

- (a) is the sum of:
  - (1) the Net Asset Value of the underlying mutual fund as of the end of the current Valuation Period; and
  - (2) the per share amount of any dividend or income distributions made by the underlying mutual fund (if the date of the dividend or income distribution occurs during the current Valuation Period).
- (b) is the Net Asset Value of the underlying mutual fund determined as of the end of the preceding Valuation Period.
- (c) is a factor representing the daily Variable Account charges, which is equal to 1.25% of the Daily Net Assets.

The charge used to calculate the Annuity Unit Value may be higher if the Contract Owner elected an optional benefit that assesses a charge after the Annuitization Date (see *Synopsis of the Contracts*).

Based on the change in the Net Investment Factor, the value of an Annuity Unit may increase or decrease. Changes in the Net Investment Factor may not be directly proportional to changes in the Net Asset Value of the underlying mutual fund shares because of the deduction of Variable Account charges.

Though the number of Annuity Units will not change as a result of investment experience, the value of an Annuity Unit may increase or decrease from Valuation Period to Valuation Period.

### **Frequency and Amount of Annuity Payments**

Annuity payments are based on the annuity payment option elected.

If the net amount to be annuitized is less than \$2,000, Nationwide reserves the right to pay this amount in a lump sum instead of periodic annuity payments.

Nationwide reserves the right to change the frequency of payments if the amount of any payment becomes less than \$100. The payment frequency will be changed to an interval that will result in payments of at least \$100. Nationwide will send annuity payments no later than seven days after each annuity payment date.

## Annuity Payment Options

The Annuitant must elect an annuity payment option before the Annuitization Date. If the Annuitant does not elect an annuity payment option by that date, a variable payment Single Life with a 20 Year Term Certain annuity payment option will be assumed as the automatic form of payment upon annuitization. Once elected or assumed, the annuity payment option may not be changed.

Not all of the annuity payment options may be available in all states. Additionally, the annuity payment options available may be limited based on the Annuitant's age (and the joint Annuitant's age, if applicable) or requirements under the Internal Revenue Code.

**Nationwide reserves the right to refuse any purchase payment that would result in the cumulative total for all contracts issued by Nationwide or its affiliates or subsidiaries on the life of any one Annuitant or owned by any one Contract Owner to exceed \$1,000,000.** If a Contract Owner does not submit purchase payments in excess of \$1,000,000, or if Nationwide has refused to accept purchase payments in excess of \$1,000,000, the references in this provision to purchase payments in excess of \$1,000,000 will not apply. If the Contract Owner is permitted to submit purchase payments in excess of \$1,000,000, additional restrictions apply, as follows.

### **Annuity Payment Options for Contracts with Total Purchase Payments and Contract Value Annuitized Less Than or Equal to \$2,000,000**

If, at the Annuitization Date, the total of all purchase payments made to the contract and the Contract Value annuitized is less than or equal to \$2,000,000, the annuity payment options available are:

- Single Life;
- Standard Joint and Survivor; and
- Single Life with a 10 or 20 Year Term Certain.

Each of the annuity payment options is discussed more thoroughly below.

#### ***Single Life***

The Single Life annuity payment option provides for annuity payments to be paid during the lifetime of the Annuitant. This option is not available if the Annuitant is 86 or older on the Annuitization Date.

Payments will cease with the last payment before the Annuitant's death. For example, if the Annuitant dies before the second annuity payment date, the Annuitant will receive only one payment. The Annuitant will only receive two annuity payments if he or she dies before the third payment date, and so on. No death benefit will be paid.

No withdrawals other than the scheduled annuity payments are permitted.

#### ***Standard Joint and Survivor***

The Standard Joint and Survivor annuity payment option provides for annuity payments to continue during the joint lifetimes of the Annuitant and joint Annuitant. After the death of either the Annuitant or joint Annuitant, payments will continue for the life of the survivor. This option is not available if the Annuitant or joint Annuitant is 86 or older on the Annuitization Date.

Payments will cease with the last payment due prior to the death of the last survivor of the Annuitant and joint Annuitant. As is the case of the Single Life annuity payment option, there is no guaranteed number of payments. Therefore, it is possible that if the Annuitant dies before the second annuity payment date, the Annuitant will receive only one annuity payment. No death benefit will be paid.

No withdrawals other than the scheduled annuity payments are permitted.

#### ***Single Life with a 10 or 20 Year Term Certain***

The Single Life with a 10 or 20 Year Term Certain annuity payment option provides that monthly annuity payments will be paid during the Annuitant's lifetime or for the term selected, whichever is longer. The term may be either 10 or 20 years.

If the Annuitant dies before the end of the 10 or 20 year term, payments will be paid to the beneficiary for the remainder of the term.

No withdrawals other than the scheduled annuity payments are permitted.

### **Any Other Option**

Annuity payment options not set forth in this provision may be available. Any annuity payment option not set forth in this provision must be approved by Nationwide.

### **Annuity Payment Options for Contracts with Total Purchase Payments and/or Contract Value Annuitized Greater Than \$2,000,000**

If, at the Annuitization Date, the total of all purchase payments made to the contract and/or the Contract Value to be annuitized is greater than \$2,000,000, Nationwide may limit the annuity payment option to the longer of:

- (1) a Fixed Life Annuity with a 20 Year Term Certain; or
- (2) a Fixed Life Annuity with a Term Certain to Age 95.

### **Annuitization of Amounts Greater than \$5,000,000**

Additionally, Nationwide may limit the amount that may be annuitized on a single life to \$5,000,000. If the total amount to be annuitized is greater than \$5,000,000 under this contract and/or for all Nationwide issued annuity contracts with the same Annuitant, the Contract Owner must:

- (1) reduce the amount to be annuitized to \$5,000,000 or less by taking a partial withdrawal from the contract;
- (2) reduce the amount to be annuitized to \$5,000,000 or less by exchanging the portion of the Contract Value in excess of \$5,000,000 to another annuity contract; or
- (3) annuitize the portion of the Contract Value in excess of \$5,000,000 under an annuity payment option with a term certain, if available.

## **Statements and Reports**

Nationwide will mail Contract Owners statements and reports. Therefore, Contract Owners should promptly notify the Service Center of any address change.

These mailings will contain:

- statements showing the contract's quarterly activity;
- confirmation statements showing transactions that affect the contract's value. Confirmation statements will not be sent for recurring transactions (*i.e.*, Dollar Cost Averaging or salary reduction programs). Instead, confirmation of recurring transactions will appear in the contract's quarterly statements; and
- semi-annual and annual reports of allocated underlying mutual funds.

Contract Owners can receive information from Nationwide faster and reduce the amount of mail received by signing up for Nationwide's eDelivery program. Nationwide will notify Contract Owners by email when important documents (statements, prospectuses, and other documents) are ready for a Contract Owner to view, print, or download from Nationwide's secure server. To choose this option, go to: [www.waddell.com](http://www.waddell.com).

Contract Owners should review statements and confirmations carefully. All errors or corrections must be reported to Nationwide immediately to assure proper crediting to the contract. Unless Nationwide is notified within 30 days of receipt of the statement, Nationwide will assume statements and confirmation statements are correct.

### **IMPORTANT NOTICE REGARDING DELIVERY OF SECURITY OWNER DOCUMENTS**

When multiple copies of the same disclosure document(s), such as prospectuses, supplements, proxy statements, and semi-annual and annual reports are required to be mailed to multiple Contract Owners in the same household, Nationwide will mail only one copy of each document, unless notified otherwise by the Contract Owner(s). Household delivery will continue for the life of the contracts.

A Contract Owner can revoke their consent to household delivery and reinstitute individual delivery by contacting the Service Center. Nationwide will reinstitute individual delivery within 30 days after receiving such notification.

## Legal Proceedings

### Nationwide Life Insurance Company

Nationwide Financial Services, Inc. (NFS, or collectively with its subsidiaries, (the "Company") was formed in November 1996. NFS is the holding company for Nationwide Life Insurance Company (NLIC), Nationwide Life and Annuity Insurance Company (NLAIC) and other companies that comprise the life insurance and retirement savings operations of the Nationwide group of companies (Nationwide). This group includes Nationwide Financial Network (NFN), an affiliated distribution network that markets directly to its customer base. NFS is incorporated in Delaware and maintains its principal executive offices in Columbus, Ohio.

The Company is subject to legal and regulatory proceedings in the ordinary course of its business. These include proceedings specific to the Company and proceedings generally applicable to business practices in the industries in which the Company operates. The outcomes of these proceedings cannot be predicted due to their complexity, scope, and many uncertainties. The Company believes, however, that based on currently known information, the ultimate outcome of all pending legal and regulatory proceedings is not likely to have a material adverse effect on the Company's financial position. The Company maintains Professional Liability Insurance and Director and Officer Liability insurance policies that may cover losses for certain legal and regulatory proceedings. The Company will make adequate provision for any probable and reasonably estimable recoveries under such policies.

The various businesses conducted by the Company are subject to oversight by numerous federal and state regulatory entities, including but not limited to the Securities and Exchange Commission, the Financial Industry Regulatory Authority, the Department of Labor, the Internal Revenue Service, the Office of the Comptroller of the Currency and state insurance authorities. Such regulatory entities may, in the normal course of business, be engaged in general or targeted inquiries, examinations and investigations of the Company and/or its affiliates. With respect to all such scrutiny directed at the Company or their affiliates, the Company is cooperating with regulators.

### Waddell & Reed, Inc.

Waddell & Reed, Inc. is a party to other legal proceedings incident to its normal business operations. While there can be no assurances, none of the currently pending legal proceedings are anticipated to have a materially adverse effect on the ability of Waddell & Reed, Inc. to perform the services as distributor of the contracts.

## Contents of Statement of Additional Information

General Information and History  
Services  
Purchase of Securities Being Offered  
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Condensed Financial Information  
Financial Statements

Investment Company Act of 1940 Registration File No. 811-21099  
Securities Act of 1933 Registration File No. 333-108894

## Appendix A: Underlying Mutual Fund Information

This appendix contains information about the underlying mutual funds in which the Sub-Accounts invest. The underlying mutual funds in which the Sub-Accounts invest are designed primarily as investments for variable annuity contracts and variable life insurance policies issued by insurance companies. There is no guarantee that the investment objectives will be met. Refer to the prospectus for each underlying mutual fund for more detailed information.

### Designations Key:

**FF:** The underlying mutual fund primarily invests in other mutual funds. Therefore, a proportionate share of the fees and expenses of any acquired funds are indirectly borne by investors. As a result, investors in this Sub-Account may incur higher charges than if the assets were invested in an underlying mutual fund that does not invest in other mutual funds. Refer to the prospectus for this underlying mutual fund for more information.

**VOL:** The underlying mutual fund uses a volatility management strategy to reduce a Contract Owner's exposure to equity investments when equity markets are volatile which may limit investment losses in a down market. However, use of such a strategy may also limit the growth of Contract Value. For contracts with a living benefit option elected, since the benefit base of a living benefit option is not decreased as a result of negative market performance, allocation to this type of underlying mutual fund may provide little or no additional benefit. For contracts without a living benefit option elected, allocation to this type of underlying mutual fund may result in foregone investment gains that could otherwise be realized by investing in riskier underlying mutual funds.

### Ivy Variable Insurance Portfolios - Asset Strategy: Class II

*This underlying mutual fund is only available in contracts for which good order applications were received before May 1, 2017*

Investment Advisor: Ivy Investment Management Company  
Investment Objective: To seek to provide total return.

### Ivy Variable Insurance Portfolios - Balanced: Class II

Investment Advisor: Ivy Investment Management Company  
Investment Objective: To seek to provide total return through a combination of capital appreciation and current income.

### Ivy Variable Insurance Portfolios - Core Equity: Class II

Investment Advisor: Ivy Investment Management Company  
Investment Objective: To seek to provide capital growth and appreciation.

### Ivy Variable Insurance Portfolios - Corporate Bond: Class II

Investment Advisor: Ivy Investment Management Company  
Investment Objective: To seek to provide current income consistent with preservation of capital.

### Ivy Variable Insurance Portfolios - Energy: Class II

Investment Advisor: Ivy Investment Management Company  
Investment Objective: To seek to provide capital growth and appreciation.

### Ivy Variable Insurance Portfolios - Global Bond: Class II

Investment Advisor: Ivy Investment Management Company  
Investment Objective: To seek to provide a high level of current income. Capital appreciation is a secondary objective.

### Ivy Variable Insurance Portfolios - Global Equity Income: Class II

Investment Advisor: Ivy Investment Management Company  
Investment Objective: To seek to provide total return through a combination of current income and capital appreciation.

### Ivy Variable Insurance Portfolios - Global Growth: Class II

Investment Advisor: Ivy Investment Management Company  
Investment Objective: To seek to provide growth of capital.

**Ivy Variable Insurance Portfolios - Government Money Market: Class II**

Investment Advisor: Ivy Investment Management Company  
Investment Objective: To seek to provide current income consistent with maintaining liquidity and preservation of capital.

**Ivy Variable Insurance Portfolios - Growth: Class II**

Investment Advisor: Ivy Investment Management Company  
Investment Objective: To seek to provide growth of capital.

**Ivy Variable Insurance Portfolios - High Income: Class II**

*This underlying mutual fund is only available in contracts for which good order applications were received before May 1, 2017*

Investment Advisor: Ivy Investment Management Company  
Investment Objective: To seek to provide total return through a combination of high current income and capital appreciation.

**Ivy Variable Insurance Portfolios - International Core Equity: Class II**

Investment Advisor: Ivy Investment Management Company  
Investment Objective: To seek to provide capital growth and appreciation.

**Ivy Variable Insurance Portfolios - Limited-Term Bond: Class II**

Investment Advisor: Ivy Investment Management Company  
Investment Objective: To seek to provide current income consistent with preservation of capital.

**Ivy Variable Insurance Portfolios - Mid Cap Growth: Class II**

Investment Advisor: Ivy Investment Management Company  
Investment Objective: To seek to provide growth of capital.

**Ivy Variable Insurance Portfolios - Natural Resources: Class II**

Investment Advisor: Ivy Investment Management Company  
Investment Objective: To seek to provide capital growth and appreciation.

**Ivy Variable Insurance Portfolios - Pathfinder Aggressive: Class II**

Investment Advisor: Ivy Investment Management Company  
Investment Objective: To seek to provide growth of capital consistent with a more aggressive level of risk as compared to the other Ivy Funds VIP Pathfinder Portfolios.

Designation: FF

**Ivy Variable Insurance Portfolios - Pathfinder Conservative: Class II**

Investment Advisor: Ivy Investment Management Company  
Investment Objective: To seek to provide total return consistent with a conservative level of risk as compared to the other Ivy Funds VIP Pathfinder Portfolios.

Designation: FF

**Ivy Variable Insurance Portfolios - Pathfinder Moderate - Managed Volatility: Class II**

Investment Advisor: Ivy Investment Management Company  
Sub-advisor: Securian Asset Management, Inc.  
Investment Objective: To seek to provide total return consistent with a moderate level of risk as compared to the other Ivy Funds VIP Pathfinder Managed Volatility Portfolios, while seeking to manage volatility of investment return.

Designation: FF, VOL

**Ivy Variable Insurance Portfolios - Pathfinder Moderate: Class II**

Investment Advisor: Ivy Investment Management Company  
Investment Objective: To seek to provide total return consistent with a moderate level of risk as compared to the other Ivy Funds VIP Pathfinder Portfolios.

Designation: FF

**Ivy Variable Insurance Portfolios - Pathfinder Moderately Aggressive - Managed Volatility: Class II**

Investment Advisor: Ivy Investment Management Company  
Sub-advisor: Securian Asset Management, Inc.  
Investment Objective: To seek to provide growth of capital, but also to seek income consistent with a moderately aggressive level of risk as compared to other Ivy Funds VIP Pathfinder Managed Volatility Portfolios, while seeking to manage volatility of investment return.

Designation: FF, VOL

**Ivy Variable Insurance Portfolios - Pathfinder Moderately Aggressive: Class II**

Investment Advisor: Ivy Investment Management Company  
Investment Objective: To seek to provide growth of capital, but also to seek income consistent with a moderately aggressive level of risk as compared to the other Ivy Funds VIP Pathfinder Portfolios.

Designation: FF

**Ivy Variable Insurance Portfolios - Pathfinder Moderately Conservative - Managed Volatility: Class II**

Investment Advisor: Ivy Investment Management Company  
Sub-advisor: Securian Asset Management, Inc.  
Investment Objective: To seek to provide total return consistent with a moderately conservative level of risk as compared to the other Ivy Funds VIP Pathfinder Managed Volatility Portfolios, while seeking to manage volatility of investment return.

Designation: FF, VOL

**Ivy Variable Insurance Portfolios - Pathfinder Moderately Conservative: Class II**

Investment Advisor: Ivy Investment Management Company  
Investment Objective: To seek to provide total return consistent with a moderately conservative level of risk as compared to the other Ivy Funds VIP Pathfinder Portfolios.

Designation: FF

**Ivy Variable Insurance Portfolios - Science and Technology: Class II**

Investment Advisor: Ivy Investment Management Company  
Investment Objective: To seek to provide growth of capital.

**Ivy Variable Insurance Portfolios - Securian Real Estate Securities: Class II**

Investment Advisor: Ivy Investment Management Company  
Sub-advisor: Securian Asset Management, Inc.  
Investment Objective: To seek to provide total return through capital appreciation and current income.

**Ivy Variable Insurance Portfolios - Small Cap Core: Class II**

Investment Advisor: Ivy Investment Management Company  
Investment Objective: To seek to provide capital appreciation.

**Ivy Variable Insurance Portfolios - Small Cap Growth: Class II**

Investment Advisor: Ivy Investment Management Company  
Investment Objective: To seek to provide growth of capital.

**Ivy Variable Insurance Portfolios - Value: Class II**

Investment Advisor: Ivy Investment Management Company  
Investment Objective: To seek to provide capital appreciation.

**Nationwide Variable Insurance Trust - NVIT Investor Destinations Aggressive Fund: Class II**

Investment Advisor: Nationwide Fund Advisors  
Investment Objective: The Fund seeks maximum growth of capital consistent with a more aggressive level of risk as compared to other Investor Destinations Funds.

Designation: FF

**Nationwide Variable Insurance Trust - NVIT Investor Destinations Balanced Fund: Class II**

Investment Advisor: Nationwide Fund Advisors  
Investment Objective: The Fund seeks a high level of total return through investment in both equity and fixed-income securities.  
Designation: FF

**Nationwide Variable Insurance Trust - NVIT Investor Destinations Capital Appreciation Fund: Class II**

Investment Advisor: Nationwide Fund Advisors  
Investment Objective: The Fund seeks growth of capital, but also seeks income consistent with a less aggressive level of risk as compared to other NVIT Investor Destinations Funds.  
Designation: FF

**Nationwide Variable Insurance Trust - NVIT Investor Destinations Conservative Fund: Class II**

Investment Advisor: Nationwide Fund Advisors  
Investment Objective: The Fund seeks a high level of total return consistent with a conservative level of risk as compared to other Investor Destinations Funds.  
Designation: FF

**Nationwide Variable Insurance Trust - NVIT Investor Destinations Managed Growth & Income Fund: Class II**

Investment Advisor: Nationwide Fund Advisors  
Sub-advisor: Nationwide Asset Management, LLC  
Investment Objective: The Fund seeks a high level of total return through investment in both equity and fixed-income securities, consistent with preservation of capital.  
Designation: FF, VOL

**Nationwide Variable Insurance Trust - NVIT Investor Destinations Managed Growth Fund: Class II**

Investment Advisor: Nationwide Fund Advisors  
Sub-advisor: Nationwide Asset Management, LLC  
Investment Objective: The Fund seeks growth primarily and investment income secondarily consistent with the preservation of capital.  
Designation: FF, VOL

**Nationwide Variable Insurance Trust - NVIT Investor Destinations Moderate Fund: Class II**

Investment Advisor: Nationwide Fund Advisors  
Investment Objective: The Fund seeks a high level of total return consistent with a moderate level of risk as compared to other Investor Destinations Funds.  
Designation: FF

**Nationwide Variable Insurance Trust - NVIT Investor Destinations Moderately Aggressive Fund: Class II**

Investment Advisor: Nationwide Fund Advisors  
Investment Objective: The Fund seeks growth of capital, but also seeks income consistent with a moderately aggressive level of risk as compared to other Investor Destinations Funds.  
Designation: FF

**Nationwide Variable Insurance Trust - NVIT Investor Destinations Moderately Conservative Fund: Class II**

Investment Advisor: Nationwide Fund Advisors  
Investment Objective: The Fund seeks a high level of total return consistent with a moderately conservative level of risk.  
Designation: FF



## Appendix B: Condensed Financial Information

The following tables list the Condensed Financial Information (the Accumulation Unit value information for Accumulation Units outstanding) for contracts with no optional benefits (the minimum Variable Account charge of 1.25%) and contracts with the most expensive combination of allowable optional benefits as of December 31, 2019 (the maximum Variable Account charge of 3.70%). The term "Period" is defined as a complete calendar year, unless otherwise noted. Those Periods with an asterisk (\*) reflect Accumulation Unit information for a partial year only. To obtain a copy of the Condensed Financial Information for any other Variable Account expense tier, contact the Service Center and request a copy of the Statement of Additional Information, which is available free of charge.

**No Additional Contract Options Elected Total - 1.25%**  
**Variable account charges of the daily net assets of the variable account - 1.25%**

<u>Period</u>	<u>Beginning Value</u>	<u>Ending Value</u>	<u>Percentage Change</u>	<u>Units</u>
<b>Ivy Variable Insurance Portfolios - Asset Strategy: Class II - Q/NQ</b>				
2019.....	25.945785	31.201344	20.26%	287,991
2018.....	27.787438	25.945785	-6.63%	393,946
2017.....	23.790883	27.787438	16.80%	515,376
2016.....	24.726230	23.790883	-3.78%	612,226
2015.....	27.319466	24.726230	-9.49%	797,348
2014.....	29.202876	27.319466	-6.45%	998,735
2013.....	23.633012	29.202876	23.57%	1,061,981
2012.....	20.081925	23.633012	17.68%	1,112,363
2011.....	21.914795	20.081925	-8.36%	1,133,703
2010.....	20.420518	21.914795	7.32%	1,059,829
<b>Ivy Variable Insurance Portfolios - Balanced: Class II - Q/NQ</b>				
2019.....	20.601281	24.838194	20.57%	204,237
2018.....	21.562132	20.601281	-4.46%	243,420
2017.....	19.605341	21.562132	9.98%	267,571
2016.....	19.457997	19.605341	0.76%	294,975
2015.....	19.768593	19.457997	-1.57%	347,715
2014.....	18.609211	19.768593	6.23%	357,244
2013.....	15.234472	18.609211	22.15%	330,603
2012.....	13.806216	15.234472	10.35%	312,751
2011.....	13.532236	13.806216	2.02%	264,243
2010.....	11.701518	13.532236	15.65%	237,339
<b>Ivy Variable Insurance Portfolios - Core Equity: Class II - Q/NQ</b>				
2019.....	26.873807	34.788815	29.45%	203,618
2018.....	28.501589	26.873807	-5.71%	263,616
2017.....	23.901029	28.501589	19.25%	356,392
2016.....	23.330594	23.901029	2.45%	429,911
2015.....	23.791014	23.330594	-1.94%	510,625
2014.....	21.966202	23.791014	8.31%	553,997
2013.....	16.661065	21.966202	31.84%	557,857
2012.....	14.226068	16.661065	17.12%	572,518
2011.....	14.170179	14.226068	0.39%	578,983
2010.....	11.869331	14.170179	19.38%	507,587

**No Additional Contract Options Elected Total - 1.25%**  
**Variable account charges of the daily net assets of the variable account - 1.25%**

<u>Period</u>	<u>Beginning Value</u>	<u>Ending Value</u>	<u>Percentage Change</u>	<u>Units</u>
<b>Ivy Variable Insurance Portfolios - Corporate Bond: Class II - Q/NQ</b>				
2019.....	13.344577	14.782497	10.78%	335,389
2018.....	13.776620	13.344577	-3.14%	381,058
2017.....	13.412089	13.776620	2.72%	465,428
2016.....	13.054799	13.412089	2.74%	597,445
2015.....	13.193565	13.054799	-1.05%	635,343
2014.....	12.805204	13.193565	3.03%	754,580
2013.....	13.244127	12.805204	-3.31%	786,095
2012.....	12.679325	13.244127	4.45%	922,870
2011.....	11.965032	12.679325	5.97%	925,175
2010.....	11.426322	11.965032	4.71%	861,520
<b>Ivy Variable Insurance Portfolios - Energy: Class II - Q/NQ</b>				
2019.....	7.040605	7.194394	2.18%	142,469
2018.....	10.826012	7.040605	-34.97%	140,823
2017.....	12.549437	10.826012	-13.73%	155,383
2016.....	9.444604	12.549437	32.87%	196,317
2015.....	12.284553	9.444604	-23.12%	189,642
2014.....	13.909130	12.284553	-11.68%	227,861
2013.....	11.024928	13.909130	26.16%	230,151
2012.....	11.013328	11.024928	0.11%	240,569
2011.....	12.266258	11.013328	-10.21%	252,017
2010.....	10.185117	12.266258	20.43%	236,098
<b>Ivy Variable Insurance Portfolios - Global Bond: Class II - Q/NQ</b>				
2019.....	10.620110	11.475243	8.05%	35,394
2018.....	10.774369	10.620110	-1.43%	39,567
2017.....	10.463813	10.774369	2.97%	37,760
2016.....	9.899315	10.463813	5.70%	97,385
2015.....	10.298033	9.899315	-3.87%	119,177
2014.....	10.409224	10.298033	-1.07%	148,128
2013.....	10.360272	10.409224	0.47%	96,475
2012.....	9.859669	10.360272	5.08%	54,311
2011*.....	10.000000	9.859669	-1.40%	28,992
<b>Ivy Variable Insurance Portfolios - Global Equity Income: Class II - Q/NQ</b>				
2019.....	19.830685	24.116062	21.61%	149,493
2018.....	22.738652	19.830685	-12.79%	187,787
2017.....	19.925061	22.738652	14.12%	235,610
2016.....	18.864687	19.925061	5.62%	279,908
2015.....	19.504421	18.864687	-3.28%	320,444
2014.....	17.981991	19.504421	8.47%	389,341
2013.....	14.049124	17.981991	27.99%	419,694
2012.....	12.570889	14.049124	11.76%	453,046
2011.....	13.356067	12.570889	-5.88%	506,456
2010.....	11.622276	13.356067	14.92%	451,363

**No Additional Contract Options Elected Total - 1.25%**  
**Variable account charges of the daily net assets of the variable account - 1.25%**

<u>Period</u>	<u>Beginning Value</u>	<u>Ending Value</u>	<u>Percentage Change</u>	<u>Units</u>
<b>Ivy Variable Insurance Portfolios - Global Growth: Class II - Q/NQ</b>				
2019.....	20.068657	24.956639	24.36%	118,947
2018.....	21.683849	20.068657	-7.45%	142,419
2017.....	17.633281	21.683849	22.97%	154,145
2016.....	18.415481	17.633281	-4.25%	167,242
2015.....	18.036445	18.415481	2.10%	185,713
2014.....	18.091939	18.036445	-0.31%	199,634
2013.....	15.366485	18.091939	17.74%	223,778
2012.....	13.181820	15.366485	16.57%	235,692
2011.....	14.402926	13.181820	-8.48%	242,565
2010.....	12.706255	14.402926	13.35%	246,970
<b>Ivy Variable Insurance Portfolios - Government Money Market: Class II - Q/NQ</b>				
2019.....	9.860676	9.915760	0.56%	612,410
2018.....	9.836254	9.860676	0.25%	656,150
2017.....	9.902415	9.836254	-0.67%	910,358
2016.....	10.014546	9.902415	-1.12%	835,368
2015.....	10.139282	10.014546	-1.23%	944,659
2014.....	10.265578	10.139282	-1.23%	1,008,074
2013.....	10.393445	10.265578	-1.23%	1,057,338
2012.....	10.523259	10.393445	-1.23%	907,110
2011.....	10.653963	10.523259	-1.23%	962,285
2010.....	10.780711	10.653963	-1.18%	653,052
<b>Ivy Variable Insurance Portfolios - Growth: Class II - Q/NQ</b>				
2019.....	28.036648	37.815599	34.88%	234,585
2018.....	27.759685	28.036648	1.00%	285,276
2017.....	21.733516	27.759685	27.73%	404,974
2016.....	21.741691	21.733516	-0.04%	495,251
2015.....	20.544140	21.741691	5.83%	587,973
2014.....	18.606515	20.544140	10.41%	583,191
2013.....	13.807797	18.606515	34.75%	576,798
2012.....	12.402370	13.807797	11.33%	628,776
2011.....	12.297895	12.402370	0.85%	663,805
2010.....	11.061839	12.297895	11.17%	611,135
<b>Ivy Variable Insurance Portfolios - High Income: Class II - Q/NQ</b>				
2019.....	22.251699	24.432982	9.80%	185,286
2018.....	23.021807	22.251699	-3.35%	213,956
2017.....	21.852948	23.021807	5.35%	259,152
2016.....	19.045898	21.852948	14.74%	313,700
2015.....	20.628905	19.045898	-7.67%	345,187
2014.....	20.499582	20.628905	0.63%	412,361
2013.....	18.786577	20.499582	9.12%	438,421
2012.....	16.035713	18.786577	17.15%	500,125
2011.....	15.426792	16.035713	3.95%	495,885
2010.....	13.601033	15.426792	13.42%	465,000

**No Additional Contract Options Elected Total - 1.25%**  
**Variable account charges of the daily net assets of the variable account - 1.25%**

<u>Period</u>	<u>Beginning Value</u>	<u>Ending Value</u>	<u>Percentage Change</u>	<u>Units</u>
<b>Ivy Variable Insurance Portfolios - International Core Equity: Class II - Q/NQ</b>				
2019.....	17.050181	19.984739	17.21%	131,139
2018.....	21.009717	17.050181	-18.85%	154,269
2017.....	17.274767	21.009717	21.62%	150,993
2016.....	17.305376	17.274767	-0.18%	170,939
2015.....	17.690288	17.305376	-2.18%	179,436
2014.....	17.659346	17.690288	0.18%	208,195
2013.....	14.316255	17.659346	23.35%	208,810
2012.....	12.792947	14.316255	11.91%	202,244
2011.....	15.043446	12.792947	-14.96%	227,718
2010.....	13.351980	15.043446	12.67%	190,155
<b>Ivy Variable Insurance Portfolios - Limited-Term Bond: Class II - Q/NQ</b>				
2019.....	10.119346	10.415446	2.93%	85,122
2018.....	10.168750	10.119346	-0.49%	67,959
2017.....	10.154749	10.168750	0.14%	75,110
2016.....	10.087172	10.154749	0.67%	126,360
2015.....	10.126580	10.087172	-0.39%	96,162
2014.....	10.155740	10.126580	-0.29%	69,844
2013.....	10.339907	10.155740	-1.78%	77,370
2012.....	10.129561	10.339907	2.08%	64,463
2011*.....	10.000000	10.129561	1.30%	23,578
<b>Ivy Variable Insurance Portfolios - Mid Cap Growth: Class II - Q/NQ</b>				
2019.....	29.071570	39.600367	36.22%	104,253
2018.....	29.458823	29.071570	-1.31%	127,459
2017.....	23.507922	29.458823	25.31%	149,714
2016.....	22.432763	23.507922	4.79%	183,818
2015.....	24.110318	22.432763	-6.96%	212,975
2014.....	22.634322	24.110318	6.52%	257,861
2013.....	17.639780	22.634322	28.31%	274,138
2012.....	15.730501	17.639780	12.14%	253,692
2011.....	16.018904	15.730501	-1.80%	231,236
2010.....	12.330367	16.018904	29.91%	196,618
<b>Ivy Variable Insurance Portfolios - Natural Resources: Class II - Q/NQ</b>				
2019.....	8.372560	9.049734	8.09%	170,271
2018.....	11.045185	8.372560	-24.20%	184,925
2017.....	10.862159	11.045185	1.68%	215,247
2016.....	8.883963	10.862159	22.27%	265,941
2015.....	11.592761	8.883963	-23.37%	307,787
2014.....	13.499464	11.592761	-14.12%	336,245
2013.....	12.681023	13.499464	6.45%	352,152
2012.....	12.604435	12.681023	0.61%	377,068
2011.....	16.248419	12.604435	-22.43%	388,355
2010.....	14.055461	16.248419	15.60%	384,748

**No Additional Contract Options Elected Total - 1.25%**  
**Variable account charges of the daily net assets of the variable account - 1.25%**

<u>Period</u>	<u>Beginning Value</u>	<u>Ending Value</u>	<u>Percentage Change</u>	<u>Units</u>
<b>Ivy Variable Insurance Portfolios - Pathfinder Aggressive: Class II - Q/NQ</b>				
2019.....	16.377221	19.930569	21.70%	988,385
2018.....	17.324784	16.377221	-5.47%	1,191,092
2017.....	14.639651	17.324784	18.34%	1,645,750
2016.....	14.144874	14.639651	3.50%	2,040,168
2015.....	14.275530	14.144874	-0.92%	2,501,897
2014.....	13.786426	14.275530	3.55%	2,649,274
2013.....	10.981618	13.786426	25.54%	2,828,878
2012.....	9.913080	10.981618	10.78%	3,009,182
2011.....	10.473174	9.913080	-5.35%	3,359,945
2010.....	9.180148	10.473174	14.09%	3,683,942
<b>Ivy Variable Insurance Portfolios - Pathfinder Conservative: Class II - Q/NQ</b>				
2019.....	13.741439	15.558460	13.22%	1,622,327
2018.....	14.189779	13.741439	-3.16%	1,925,002
2017.....	13.002433	14.189779	9.13%	2,227,225
2016.....	12.802670	13.002433	1.56%	2,529,767
2015.....	12.906579	12.802670	-0.81%	2,801,025
2014.....	12.641293	12.906579	2.10%	3,011,155
2013.....	11.156224	12.641293	13.31%	2,927,666
2012.....	10.563619	11.156224	5.61%	3,119,488
2011.....	10.617334	10.563619	-0.51%	2,732,272
2010.....	9.829891	10.617334	8.01%	2,165,885
<b>Ivy Variable Insurance Portfolios - Pathfinder Moderate - Managed Volatility: Class II - Q/NQ</b>				
2019.....	11.563802	13.397591	15.86%	47,589
2019.....	11.577547	13.415845	15.88%	0
2018.....	12.199212	11.563802	-5.21%	46,805
2017.....	10.855230	12.199212	12.38%	15,092
2016.....	10.796549	10.855230	0.54%	6,130
2015.....	10.980055	10.796549	-1.67%	11,052
2014.....	10.717123	10.980055	2.45%	922
2013*.....	10.000000	10.717123	7.17%	0
<b>Ivy Variable Insurance Portfolios - Pathfinder Moderate: Class II - Q/NQ</b>				
2019.....	14.675540	17.253136	17.56%	17,074,122
2018.....	15.465842	14.675540	-5.11%	21,043,472
2017.....	13.654449	15.465842	13.27%	25,454,763
2016.....	13.340538	13.654449	2.35%	28,204,860
2015.....	13.466513	13.340538	-0.94%	29,861,572
2014.....	13.082707	13.466513	2.93%	30,821,665
2013.....	10.964081	13.082707	19.32%	31,809,915
2012.....	10.137024	10.964081	8.16%	32,071,974
2011.....	10.417094	10.137024	-2.69%	30,368,338
2010.....	9.366010	10.417094	11.22%	22,381,651

**No Additional Contract Options Elected Total - 1.25%**  
**Variable account charges of the daily net assets of the variable account - 1.25%**

<u>Period</u>	<u>Beginning Value</u>	<u>Ending Value</u>	<u>Percentage Change</u>	<u>Units</u>
<b>Ivy Variable Insurance Portfolios - Pathfinder Moderately Aggressive - Managed Volatility: Class II - Q/NQ</b>				
2019.....	11.800964	13.901862	17.80%	6,498
2019.....	11.816447	13.922372	17.82%	0
2018.....	12.547429	11.800964	-5.95%	6,902
2017.....	10.981979	12.547429	14.25%	7,211
2016.....	10.864267	10.981979	1.08%	0
2015.....	11.080127	10.864267	-1.95%	0
2014.....	10.798594	11.080127	2.61%	0
2013*.....	10.000000	10.798594	7.99%	0
<b>Ivy Variable Insurance Portfolios - Pathfinder Moderately Aggressive: Class II - Q/NQ</b>				
2019.....	15.671432	18.787191	19.88%	21,801,798
2018.....	16.654846	15.671432	-5.90%	26,863,684
2017.....	14.449312	16.654846	15.26%	31,850,912
2016.....	13.999148	14.449312	3.22%	35,368,008
2015.....	14.167876	13.999148	-1.19%	37,765,623
2014.....	13.714485	14.167876	3.31%	38,553,236
2013.....	11.216783	13.714485	22.27%	39,582,373
2012.....	10.250480	11.216783	9.43%	40,206,015
2011.....	10.702858	10.250480	-4.23%	37,808,420
2010.....	9.468824	10.702858	13.03%	22,417,684
<b>Ivy Variable Insurance Portfolios - Pathfinder Moderately Conservative - Managed Volatility: Class II - Q/NQ</b>				
2019.....	11.207953	12.716069	13.46%	17,856
2019.....	11.219275	12.731051	13.47%	0
2018.....	11.689481	11.207953	-4.12%	27,299
2017.....	10.583441	11.689481	10.45%	24,722
2016.....	10.589364	10.583441	-0.06%	15,388
2015.....	10.779284	10.589364	-1.76%	15,388
2014.....	10.591601	10.779284	1.77%	15,388
2013*.....	10.000000	10.591601	5.92%	0
<b>Ivy Variable Insurance Portfolios - Pathfinder Moderately Conservative: Class II - Q/NQ</b>				
2019.....	14.460379	16.685153	15.39%	4,773,078
2018.....	15.045657	14.460379	-3.89%	5,690,785
2017.....	13.510755	15.045657	11.36%	6,734,043
2016.....	13.269893	13.510755	1.82%	7,866,600
2015.....	13.393888	13.269893	-0.93%	8,308,478
2014.....	13.056984	13.393888	2.58%	8,751,379
2013.....	11.233137	13.056984	16.24%	9,188,055
2012.....	10.493098	11.233137	7.05%	9,540,061
2011.....	10.625799	10.493098	-1.25%	8,551,910
2010.....	9.696561	10.625799	9.58%	6,028,474

No Additional Contract Options Elected Total - 1.25%  
Variable account charges of the daily net assets of the variable account - 1.25%

<u>Period</u>	<u>Beginning Value</u>	<u>Ending Value</u>	<u>Percentage Change</u>	<u>Units</u>
<b>Ivy Variable Insurance Portfolios - Science and Technology: Class II - Q/NQ</b>				
2019.....	36.374589	53.694732	47.62%	140,348
2018.....	38.872714	36.374589	-6.43%	166,969
2017.....	29.794331	38.872714	30.47%	219,372
2016.....	29.712236	29.794331	0.28%	279,776
2015.....	30.980464	29.712236	-4.09%	339,584
2014.....	30.485350	30.980464	1.62%	364,205
2013.....	19.740191	30.485350	54.43%	380,410
2012.....	15.638386	19.740191	26.23%	396,731
2011.....	16.805220	15.638386	-6.94%	430,519
2010.....	15.092925	16.805220	11.35%	427,547
<b>Ivy Variable Insurance Portfolios - Securian Real Estate Securities: Class II - Q/NQ</b>				
2019.....	22.583634	27.749186	22.87%	62,024
2018.....	24.220897	22.583634	-6.76%	72,992
2017.....	23.273067	24.220897	4.07%	92,865
2016.....	22.602582	23.273067	2.97%	115,937
2015.....	21.843781	22.602582	3.47%	132,505
2014.....	16.993720	21.843781	28.54%	172,910
2013.....	17.016515	16.993720	-0.13%	176,029
2012.....	14.638791	17.016515	16.24%	172,613
2011.....	14.116649	14.638791	3.70%	191,047
2010.....	11.123878	14.116649	26.90%	185,369
<b>Ivy Variable Insurance Portfolios - Small Cap Core: Class II - Q/NQ</b>				
2019.....	23.348531	28.665750	22.77%	57,735
2018.....	26.416104	23.348531	-11.61%	68,588
2017.....	23.520996	26.416104	12.31%	73,914
2016.....	18.480885	23.520996	27.27%	90,554
2015.....	19.821945	18.480885	-6.77%	92,519
2014.....	18.751494	19.821945	5.71%	118,041
2013.....	14.220703	18.751494	31.86%	133,505
2012.....	12.139209	14.220703	17.15%	159,013
2011.....	14.095185	12.139209	-13.88%	183,781
2010.....	11.291074	14.095185	24.83%	182,136
<b>Ivy Variable Insurance Portfolios - Small Cap Growth: Class II - Q/NQ</b>				
2019.....	21.590982	26.303574	21.83%	126,268
2018.....	22.804083	21.590982	-5.32%	140,968
2017.....	18.755985	22.804083	21.58%	106,842
2016.....	18.454798	18.755985	1.63%	123,469
2015.....	18.343100	18.454798	0.61%	147,215
2014.....	18.283836	18.343100	0.32%	174,275
2013.....	12.915112	18.283836	41.57%	184,453
2012.....	12.436681	12.915112	3.85%	196,375
2011.....	14.087523	12.436681	-11.72%	215,322
2010.....	11.071683	14.087523	27.24%	219,376

No Additional Contract Options Elected Total - 1.25%  
Variable account charges of the daily net assets of the variable account - 1.25%

<u>Period</u>	<u>Beginning Value</u>	<u>Ending Value</u>	<u>Percentage Change</u>	<u>Units</u>
<b>Ivy Variable Insurance Portfolios - Value: Class II - Q/NQ</b>				
2019.....	20.643558	25.752853	24.75%	131,662
2018.....	22.537192	20.643558	-8.40%	164,249
2017.....	20.286906	22.537192	11.09%	192,691
2016.....	18.483922	20.286906	9.75%	211,508
2015.....	19.480570	18.483922	-5.12%	232,413
2014.....	17.781184	19.480570	9.56%	283,140
2013.....	13.304728	17.781184	33.65%	259,167
2012.....	11.333636	13.304728	17.39%	287,204
2011.....	12.382908	11.333636	-8.47%	304,390
2010.....	10.563414	12.382908	17.22%	282,705
<b>Nationwide Variable Insurance Trust - NVIT Investor Destinations Aggressive Fund: Class II - Q/NQ</b>				
2019.....	13.798566	16.859840	22.19%	67,443
2018.....	15.331811	13.798566	-10.00%	64,181
2017.....	13.109346	15.331811	16.95%	59,094
2016.....	12.126699	13.109346	8.10%	51,790
2015.....	12.404002	12.126699	-2.24%	55,740
2014.....	11.964537	12.404002	3.67%	56,021
2013.....	9.521567	11.964537	25.66%	37,905
2012.....	8.319333	9.521567	14.45%	37,193
2011.....	8.769183	8.319333	-5.13%	36,639
2010.....	7.746849	8.769183	13.20%	37,477
<b>Nationwide Variable Insurance Trust - NVIT Investor Destinations Balanced Fund: Class II - Q/NQ</b>				
2019.....	16.626792	18.937824	13.90%	265,969
2018.....	17.696609	16.626792	-6.05%	306,370
2017.....	16.125138	17.696609	9.75%	355,240
2016.....	15.360583	16.125138	4.98%	437,193
2015.....	15.582083	15.360583	-1.42%	276,061
2014.....	15.087523	15.582083	3.28%	305,957
2013.....	13.470237	15.087523	12.01%	321,675
2012.....	12.470644	13.470237	8.02%	322,415
2011.....	12.517421	12.470644	-0.37%	314,301
2010.....	11.542944	12.517421	8.44%	185,318
<b>Nationwide Variable Insurance Trust - NVIT Investor Destinations Capital Appreciation Fund: Class II - Q/NQ</b>				
2019.....	19.477993	23.069979	18.44%	893,972
2018.....	21.090608	19.477993	-7.65%	975,745
2017.....	18.602127	21.090608	13.38%	1,077,946
2016.....	17.483834	18.602127	6.40%	1,009,683
2015.....	17.799825	17.483834	-1.78%	731,143
2014.....	17.132214	17.799825	3.90%	762,290
2013.....	14.518698	17.132214	18.00%	724,530
2012.....	13.098350	14.518698	10.84%	707,058
2011.....	13.389091	13.098350	-2.17%	577,601
2010.....	12.102502	13.389091	10.63%	122,862



No Additional Contract Options Elected Total - 1.25%  
Variable account charges of the daily net assets of the variable account - 1.25%

<u>Period</u>	<u>Beginning Value</u>	<u>Ending Value</u>	<u>Percentage Change</u>	<u>Units</u>
<b>Nationwide Variable Insurance Trust - NVIT Investor Destinations Conservative Fund: Class II - Q/NQ</b>				
2019.....	12.306582	13.311263	8.16%	352,765
2018.....	12.692097	12.306582	-3.04%	373,735
2017.....	12.161235	12.692097	4.37%	400,108
2016.....	11.811161	12.161235	2.96%	456,662
2015.....	11.929084	11.811161	-0.99%	395,637
2014.....	11.627728	11.929084	2.59%	379,846
2013.....	11.232205	11.627728	3.52%	457,676
2012.....	10.814983	11.232205	3.86%	445,989
2011.....	10.639749	10.814983	1.65%	372,569
2010.....	10.174847	10.639749	4.57%	280,429
<b>Nationwide Variable Insurance Trust - NVIT Investor Destinations Managed Growth &amp; Income Fund: Class II - Q/NQ</b>				
2019.....	11.305342	12.616311	11.60%	0
2019.....	11.293388	12.601822	11.59%	12,548
2018.....	12.118886	11.293388	-6.81%	17,451
2017.....	10.761871	12.118886	12.61%	16,214
2016.....	10.309298	10.761871	4.39%	12,217
2015.....	10.789517	10.309298	-4.45%	0
2014.....	10.664205	10.789517	1.18%	0
2013*.....	10.000000	10.664205	6.64%	0
<b>Nationwide Variable Insurance Trust - NVIT Investor Destinations Managed Growth Fund: Class II - Q/NQ</b>				
2019.....	11.594500	13.195435	13.81%	109,821
2019.....	11.608117	13.212465	13.82%	0
2018.....	12.498795	11.594500	-7.24%	147,603
2017.....	10.821004	12.498795	15.50%	60,208
2016.....	10.245467	10.821004	5.62%	47,228
2015.....	10.802397	10.245467	-5.16%	35,315
2014.....	10.752716	10.802397	0.46%	33,321
2013*.....	10.000000	10.752716	7.53%	9,005
<b>Nationwide Variable Insurance Trust - NVIT Investor Destinations Moderate Fund: Class II - Q/NQ</b>				
2019.....	13.689535	15.917268	16.27%	982,436
2018.....	14.698663	13.689535	-6.87%	1,144,345
2017.....	13.180399	14.698663	11.52%	1,414,558
2016.....	12.456981	13.180399	5.81%	1,528,564
2015.....	12.657027	12.456981	-1.58%	1,549,969
2014.....	12.185878	12.657027	3.87%	1,709,266
2013.....	10.580792	12.185878	15.17%	1,777,378
2012.....	9.669564	10.580792	9.42%	1,888,543
2011.....	9.795671	9.669564	-1.29%	1,961,675
2010.....	8.943543	9.795671	9.53%	1,994,947

**No Additional Contract Options Elected Total - 1.25%**  
**Variable account charges of the daily net assets of the variable account - 1.25%**

<u>Period</u>	<u>Beginning Value</u>	<u>Ending Value</u>	<u>Percentage Change</u>	<u>Units</u>
<b>Nationwide Variable Insurance Trust - NVIT Investor Destinations Moderately Aggressive Fund: Class II - Q/NQ</b>				
2019.....	13.854457	16.667653	20.31%	1,006,526
2018.....	15.205707	13.854457	-8.89%	1,247,044
2017.....	13.196622	15.205707	15.22%	1,633,719
2016.....	12.318431	13.196622	7.13%	1,980,194
2015.....	12.566073	12.318431	-1.97%	2,284,961
2014.....	12.124145	12.566073	3.65%	2,409,730
2013.....	10.032548	12.124145	20.85%	2,503,431
2012.....	8.930924	10.032548	12.33%	2,714,594
2011.....	9.240236	8.930924	-3.35%	2,956,934
2010.....	8.292819	9.240236	11.42%	3,354,929
<b>Nationwide Variable Insurance Trust - NVIT Investor Destinations Moderately Conservative Fund: Class II - Q/NQ</b>				
2019.....	13.189406	14.780649	12.06%	346,827
2018.....	13.875077	13.189406	-4.94%	448,883
2017.....	12.865182	13.875077	7.85%	586,767
2016.....	12.324717	12.865182	4.39%	634,516
2015.....	12.484543	12.324717	-1.28%	675,941
2014.....	12.070501	12.484543	3.43%	712,643
2013.....	11.062292	12.070501	9.11%	792,026
2012.....	10.368999	11.062292	6.69%	835,700
2011.....	10.287778	10.368999	0.79%	808,824
2010.....	9.600348	10.287778	7.16%	764,406

**Maximum Additional Contract Options Elected Total - 3.70%**  
**Variable account charges of the daily net assets of the variable account - 3.70%**

<u>Period</u>	<u>Beginning Value</u>	<u>Ending Value</u>	<u>Percentage Change</u>	<u>Units</u>
<b>Ivy Variable Insurance Portfolios - Asset Strategy: Class II - Q/NQ</b>				
2019.....	16.288354	19.101862	17.27%	0
2018.....	17.891038	16.288354	-8.96%	0
2017.....	15.706210	17.891038	13.91%	0
2016.....	16.737931	15.706210	-6.16%	0
2015.....	18.964217	16.737931	-11.74%	0
2014.....	20.787744	18.964217	-8.77%	0
2013.....	17.250613	20.787744	20.50%	0
2012.....	15.032248	17.250613	14.76%	0
<b>Ivy Variable Insurance Portfolios - Balanced: Class II - Q/NQ</b>				
2019.....	13.907444	16.351778	17.58%	0
2018.....	14.928623	13.907444	-6.84%	0
2017.....	13.918036	14.928623	7.26%	0
2016.....	14.163922	13.918036	-1.74%	0
2015.....	14.756220	14.163922	-4.01%	0
2014.....	14.244227	14.756220	3.59%	0
2013.....	11.957597	14.244227	19.12%	0
2012.....	11.112892	11.957597	7.60%	0
<b>Ivy Variable Insurance Portfolios - Core Equity: Class II - Q/NQ</b>				
2019.....	17.478258	22.064789	26.24%	0
2018.....	19.011467	17.478258	-8.06%	0
2017.....	16.346954	19.011467	16.30%	0
2016.....	16.361689	16.346954	-0.09%	0
2015.....	17.109206	16.361689	-4.37%	0
2014.....	16.198835	17.109206	5.62%	0
2013.....	12.599002	16.198835	28.57%	0
2012.....	11.031932	12.599002	14.20%	0
<b>Ivy Variable Insurance Portfolios - Corporate Bond: Class II - Q/NQ</b>				
2019.....	9.303386	10.050258	8.03%	0
2018.....	9.850311	9.303386	-5.55%	0
2017.....	9.832924	9.850311	0.18%	0
2016.....	9.813773	9.832924	0.20%	0
2015.....	10.170437	9.813773	-3.51%	0
2014.....	10.122166	10.170437	0.48%	0
2013.....	10.735511	10.122166	-5.71%	0
2012.....	10.539827	10.735511	1.86%	0
<b>Ivy Variable Insurance Portfolios - Energy: Class II - Q/NQ</b>				
2019.....	5.119921	5.102021	-0.35%	0
2018.....	8.074486	5.119921	-36.59%	0
2017.....	9.597446	8.074486	-15.87%	0
2016.....	7.406333	9.597446	29.58%	0
2015.....	9.879045	7.406333	-25.03%	0
2014.....	11.470585	9.879045	-13.87%	0
2013.....	9.323235	11.470585	23.03%	0
2012.....	9.551019	9.323235	-2.38%	0

**Maximum Additional Contract Options Elected Total - 3.70%**  
**Variable account charges of the daily net assets of the variable account - 3.70%**

<u>Period</u>	<u>Beginning Value</u>	<u>Ending Value</u>	<u>Percentage Change</u>	<u>Units</u>
<b>Ivy Variable Insurance Portfolios - Global Bond: Class II - Q/NQ</b>				
2019.....	8.759734	9.230292	5.37%	0
2018.....	9.114337	8.759734	-3.89%	0
2017.....	9.076160	9.114337	0.42%	0
2016.....	8.804321	9.076160	3.09%	0
2015.....	9.392008	8.804321	-6.26%	0
2014.....	9.734975	9.392008	-3.52%	0
2013.....	9.935689	9.734975	-2.02%	0
2012.....	9.696785	9.935689	2.46%	0
<b>Ivy Variable Insurance Portfolios - Global Equity Income: Class II - Q/NQ</b>				
2019.....	13.003386	15.421199	18.59%	0
2018.....	15.292013	13.003386	-14.97%	0
2017.....	13.739607	15.292013	11.30%	0
2016.....	13.338391	13.739607	3.01%	0
2015.....	14.141655	13.338391	-5.68%	0
2014.....	13.369533	14.141655	5.78%	0
2013.....	10.711041	13.369533	24.82%	0
2012.....	9.828411	10.711041	8.98%	0
<b>Ivy Variable Insurance Portfolios - Global Growth: Class II - Q/NQ</b>				
2019.....	13.226917	16.040508	21.27%	0
2018.....	14.657360	13.226917	-9.76%	0
2017.....	12.221482	14.657360	19.93%	0
2016.....	13.087497	12.221482	-6.62%	0
2015.....	13.144295	13.087497	-0.43%	0
2014.....	13.520305	13.144295	-2.78%	0
2013.....	11.775501	13.520305	14.82%	0
2012.....	10.358881	11.775501	13.68%	0
<b>Ivy Variable Insurance Portfolios - Government Money Market: Class II - Q/NQ</b>				
2019.....	6.988224	6.852917	-1.94%	0
2018.....	7.149251	6.988224	-2.25%	0
2017.....	7.379943	7.149251	-3.13%	0
2016.....	7.652876	7.379943	-3.57%	0
2015.....	7.945331	7.652876	-3.68%	0
2014.....	8.248947	7.945331	-3.68%	0
2013.....	8.564174	8.248947	-3.68%	0
2012.....	8.892361	8.564174	-3.69%	0
<b>Ivy Variable Insurance Portfolios - Growth: Class II - Q/NQ</b>				
2019.....	20.246591	26.631157	31.53%	0
2018.....	20.559676	20.246591	-1.52%	0
2017.....	16.504473	20.559676	24.57%	0
2016.....	16.929575	16.504473	-2.51%	0
2015.....	16.404088	16.929575	3.20%	0
2014.....	15.234883	16.404088	7.67%	0
2013.....	11.593156	15.234883	31.41%	0
2012.....	10.678664	11.593156	8.56%	0

**Maximum Additional Contract Options Elected Total - 3.70%**  
**Variable account charges of the daily net assets of the variable account - 3.70%**

<u>Period</u>	<u>Beginning Value</u>	<u>Ending Value</u>	<u>Percentage Change</u>	<u>Units</u>
<b>Ivy Variable Insurance Portfolios - High Income: Class II - Q/NQ</b>				
2019.....	14.455111	15.478457	7.08%	0
2018.....	15.338015	14.455111	-5.76%	0
2017.....	14.928554	15.338015	2.74%	0
2016.....	13.340862	14.928554	11.90%	0
2015.....	14.817442	13.340862	-9.97%	0
2014.....	15.099113	14.817442	-1.87%	0
2013.....	14.189287	15.099113	6.41%	0
2012.....	12.420372	14.189287	14.24%	0
<b>Ivy Variable Insurance Portfolios - International Core Equity: Class II - Q/NQ</b>				
2019.....	10.416475	11.906446	14.30%	0
2018.....	13.164273	10.416475	-20.87%	0
2017.....	11.098436	13.164273	18.61%	0
2016.....	11.400178	11.098436	-2.65%	0
2015.....	11.950375	11.400178	-4.60%	0
2014.....	12.233056	11.950375	-2.31%	0
2013.....	10.169301	12.233056	20.29%	0
2012.....	9.318976	10.169301	9.12%	0
<b>Ivy Variable Insurance Portfolios - Limited-Term Bond: Class II - Q/NQ</b>				
2019.....	8.346709	8.377818	0.37%	0
2018.....	8.602022	8.346709	-2.97%	0
2017.....	8.808113	8.602022	-2.34%	0
2016.....	8.971467	8.808113	-1.82%	0
2015.....	9.235645	8.971467	-2.86%	0
2014.....	9.497887	9.235645	-2.76%	0
2013.....	9.916173	9.497887	-4.22%	0
2012.....	9.962244	9.916173	-0.46%	0
<b>Ivy Variable Insurance Portfolios - Mid Cap Growth: Class II - Q/NQ</b>				
2019.....	20.665947	27.452300	32.84%	0
2018.....	21.477249	20.665947	-3.78%	0
2017.....	17.573139	21.477249	22.22%	0
2016.....	17.194915	17.573139	2.20%	0
2015.....	18.951205	17.194915	-9.27%	0
2014.....	18.243710	18.951205	3.88%	0
2013.....	14.579449	18.243710	25.13%	0
2012.....	13.333013	14.579449	9.35%	0
<b>Ivy Variable Insurance Portfolios - Natural Resources: Class II - Q/NQ</b>				
2019.....	5.950288	6.272038	5.41%	0
2018.....	8.050776	5.950288	-26.09%	0
2017.....	8.118198	8.050776	-0.83%	0
2016.....	6.808220	8.118198	19.24%	0
2015.....	9.110614	6.808220	-25.27%	0
2014.....	10.879451	9.110614	-16.26%	0
2013.....	10.479966	10.879451	3.81%	0
2012.....	10.682506	10.479966	-1.90%	0

**Maximum Additional Contract Options Elected Total - 3.70%**  
**Variable account charges of the daily net assets of the variable account - 3.70%**

<u>Period</u>	<u>Beginning Value</u>	<u>Ending Value</u>	<u>Percentage Change</u>	<u>Units</u>
<b>Ivy Variable Insurance Portfolios - Pathfinder Aggressive: Class II - Q/NQ</b>				
2019.....	12.474043	14.803987	18.68%	0
2018.....	13.533533	12.474043	-7.83%	0
2017.....	11.725941	13.533533	15.42%	0
2016.....	11.617079	11.725941	0.94%	0
2015.....	12.022743	11.617079	-3.37%	0
2014.....	11.906267	12.022743	0.98%	0
2013.....	9.725084	11.906267	22.43%	0
2012.....	9.002657	9.725084	8.02%	0
<b>Ivy Variable Insurance Portfolios - Pathfinder Conservative: Class II - Q/NQ</b>				
2019.....	10.466655	11.556694	10.41%	0
2018.....	11.084722	10.466655	-5.58%	0
2017.....	10.414797	11.084722	6.43%	0
2016.....	10.514959	10.414797	-0.95%	0
2015.....	10.870029	10.514959	-3.27%	0
2014.....	10.917499	10.870029	-0.43%	0
2013.....	9.879973	10.917499	10.50%	0
2012.....	9.593746	9.879973	2.98%	0
<b>Ivy Variable Insurance Portfolios - Pathfinder Moderate - Managed Volatility: Class II - Q/NQ</b>				
2019.....	10.100221	11.411657	12.98%	0
2019.....	10.113044	11.428160	13.00%	0
2018.....	10.927921	10.100221	-7.57%	0
2017.....	9.970586	10.927921	9.60%	0
2016.....	10.168278	9.970586	-1.94%	0
2015.....	10.604256	10.168278	-4.11%	0
2014.....	10.613688	10.604256	-0.09%	0
2013*.....	10.000000	10.613688	6.14%	0
<b>Ivy Variable Insurance Portfolios - Pathfinder Moderate: Class II - Q/NQ</b>				
2019.....	11.177987	12.815328	14.65%	0
2018.....	12.081447	11.177987	-7.48%	0
2017.....	10.936922	12.081447	10.46%	0
2016.....	10.956582	10.936922	-0.18%	0
2015.....	11.341473	10.956582	-3.39%	0
2014.....	11.298579	11.341473	0.38%	0
2013.....	9.709639	11.298579	16.36%	0
2012.....	9.206145	9.709639	5.47%	0
<b>Ivy Variable Insurance Portfolios - Pathfinder Moderately Aggressive - Managed Volatility: Class II - Q/NQ</b>				
2019.....	10.307376	11.841191	14.88%	0
2019.....	10.321756	11.859686	14.90%	0
2018.....	11.239881	10.307376	-8.30%	0
2017.....	10.087014	11.239881	11.43%	0
2016.....	10.232063	10.087014	-1.42%	0
2015.....	10.700911	10.232063	-4.38%	0
2014.....	10.694383	10.700911	0.06%	0
2013*.....	10.000000	10.694383	6.94%	0

**Maximum Additional Contract Options Elected Total - 3.70%**  
**Variable account charges of the daily net assets of the variable account - 3.70%**

<u>Period</u>	<u>Beginning Value</u>	<u>Ending Value</u>	<u>Percentage Change</u>	<u>Units</u>
<b>Ivy Variable Insurance Portfolios - Pathfinder Moderately Aggressive: Class II - Q/NQ</b>				
2019.....	11.936460	13.954702	16.91%	0
2018.....	13.010196	11.936460	-8.25%	0
2017.....	11.573512	13.010196	12.41%	0
2016.....	11.497428	11.573512	0.66%	0
2015.....	11.932108	11.497428	-3.64%	0
2014.....	11.844161	11.932108	0.74%	0
2013.....	9.933399	11.844161	19.24%	0
2012.....	9.309142	9.933399	6.71%	0
<b>Ivy Variable Insurance Portfolios - Pathfinder Moderately Conservative - Managed Volatility: Class II - Q/NQ</b>				
2019.....	9.789433	10.831177	10.64%	0
2019.....	9.800044	10.844762	10.66%	0
2018.....	10.471308	9.789433	-6.51%	0
2017.....	9.720944	10.471308	7.72%	0
2016.....	9.973164	9.720944	-2.53%	0
2015.....	10.410356	9.973164	-4.20%	0
2014.....	10.489370	10.410356	-0.75%	0
2013*.....	10.000000	10.489370	4.89%	0
<b>Ivy Variable Insurance Portfolios - Pathfinder Moderately Conservative: Class II - Q/NQ</b>				
2019.....	11.014176	12.393523	12.52%	0
2018.....	11.753255	11.014176	-6.29%	0
2017.....	10.821889	11.753255	8.61%	0
2016.....	10.898638	10.821889	-0.70%	0
2015.....	11.280391	10.898638	-3.38%	0
2014.....	11.276451	11.280391	0.03%	0
2013.....	9.948022	11.276451	13.35%	0
2012.....	9.529631	9.948022	4.39%	0
<b>Ivy Variable Insurance Portfolios - Science and Technology: Class II - Q/NQ</b>				
2019.....	24.305148	34.988700	43.96%	0
2018.....	26.639333	24.305148	-8.76%	0
2017.....	20.935418	26.639333	27.25%	0
2016.....	21.407462	20.935418	-2.21%	0
2015.....	22.889341	21.407462	-6.47%	0
2014.....	23.096713	22.889341	-0.90%	0
2013.....	15.335772	23.096713	50.61%	0
2012.....	12.458877	15.335772	23.09%	0
<b>Ivy Variable Insurance Portfolios - Securian Real Estate Securities: Class II - Q/NQ</b>				
2019.....	13.707420	16.424937	19.83%	0
2018.....	15.077607	13.707420	-9.09%	0
2017.....	14.854976	15.077607	1.50%	0
2016.....	14.792662	14.854976	0.42%	0
2015.....	14.659652	14.792662	0.91%	0
2014.....	11.694528	14.659652	25.35%	0
2013.....	12.008229	11.694528	-2.61%	0
2012.....	10.593671	12.008229	13.35%	0

**Maximum Additional Contract Options Elected Total - 3.70%**  
**Variable account charges of the daily net assets of the variable account - 3.70%**

<u>Period</u>	<u>Beginning Value</u>	<u>Ending Value</u>	<u>Percentage Change</u>	<u>Units</u>
<b>Ivy Variable Insurance Portfolios - Small Cap Core: Class II - Q/NQ</b>				
2019.....	15.605125	18.683649	19.73%	0
2018.....	18.107534	15.605125	-13.82%	0
2017.....	16.531990	18.107534	9.53%	0
2016.....	13.318855	16.531990	24.12%	0
2015.....	14.648978	13.318855	-9.08%	0
2014.....	14.210507	14.648978	3.09%	0
2013.....	11.050866	14.210507	28.59%	0
2012.....	9.673843	11.050866	14.23%	0
<b>Ivy Variable Insurance Portfolios - Small Cap Growth: Class II - Q/NQ</b>				
2019.....	14.248584	16.927842	18.80%	0
2018.....	15.434524	14.248584	-7.68%	0
2017.....	13.016520	15.434524	18.58%	0
2016.....	13.132413	13.016520	-0.88%	0
2015.....	13.385070	13.132413	-1.89%	0
2014.....	13.681471	13.385070	-2.17%	0
2013.....	9.909741	13.681471	38.06%	0
2012.....	9.786069	9.909741	1.26%	0
<b>Ivy Variable Insurance Portfolios - Value: Class II - Q/NQ</b>				
2019.....	13.362928	16.256813	21.66%	0
2018.....	14.962101	13.362928	-10.69%	0
2017.....	13.809638	14.962101	8.35%	0
2016.....	12.901544	13.809638	7.04%	0
2015.....	13.943286	12.901544	-7.47%	0
2014.....	13.050776	13.943286	6.84%	0
2013.....	10.013403	13.050776	30.33%	0
2012.....	8.747402	10.013403	14.47%	0
<b>Nationwide Variable Insurance Trust - NVIT Investor Destinations Aggressive Fund: Class II - Q/NQ</b>				
2019.....	10.292026	12.263437	19.15%	0
2018.....	11.728431	10.292026	-12.25%	0
2017.....	10.282568	11.728431	14.06%	0
2016.....	9.753063	10.282568	5.43%	0
2015.....	10.229962	9.753063	-4.66%	0
2014.....	10.118587	10.229962	1.10%	0
2013.....	8.257251	10.118587	22.54%	0
2012.....	7.398597	8.257251	11.61%	0
<b>Nationwide Variable Insurance Trust - NVIT Investor Destinations Balanced Fund: Class II - Q/NQ</b>				
2019.....	13.041774	14.486052	11.07%	0
2018.....	14.236177	13.041774	-8.39%	0
2017.....	13.300981	14.236177	7.03%	0
2016.....	12.991733	13.300981	2.38%	0
2015.....	13.514402	12.991733	-3.87%	0
2014.....	13.418374	13.514402	0.72%	0
2013.....	12.284717	13.418374	9.23%	0
2012.....	11.663142	12.284717	5.33%	0



**Maximum Additional Contract Options Elected Total - 3.70%**  
**Variable account charges of the daily net assets of the variable account - 3.70%**

<u>Period</u>	<u>Beginning Value</u>	<u>Ending Value</u>	<u>Percentage Change</u>	<u>Units</u>
<b>Nationwide Variable Insurance Trust - NVIT Investor Destinations Capital Appreciation Fund: Class II - Q/NQ</b>				
2019.....	15.278390	17.647069	15.50%	0
2018.....	16.966789	15.278390	-9.95%	0
2017.....	15.344348	16.966789	10.57%	0
2016.....	14.787702	15.344348	3.76%	0
2015.....	15.438053	14.787702	-4.21%	0
2014.....	15.237068	15.438053	1.32%	0
2013.....	13.241008	15.237068	15.07%	0
2012.....	12.250281	13.241008	8.09%	0
<b>Nationwide Variable Insurance Trust - NVIT Investor Destinations Conservative Fund: Class II - Q/NQ</b>				
2019.....	9.179717	9.682820	5.48%	0
2018.....	9.709513	9.179717	-5.46%	0
2017.....	9.539401	9.709513	1.78%	0
2016.....	9.499832	9.539401	0.42%	0
2015.....	9.838802	9.499832	-3.45%	0
2014.....	9.834239	9.838802	0.05%	0
2013.....	9.741397	9.834239	0.95%	0
2012.....	9.618795	9.741397	1.27%	0
<b>Nationwide Variable Insurance Trust - NVIT Investor Destinations Managed Growth &amp; Income Fund: Class II - Q/NQ</b>				
2019.....	9.805544	10.671144	8.83%	0
2019.....	9.794400	10.658047	8.82%	0
2018.....	10.779354	9.794400	-9.14%	0
2017.....	9.815073	10.779354	9.82%	0
2016.....	9.640805	9.815073	1.81%	0
2015.....	10.346648	9.640805	-6.82%	0
2014.....	10.486676	10.346648	-1.34%	0
2013*.....	10.000000	10.486676	4.87%	0
<b>Nationwide Variable Insurance Trust - NVIT Investor Destinations Managed Growth Fund: Class II - Q/NQ</b>				
2019.....	10.055558	11.160127	10.98%	0
2019.....	10.068180	11.175447	11.00%	0
2018.....	11.117276	10.055558	-9.55%	0
2017.....	9.868967	11.117276	12.65%	0
2016.....	9.581074	9.868967	3.00%	0
2015.....	10.358979	9.581074	-7.51%	0
2014.....	10.573718	10.358979	-2.03%	0
2013*.....	10.000000	10.573718	5.74%	0
<b>Nationwide Variable Insurance Trust - NVIT Investor Destinations Moderate Fund: Class II - Q/NQ</b>				
2019.....	10.211098	11.578280	13.39%	0
2018.....	11.244433	10.211098	-9.19%	0
2017.....	10.338656	11.244433	8.76%	0
2016.....	10.019068	10.338656	3.19%	0
2015.....	10.438995	10.019068	-4.02%	0
2014.....	10.306099	10.438995	1.29%	0
2013.....	9.176187	10.306099	12.31%	0
2012.....	8.599774	9.176187	6.70%	0

**Maximum Additional Contract Options Elected Total - 3.70%**  
**Variable account charges of the daily net assets of the variable account - 3.70%**

<u>Period</u>	<u>Beginning Value</u>	<u>Ending Value</u>	<u>Percentage Change</u>	<u>Units</u>
<b>Nationwide Variable Insurance Trust - NVIT Investor Destinations Moderately Aggressive Fund: Class II - Q/NQ</b>				
2019.....	10.333916	12.123878	17.32%	0
2018.....	11.632138	10.333916	-11.16%	0
2017.....	10.351185	11.632138	12.37%	0
2016.....	9.907430	10.351185	4.48%	0
2015.....	10.363774	9.907430	-4.40%	0
2014.....	10.253702	10.363774	1.07%	0
2013.....	8.700537	10.253702	17.85%	0
2012.....	7.942662	8.700537	9.54%	0
<b>Nationwide Variable Insurance Trust - NVIT Investor Destinations Moderately Conservative Fund: Class II - Q/NQ</b>				
2019.....	9.838150	10.751597	9.28%	0
2018.....	10.614471	9.838150	-7.31%	0
2017.....	10.091510	10.614471	5.18%	0
2016.....	9.912794	10.091510	1.80%	0
2015.....	10.296835	9.912794	-3.73%	0
2014.....	10.208624	10.296835	0.86%	0
2013.....	9.593923	10.208624	6.41%	0
2012.....	9.221992	9.593923	4.03%	0

## Appendix C: Contract Types and Tax Information

### Types of Contracts

The contracts described in this prospectus are classified according to the tax treatment to which they are subject under the Internal Revenue Code (the "Code"). Following is a general description of the various contract types. Eligibility requirements, tax benefits (if any), limitations, and other features of the contracts will differ depending on contract type.

#### **Non-Qualified Contracts**

A non-qualified contract is a contract that does not qualify for certain tax benefits under the Code, such as deductibility of purchase payments, and which is not an IRA, Roth IRA, SEP IRA, Simple IRA, or tax sheltered annuity.

Upon the death of the owner of a non-qualified contract, mandatory distribution requirements are imposed to ensure distribution of the entire balance in the contract within a required period.

Non-qualified contracts that are owned by natural persons allow the deferral of taxation on the income earned in the contract until it is distributed or deemed to be distributed. Non-qualified contracts that are owned by non-natural persons, such as trusts, corporations, and partnerships are generally subject to current income tax on the income earned inside the contract, unless the non-natural person owns the contract as an agent of a natural person.

#### **Charitable Remainder Trusts**

Charitable Remainder Trusts are trusts that meet the requirements of Section 664 of the Code. Non-Qualified Contracts that are issued to Charitable Remainder Trusts will differ from other Non-Qualified Contracts in three respects:

- (1) Waiver of sales charges. In addition to any sales load waivers included in the contract, Charitable Remainder Trusts may also withdraw the difference between:
  - (a) the contract value on the day before the withdrawal; and
  - (b) the total amount of purchase payments made to the contract (less an adjustment for amounts surrendered).
- (2) Contract ownership at annuitization. On the annuitization date, if the contract owner is a Charitable Remainder Trust, the Charitable Remainder Trust will continue to be the contract owner and the annuitant will NOT become the contract owner.
- (3) Recipient of death benefit proceeds. With respect to the death benefit proceeds, if the contract owner is a Charitable Remainder Trust, the death benefit is payable to the Charitable Remainder Trust. Any designation in conflict with the Charitable Remainder Trust's right to the death benefit will be void.

While these provisions are intended to facilitate a Charitable Remainder Trust's ownership of this contract, the rules governing Charitable Remainder Trusts are numerous and complex. A Charitable Remainder Trust that is considering purchasing this contract should seek the advice of a qualified tax and/or financial professional prior to purchasing the contract. An annuity that has a Charitable Remainder Trust endorsement is not a Charitable Remainder Trust; the endorsement is merely to facilitate ownership of the contract by a Charitable Remainder Trust.

#### **Individual Retirement Annuities (IRAs)**

IRAs are contracts that satisfy the provisions of Section 408(b) of the Code, including the following requirements:

- the contract is not transferable by the owner;
- the premiums are not fixed;
- if the contract owner is younger than age 50, the annual premium cannot exceed \$6,000; if the contract owner is age 50 or older, the annual premium cannot exceed \$7,000 (although rollovers of greater amounts from Qualified Plans, Tax Sheltered Annuities, certain 457 governmental plans, and other IRAs can be received);
- certain minimum distribution requirements must be satisfied after the owner attains the age of 70½ prior to January 1, 2020. See *Tax Changes* for the change the SECURE Act made to this requirement;
- the entire interest of the owner in the contract is nonforfeitable; and
- after the death of the owner, additional distribution requirements may be imposed to ensure distribution of the entire balance in the contract within the statutory period of time.

Depending on the circumstance of the owner, all or a portion of the contributions made to the account may be deducted for federal income tax purposes.

IRAs may receive rollover contributions from other individual retirement accounts, other individual retirement annuities, tax sheltered annuities, certain 457 governmental plans, and qualified retirement plans (including 401(k) plans).

When the owner of an IRA attains the age of 70½ prior to January 1, 2020, the Code requires that certain minimum distributions be made. The SECURE Act was enacted on December 20, 2019 and increased the age an IRA owner is required to begin certain minimum distributions from age 70½ to age 72. However, the change only applies to an IRA owner who attains age 72 on or after January 1, 2020. In addition, upon the death of the owner of an IRA, mandatory distribution requirements are imposed by the Code to ensure distribution of the entire contract value within the required statutory period. Due to recent changes in Treasury Regulations, the amount used to compute the mandatory distributions may exceed the contract value.

Failure to make the mandatory distributions can result in an additional penalty tax of 50% of the excess of the amount required to be distributed over the amount that was actually distributed.

For further details regarding IRAs, refer to the disclosure statement provided when the IRA was established and the annuity contract's IRA endorsement.

As used herein, the term "individual retirement plans" shall refer to both individual retirement annuities and individual retirement accounts that are described in Section 408 of the Code.

### ***One-Rollover-Per-Year Limitation***

A contract owner can receive a distribution from an IRA and roll it into another IRA within 60 days from the date of the distribution and not have the amount of the distribution included in taxable income. Only one rollover per year from a contract owner's IRA is allowed. The one-year period begins on the date the contract owner receives the IRA distribution, and not on the date the IRA was rolled over. The Internal Revenue Service ("IRS") has interpreted this one-rollover-per-year limitation as applying separately to each IRA a contract owner owns.

However, on March 20, 2014, the IRS issued Announcement 2014-15 in which it decided to follow the Tax Court's interpretation of the one rollover per year rule in the Bobrow case. In Bobrow, the Tax Court interpreted the one-rollover-per-year limitation as applying in the aggregate to all the IRAs that a taxpayer owns. This means that a contract owner cannot make an IRA rollover distribution if, within the previous one year period, an IRA rollover distribution was taken from any other IRAs owned. Also, rollovers between an individual's Roth IRAs would prevent a separate rollover within the 1-year period between the individual's traditional IRAs, and vice versa.

Direct transfers IRA funds between IRA trustees are not subject to the one rollover per year limitation because such transfers are not considered rollover distributions. Also, a rollover from a traditional IRA to a Roth IRA (a conversion) is not subject to the one roll over per year limitation, and such a rollover is disregarded in applying the one rollover per year limitation to other rollovers.

### ***Roth IRAs***

Roth IRA contracts are contracts that satisfy the provisions of Section 408A of the Code, including the following requirements:

- the contract is not transferable by the owner;
- the premiums are not fixed;
- if the contract owner is younger than age 50, the annual premium cannot exceed \$6,000; if the contract owner is age 50 or older, the annual premium cannot exceed \$7,000 (although rollovers of greater amounts from other Roth IRAs and other individual retirement plans can be received);
- the entire interest of the owner in the contract is nonforfeitable; and
- after the death of the owner, certain distribution requirements may be imposed to ensure distribution of the entire balance in the contract within the statutory period of time.

A Roth IRA can receive a rollover from an individual retirement plan or another eligible retirement plan; however, the amount rolled over from the individual retirement plan or other eligible retirement plan to the Roth IRA is required to be included in the owner's federal gross income at the time of the rollover, and will be subject to federal income tax. However, a rollover or conversion of an amount from an IRA or eligible retirement plan after December 31, 2017 cannot be recharacterized back to an IRA.

For further details regarding Roth IRAs, please refer to the disclosure statement provided when the Roth IRA was established and the annuity contract's IRA endorsement.

### ***Simplified Employee Pension IRAs (SEP IRA)***

A SEP IRA is a written plan established by an employer for the benefit of employees which permits the employer to make contributions to an IRA established for the benefit of each employee.

An employee may make deductible contributions to a SEP IRA subject to the same restrictions and limitations as an IRA. In addition, the employer may make contributions to the SEP IRA, subject to dollar and percentage limitations imposed by both the Code and the written plan.

A SEP IRA plan must satisfy:

- minimum participation rules;
- top-heavy contribution rules;
- nondiscriminatory allocation rules; and
- requirements regarding a written allocation formula.

In addition, the plan cannot restrict withdrawals of non-elective contributions, and must restrict withdrawals of elective contributions before March 15th of the following year.

When the owner of a SEP IRA attains the age of 70½ prior to January 1, 2020, the Code requires that certain minimum distributions be made. The SECURE Act enacted on December 20, 2019 increased the age an IRA owner is required to begin certain minimum distributions from age 70½ to age 72. However, the change only applies to an IRA owner who attains age 72 on or after January 1, 2020. Due to recent changes in Treasury Regulations, the amount used to compute the minimum distributions may exceed the contract value. In addition, upon the death of the owner of a SEP IRA, mandatory distribution requirements are imposed by the Code to ensure distribution of the entire contract value within the required statutory period.

### ***Simple IRAs***

A Simple IRA is an Individual Retirement Annuity that is funded exclusively by a qualified salary reduction arrangement and satisfies:

- vesting requirements;
- participation requirements; and
- administrative requirements.

The funds contributed to a Simple IRA cannot be commingled with funds in other individual retirement plans or SEP IRAs.

A Simple IRA cannot receive rollover distributions except from another Simple IRA.

When the owner of a Simple IRA attains the age of 70½ prior to January 1, 2020, the Code requires that certain minimum distributions be made. The SECURE Act enacted on December 20, 2019 increased the age an IRA owner is required to begin certain minimum distributions from age 70½ to age 72. However, the change only applies to an IRA owner who attains age 72 on or after January 1, 2020. Due to recent changes in Treasury Regulations, the amount used to compute the minimum distributions may exceed the contract value. In addition, upon the death of the owner of a Simple IRA, mandatory distribution requirements are imposed by the Code to ensure distribution of the entire contract value within the required statutory period.

### ***Tax Sheltered Annuities***

Certain tax-exempt organizations (described in Section 501(c)(3) of the Code) and public school systems may establish a plan under which annuity contracts can be purchased for their employees. These annuity contracts are often referred to as Tax Sheltered Annuities.

Purchase payments made to Tax Sheltered Annuities are excludable from the income of the employee, up to statutory maximum amounts. These amounts should be set forth in the plan adopted by the employer.

Tax Sheltered Annuities may receive rollover contributions from Individual Retirement Accounts, Individual Retirement Annuities, other Tax Sheltered Annuities, certain 457 governmental plans, and qualified retirement plans (including 401(k) plans).

The owner's interest in the contract is nonforfeitable (except for failure to pay premiums) and cannot be transferred.

When the owner of a Tax Sheltered Annuity attains the age of 70½ (age 72 for those contract owners who turn age 72 on or after January 1, 2020), the Code requires that certain minimum distributions be made. Due to recent changes in Treasury Regulations, the amount used to compute the minimum distributions may exceed the contract value. In addition, upon the death of the owner of a Tax Sheltered Annuity, mandatory distribution requirements are imposed by the Code to ensure distribution of the entire contract value within the required statutory period.

Final 403(b) Regulations issued by the Internal Revenue Service impose certain restrictions on non-taxable transfers or exchanges of one 403(b) Tax Sheltered Annuity contract for another. Nationwide will no longer issue or accept applications for new and/or in-service transfers to new or existing Nationwide individual 403(b) Tax Sheltered Annuity contracts used for salary reduction plans not subject to ERISA. Nationwide will continue to accept applications and in-service transfers for individual 403(b) Tax Sheltered Annuity contracts used for 403(b) plans that are subject to ERISA and certain state Optional Retirement Plans and/or Programs that have purchased at least one individual annuity contract issued by Nationwide prior to September 25, 2007.

Commencing in 2009, Tax Sheltered Annuities must be issued pursuant to a written plan, and the plan must satisfy various administrative requirements. Check with your employer to ensure that these requirements will be satisfied in a timely manner.

### ***Investment Only (Qualified Plans)***

Contracts that are owned by Qualified Plans are not intended to confer tax benefits on the beneficiaries of the plan; they are used as investment vehicles for the plan. The income tax consequences to the beneficiary of a Qualified Plan are controlled by the operation of the plan, not by operation of the assets in which the plan invests.

Beneficiaries of Qualified Plans should contact their employer and/or trustee of the plan to obtain and review the plan, trust, summary plan description and other documents for the tax and other consequences of being a participant in a Qualified Plan.

## **Federal Tax Considerations**

### ***Federal Income Taxes***

The tax consequences of purchasing a contract described in this prospectus will depend on:

- the type of contract purchased;
- the purposes for which the contract is purchased; and
- the personal circumstances of individual investors having interests in the contracts.

Existing tax rules are subject to change and may affect individuals differently depending on their situation. Nationwide does not guarantee the tax status of any contracts or any transactions involving the contracts.

The following is a brief summary of some of the federal income tax considerations related to the types of contracts sold in connection with this prospectus. In addition to the federal income tax, distributions from annuity contracts may be subject to state and local income taxes. Nothing in this prospectus should be considered to be tax advice. Purchasers and prospective purchasers of the contract should consult a financial professional, tax advisor, or legal counsel to discuss the taxation and use of the contracts.

### ***IRAs, SEP IRAs, and Simple IRAs***

Distributions from IRAs, SEP IRAs, and Simple IRAs are generally taxed as ordinary income when received. If any of the amounts contributed to the Individual Retirement Annuity was non-deductible for federal income tax purposes, then a portion of each distribution is excludable from income.

If distributions of income from an IRA are made prior to the date that the owner attains the age of 59½ years, the income is subject to an additional penalty tax of 10% unless an exception applies. (For Simple IRAs, the 10% penalty is increased to 25% if the distribution is made during the 2-year period beginning on the date that the individual first participated in the Simple IRA.) The 10% penalty tax can be avoided if the distribution is:

- made to a beneficiary on or after the death of the owner;
- attributable to the owner becoming disabled (as defined in the Code);

- part of a series of substantially equal periodic payments made not less frequently than annually for the life (or life expectancy) of the owner, or the joint lives (or joint life expectancies) of the owner and his or her designated beneficiary;
- used for qualified higher education expenses; or
- used for expenses attributable to the purchase of a home for a qualified first-time buyer.

If the contract owner dies before the contract is completely distributed, the balance will be included in the contract owner's gross estate for tax purposes.

#### *Roth IRAs*

Distributions of earnings from Roth IRAs are taxable or nontaxable depending upon whether they are "qualified distributions" or "non-qualified distributions." A "qualified distribution" is one that is made after the Roth IRA has satisfied the five-year rule and meets one of the following requirements:

- it is made on or after the date on which the contract owner attains age 59½;
- it is made to a beneficiary (or the contract owner's estate) on or after the death of the contract owner;
- it is attributable to the contract owner's disability; or
- it is used for expenses attributable to the purchase of a home for a qualified first-time buyer.

The five-year rule is satisfied if a five tax-year period has passed beginning with the first tax year in which a contribution is made to any Roth IRA established by the owner.

A qualified distribution is not included in gross income for federal income tax purposes.

A non-qualified distribution is not includable in gross income to the extent that the distribution, when added to all previous distributions, does not exceed the total amount of contributions made to the Roth IRA. Any non-qualified distribution in excess of total contributions is includable in the contract owner's gross income as ordinary income in the year that it is distributed to the contract owner.

Special rules apply for Roth IRAs that have proceeds received from an individual retirement plan prior to January 1, 1999 if the owner elected the special four-year income averaging provisions that were in effect for 1998.

If non-qualified distributions of income from a Roth IRA are made prior to the date that the owner attains the age of 59½ years, the income is subject to an additional penalty tax of 10% unless an exception applies. The penalty tax can be avoided if the distribution is:

- made to a beneficiary on or after the death of the owner;
- attributable to the owner becoming disabled (as defined in the Code);
- part of a series of substantially equal periodic payments made not less frequently than annually for the life (or life expectancy) of the owner, or the joint lives (or joint life expectancies) of the owner and his or her designated beneficiary;
- for qualified higher education expenses; or
- used for expenses attributable to the purchase of a home for a qualified first-time buyer.

If the contract owner dies before the contract is completely distributed, the balance will be included in the contract owner's gross estate for tax purposes.

#### *Tax Sheltered Annuities*

Distributions from Tax Sheltered Annuities are generally taxed when received. If nondeductible contributions are made, then a portion of each distribution after the annuitization date is excludable from income based on a formula established pursuant to the Code. The formula excludes from income the amount invested in the contract divided by the number of anticipated payments until the full investment in the contract is recovered. Thereafter all distributions are fully taxable.

If a distribution of income is made from a Tax Sheltered Annuity prior to the date that the owner attains the age of 59½ years, the income is subject to both the regular income tax and an additional penalty tax of 10%. The penalty tax can be avoided if the distribution is:

- made to a beneficiary on or after the death of the owner;
- attributable to the owner becoming disabled (as defined in the Code);

- part of a series of substantially equal periodic payments made not less frequently than annually made for the life (or life expectancy) of the owner, or the joint lives (or joint life expectancies) of the owner and his or her designated beneficiary; or
- made to the owner after separation from service with his or her employer after age 55.

When the owner of a Tax Shelter Annuity attains the age of 70½ prior to January 1, 2020, the Code requires that certain minimum distributions be made. The SECURE Act enacted on December 20, 2019 increased the age an owner of a Tax Sheltered Annuity is required to begin certain minimum distributions from age 70 ½ to age 72. However, the change only applies to an owner of a Tax Sheltered annuity who attains age 72 on or after January 1, 2020. Due to recent changes in Treasury Regulations, the amount used to compute the minimum distributions may exceed the contract value. In addition, upon the death of the owner of a Tax Sheltered Annuity, mandatory distribution requirements are imposed by the Code to ensure distribution of the entire contract value within the required statutory period.

A loan from a Tax Sheltered Annuity generally is not considered to be a distribution, and is therefore generally not taxable. However, if the loan is not repaid in accordance with the repayment schedule, the entire balance of the loan would be treated as being in default, and the defaulted amount would be treated as being distributed to the participant as a taxable distribution.

If the contract owner dies before the contract is completely distributed, the balance will be included in the contract owner's gross estate for tax purposes.

#### *Non-Qualified Contracts - Natural Persons as Contract Owners*

Generally, the income earned inside a non-qualified annuity contract that is owned by a natural person is not taxable until it is distributed from the contract.

Distributions before the annuitization date are taxable to the contract owner to the extent that the cash value of the contract exceeds the investment in the contract at the time of the distribution. In general, the investment in the contract is equal to the purchase payments made with after-tax dollars reduced by any prior nontaxable distribution. Distributions, for this purpose, include full and partial surrenders, any portion of the contract that is assigned or pledged as collateral for a loan, amounts borrowed from the contract, or any portion of the contract that is transferred by gift. For these purposes, a transfer by gift may occur upon annuitization if the contract owner and the annuitant are not the same individual.

With respect to annuity distributions on or after the annuitization date, a portion of each annuity payment is excludable from taxable income. The amount excludable from each annuity payment is determined by multiplying the annuity payment by a fraction which is equal to the contract owner's investment in the contract, divided by the expected return on the contract. Once the entire investment in the contract is recovered, all distributions are fully includable in income. The maximum amount excludable from income is the investment in the contract. If the annuitant dies before the entire investment in the contract has been excluded from income, and as a result of the annuitant's death no more payments are due under the contract, then the unrecovered investment in the contract may be deducted on his or her final tax return.

Commencing after December 31, 2010, the Code provides that if only a portion of a non-qualified annuity contract is annuitized for either (a) a period of 10 years or greater, or (b) for the life or lives of one or more persons, then the portion of the contract that has been annuitized would be treated as if it were a separate annuity contract. This means that an annuitization date can be established for a portion of the annuity contract (rather than requiring the entire contract to be annuitized at once) and the above description of the taxation of annuity distributions after the annuitization date would apply to the portion of the contract that has been annuitized. The investment in the contract is required to be allocated pro rata between the portion of the contract that is annuitized and the portion that is not. All other benefits under the contract (e.g., death benefit) would also be reduced pro rata. For example, if 1/3 of the cash value of the contract were to be annuitized, the death benefit would also be reduced by 1/3.

In determining the taxable amount of a distribution that is made prior to the annuitization date, all annuity contracts issued after October 21, 1988 by the same company to the same contract owner during the same calendar year will be treated as one annuity contract.

A special rule applies to distributions from contracts that have investments in the contract that were made prior to August 14, 1982. For those contracts, distributions that are made prior to the annuitization date are treated first as the nontaxable recovery of the investment in the contract as of that date. A distribution in excess of the amount of the investment in the contract as of August 14, 1982, will be treated as taxable income.



The Code imposes a penalty tax if a distribution is made before the contract owner reaches age 59½. The amount of the penalty is 10% of the portion of any distribution that is includable in gross income. The penalty tax does not apply if the distribution is:

- the result of a contract owner's death;
- the result of a contract owner's disability (as defined in the Code);
- one of a series of substantially equal periodic payments made over the life (or life expectancy) of the contract owner or the joint lives (or joint life expectancies) of the contract owner and the beneficiary selected by the contract owner to receive payment under the annuity payment option selected by the contract owner; or
- is allocable to an investment in the contract before August 14, 1982.

If the contract owner dies before the contract is completely distributed, the balance will be included in the contract owner's gross estate for tax purposes.

#### *Non-Qualified Contracts - Non-Natural Persons as Contract Owners*

The previous discussion related to the taxation of non-qualified contracts owned by individuals. Different rules (the so-called "non-natural persons" rules) apply if the contract owner is not a natural person.

Generally, contracts owned by corporations, partnerships, trusts, and similar entities are not treated as annuity contracts for most purposes of the Code. Therefore, income earned under a non-qualified contract that is owned by a non-natural person is taxed as ordinary income during the taxable year in which it is earned. Taxation is not deferred, even if the income is not distributed out of the contract. The income is taxable as ordinary income, not capital gain.

The non-natural persons rules do not apply to all entity-owned contracts. For purposes of the non-natural persons rule, a contract that is owned by a non-natural person as an agent of an individual is treated as owned by the individual. This would cause the contract to be treated as an annuity under the Code, allowing tax deferral. However, this exception does not apply when the non-natural person is an employer that holds the contract under a non-qualified deferred compensation arrangement for one or more employees.

The non-natural persons rules also do not apply to contracts that are:

- acquired by the estate of a decedent by reason of the death of the decedent;
- issued in connection with certain qualified retirement plans and individual retirement plans;
- purchased by an employer upon the termination of certain qualified retirement plans; or
- immediate annuities within the meaning of Section 72(u) of the Code.

If the annuitant, who is the individual treated as owning the contract, dies before the contract is completely distributed, the balance may be included in the annuitant's gross estate for tax purposes, depending on the obligations that the non-natural owner may have owed to the annuitant.

#### **Exchanges**

As a general rule, federal income tax law treats exchanges of property in the same manner as a sale of the property. However, pursuant to Section 1035 of the Code, an annuity contract may be exchanged tax-free for another annuity contract, provided that the obligee (the person to whom the annuity obligation is owed) is the same for both contracts. If the exchange includes the receipt of other property, such as cash, in addition to another annuity contract, special rules may cause a portion of the transaction to be taxable to the extent of the value of the other property.

#### *Tax Treatment of a Partial 1035 Exchange With Subsequent Withdrawal*

In June 2011, the Internal Revenue Service issued Rev. Proc. 2011-38, which addresses the income tax consequences of the direct transfer of a portion of the cash value of an annuity contract in exchange for the issuance of a second annuity contract. Rev. Proc. 2011-38 modified and superseded prior guidance that was contained in Rev. Proc. 2008-24. A direct transfer that satisfies the revenue procedure will be treated as a tax-free exchange under Section 1035 of the Code if, for a period of at least 180 days from the date of the direct transfer, there are no distributions or surrenders from either annuity contract involved in the exchange. In addition, the 180-day period will be deemed to have been satisfied with respect to amounts received as an annuity for a period of 10 years or more, or as an annuity for the life of one or more persons. The taxation of distributions (other than distributions described in the immediately preceding sentence) received from either contract within the 180-day period will be determined using general tax principles to determine the substance of those payments. For example, they could be treated as taxable "boot" in an otherwise tax-free exchange, or as a

distribution from the new contract. Rev. Proc. 2011-38 also removed numerous exceptions to the 180-day waiting period that Rev. Proc. 2008-24 provided for in its 12-month waiting period. Please discuss any tax consequences concerning any contemplated or completed transactions with a professional tax advisor.

### ***Taxation of Lifetime Withdrawals Under the CPPLI Option and the Nationwide Lifetime Income Riders***

While the tax treatment for withdrawals for benefits such as CPPLI Option and the Nationwide Lifetime Income Riders is not clear under federal tax law, Nationwide intends to treat withdrawals under these options as taxable to the extent that the cash value of the contract exceeds the contract owner's investment in the contract at the time of the withdrawal. Specifically, Nationwide intends to treat the following amount of each withdrawal as a taxable distribution:

The greater of:

- (1) A–C; or
- (2) B–C,

Where:

- A = the contract value immediately before the withdrawal;
- B = the guaranteed annual benefit amount immediately before the withdrawal; and
- C = the remaining investment in the contract.

In certain circumstances, this treatment could result in the contract value being less than the investment in the contract after such a withdrawal. If the Contract Owner subsequently takes withdrawals from the contract under such circumstances, the Contract Owner would have a loss that may be deductible. If the Contract Owner purchases one of these options in an IRA, withdrawals in excess of the annual benefit amount may be required to satisfy the minimum distribution requirements under the Code. Consult a qualified tax adviser.

### ***Same-Sex Marriages, Domestic Partnership, and Other Similar Relationships***

The Treasury issued final regulations that address what relationships are considered marriages for federal tax purposes. The final regulations definition of a marriage reflects the United States Supreme Court holdings in Windsor and Obergefell, as well as Rev. Proc. 2017-13.

The final regulations define the terms "spouse", "husband", "wife", and "husband and wife" to be gender neutral so that such terms can apply equally to same sex couples and opposite sex couples. In addition, the regulations adopt the "place of celebration" rule to determine marital status for federal tax purposes. A marriage of two individuals is recognized for federal tax purposes if the marriage is recognized by a state, possession, or territory of the US in which the marriage was entered into, regardless of the couples place of domicile. Also a marriage entered into in a foreign jurisdiction will be recognized for federal tax purposes if that marriage would be recognized in at least one state, possession, or territory of the US.

Finally, the regulations adopt the holding of Rev. Proc. 2013-17 that relationships entered into as civil unions, or registered domestic partnerships that are not denominated as marriages under state law are not marriages for federal tax purposes. Therefore, the favorable income-tax deferral options afforded by federal tax law to a married spouse under Code Sections 72 and 401(a)(9) are not available to individuals who have entered into these formal relationships.

### ***Withholding***

Pre-death distributions from the contracts are subject to federal income tax. Nationwide is required to withhold the tax from the distributions unless the contract owner requests otherwise. Under some circumstances, the Code will not permit contract owners to waive withholding. Such circumstances include:

- if the payee does not provide Nationwide with a taxpayer identification number; or
- if Nationwide receives notice from the Internal Revenue Service that the taxpayer identification number furnished by the payee is incorrect.

If a contract owner is prohibited from waiving withholding, as described above, the portion of the distribution that represents income will be subject to withholding rates established by Section 3405 of the Code.

If the distribution is from a Tax Sheltered Annuity, it will be subject to mandatory 20% withholding that cannot be waived, unless:

- the distribution is made directly to another Tax Sheltered Annuity, qualified pension or profit-sharing plan described in Section 401(a), an eligible deferred compensation plan described in Section 457(b) which is maintained by an eligible employer described in section 457(e)(1)(A) or individual retirement plan; or
- the distribution satisfies the minimum distribution requirements imposed by the Code.

### ***Non-Resident Aliens***

Generally, a pre-death distribution from a contract to a non-resident alien is subject to federal income tax at a rate of 30% of the amount of income that is distributed.

Nationwide is required to withhold this amount and send it to the Internal Revenue Service. Some distributions to non-resident aliens may be subject to a lower (or no) tax if a treaty applies. In order to obtain the benefits of such a treaty, the non-resident alien must:

- (1) provide Nationwide with a properly completed withholding certificate claiming the treaty benefit of a lower tax rate or exemption from tax; and
- (2) provide Nationwide with an individual taxpayer identification number.

If the non-resident alien does not meet the above conditions, Nationwide will withhold 30% of income from the distribution.

Another exemption from the 30% withholding rate is available if the non-resident alien provides Nationwide with sufficient evidence that:

- (1) the distribution is connected to the non-resident alien's conduct of business in the United States;
- (2) the distribution is includable in the non-resident alien's gross income for United States federal income tax purposes; and
- (3) provide Nationwide with a properly completed withholding certificate claiming the exemption.

Note that for the preceding exemption, the distributions would be subject to the same withholding rules that are applicable to payments to United States persons.

This prospectus does not address any tax matters that may arise by reason of application of the laws of a non-resident alien's country of citizenship and/or country of residence. Purchasers and prospective purchasers should consult a financial professional, tax advisor or legal counsel to discuss the applicability of laws of those jurisdictions to the purchase or ownership of a contract.

### ***FATCA***

Under Sections 1471 through 1474 of the Internal Revenue Code (commonly referred to as FATCA), distributions from a contract to a foreign financial institution or to a nonfinancial foreign entity, each as described by FATCA, may be subject to United States tax withholding at a flat rate equal to 30% of the taxable amount of the distribution, irrespective of the status of any beneficial owner of the contract or of the distribution. Nationwide may require a contract owner to provide certain information or documentation (e.g., Form W-9 or Form W-8BEN) to determine its withholding requirements under FATCA.

### ***Additional Medicare Tax***

Section 1411 of the Code imposes a surtax of 3.8% on certain net investment income received by individuals and certain trusts and estates. The surtax is imposed on the lesser of (a) net investment income or (b) the excess of the modified adjusted gross income over a threshold amount. For individuals, the threshold amount is \$250,000 (married filing jointly); \$125,000 (married filing separately); or \$200,000 (other individuals). The threshold for an estate or trust for 2020 is \$7,500.

Modified adjusted gross income is equal to adjusted gross income with several modifications; consult with a qualified tax advisor regarding how to determine modified adjusted gross income for purposes of determining the applicability of the surtax.

Net investment income includes, but is not limited to, interest, dividends, capital gains, rent and royalty income, and income from nonqualified annuities. Net investment income does not include, among other things, distributions from certain qualified plans (such as IRAs, Roth IRAs, and plans described in Code Sections 401(a), 401(k), 403(a), 403(b) or 457(b)); however, such distributions, to the extent that they are includable in income for federal income tax purposes, are includable in modified adjusted gross income.

## **Federal Estate, Gift and Generation Skipping Transfer Taxes**

The following transfers may be considered a gift for federal gift tax purposes:

- a transfer of the contract from one contract owner to another; or
- a distribution to someone other than a contract owner.

Upon the contract owner's death, the value of the contract may be subject to estate taxes, even if all or a portion of the value is also subject to federal income taxes.

Section 2612 of the Code may require Nationwide to determine whether a death benefit or other distribution is a "direct skip" and the amount of the resulting generation skipping transfer tax, if any. A direct skip is when property is transferred to, or a death benefit or other distribution is made to:

- (a) an individual who is two or more generations younger than the contract owner; or
- (b) certain trusts, as described in Section 2613 of the Code (generally, trusts that have no beneficiaries who are not two or more generations younger than the contract owner).

If the contract owner is not an individual, then for this purpose only, "contract owner" refers to any person:

- who would be required to include the contract, death benefit, distribution, or other payment in his or her federal gross estate at his or her death; or
- who is required to report the transfer of the contract, death benefit, distribution, or other payment for federal gift tax purposes.

If a payment is subject to the generation skipping transfer tax, Nationwide may be required to deduct the amount of the transfer tax from the death benefit, distribution or other payment, and remit it directly to the Internal Revenue Service.

### **Charge for Tax**

Nationwide is not required to maintain a capital gain reserve liability on non-qualified contracts. If tax laws change requiring a reserve, Nationwide may implement and adjust a tax charge.

### **Diversification**

Code Section 817(h) contains rules on diversification requirements for variable annuity contracts. A variable annuity contract that does not meet these diversification requirements will not be treated as an annuity, unless:

- the failure to diversify was inadvertent;
- the failure is corrected; and
- a fine is paid to the Internal Revenue Service.

The amount of the fine will be the amount of tax that would have been paid by the contract owner if the income, for the period the contract was not diversified, had been received by the contract owner.

If the violation is not corrected, the contract owner will be considered the owner of the underlying securities and will be taxed on the earnings of his or her contract. Nationwide believes that the investments underlying this contract meet these diversification requirements.

Representatives of the Internal Revenue Service have informally suggested, from time to time, that the number of underlying mutual funds available or the number of transfer opportunities available under a variable product may be relevant in determining whether the product qualifies for the desired tax treatment. In 2003, the Internal Revenue Service issued formal guidance, in Revenue Ruling 2003-91, indicating that if the number of underlying mutual funds available in a variable insurance product does not exceed 20, the number of underlying mutual funds alone would not cause the contract to fail to qualify for the desired tax treatment. The Internal Revenue Service has also indicated that exceeding 20 investment options may be considered a factor, along with other factors including the number of transfer opportunities available under the contract, when determining whether the contract qualifies for the desired tax treatment. The revenue ruling did not indicate the actual number of underlying mutual funds that would cause the contract to not provide the desired tax treatment. Should the U.S. Secretary of the Treasury issue additional rules or regulations limiting the number of underlying mutual funds, transfers between underlying mutual funds, exchanges of underlying mutual funds or changes in investment objectives of underlying mutual funds such that the contract would no longer qualify for tax deferred treatment under Section 72 of the Code, Nationwide will take whatever steps are available to remain in compliance.

Based on the above, the contract should be treated as an annuity contract for federal income tax purposes.

## Required Distributions

The Code requires that certain distributions be made from the contracts issued in conjunction with this prospectus. Following is an overview of the required distribution rules applicable to each type of contract. Consult a qualified tax or financial professional for more specific required distribution information.

If the Contract Owner purchases the CPPLI Option and the Nationwide Lifetime Income Riders, withdrawals in excess of the annual benefit amount may be required to satisfy the minimum distribution requirements under the Code. Consult a qualified tax adviser.

### ***Required Distributions - General Information***

In general, a beneficiary is an individual or other entity that the contract owner designates to receive death proceeds upon the contract owner's death. The distribution rules in the Code make a distinction between "beneficiary" and "designated beneficiary" when determining the life expectancy that may be used for payments that are made from IRAs, SEP IRAs, Simple IRAs, Roth IRAs and Tax Sheltered Annuities after the death of the contract owner, or that are made from non-qualified contracts after the death of the contract owner. A designated beneficiary is a natural person who is designated by the contract owner as the beneficiary under the contract. Non-natural beneficiaries (e.g. charities or certain trusts) are not designated beneficiaries for the purpose of required distributions and the life expectancy of such a beneficiary is zero.

Life expectancies and joint life expectancies will be determined in accordance with the relevant guidance provided by the Internal Revenue Service and the Treasury Department, including but not limited to Treasury Regulation 1.72-9 and Treasury Regulation 1.401(a)(9)-9.

Required distributions paid upon the death of the contract owner are paid to the beneficiary or beneficiaries stipulated by the contract owner. How quickly the distributions must be made may be determined with respect to the life expectancies of the beneficiaries. For non-qualified contracts, the beneficiaries used in the determination of the distribution period are those in effect on the date of the contract owner's death. For contracts other than non-qualified contracts, the beneficiaries used in the determination of the distribution period do not have to be determined until September 30 of the year following the contract owner's death. If there is more than one beneficiary, the life expectancy of the beneficiary with the shortest life expectancy is used to determine the distribution period. Any beneficiary that is not a designated beneficiary has a life expectancy of zero.

For IRAs, SEP IRAs, Simple IRAs, Roth IRAs and Tax-Sheltered Annuities, the SECURE Act that was enacted on December 20, 2019 generally eliminated the option to take required minimum distributions over a designated beneficiary's life expectancy. In the case of a contract owner who dies on or after January 1, 2020, an individual beneficiary under a qualified contract must withdraw the entire balance of the contract by December 31 of the tenth year following the contract owner's death. There are limited exceptions to this rule and a prospective purchaser contemplating the purchase of the contract should consult a qualified tax advisor.

### ***Required Distributions for Non-Qualified Contracts***

Code Section 72(s) requires Nationwide to make certain distributions when a contract owner dies. The following distributions will be made in accordance with the following requirements:

- (1) If any contract owner dies on or after the annuitization date and before the entire interest in the contract has been distributed, then the remaining interest must be distributed at least as rapidly as the distribution method in effect on the contract owner's death.
- (2) If any contract owner dies before the annuitization date, then the entire interest in the contract (consisting of either the death benefit or the contract value reduced by charges set forth elsewhere in the contract) must be distributed within five years of the contract owner's death, provided however:
  - (a) any interest payable to or for the benefit of a designated beneficiary may be distributed over the life of the designated beneficiary or over a period not longer than the life expectancy of the designated beneficiary. Payments must begin within one year of the contract owner's death unless otherwise permitted by federal income tax regulations; and
  - (b) if the designated beneficiary is the surviving spouse of the deceased contract owner, the spouse can choose to become the contract owner instead of receiving a death benefit. Any distributions required under these distribution rules will be made upon that spouse's death.

In the event that the contract owner is not a natural person (e.g., a trust or corporation), but is acting as an agent for a natural person, for purposes of these distribution provisions:

- (a) the death of the annuitant will be treated as the death of a contract owner;
- (b) any change of annuitant will be treated as the death of a contract owner; and
- (c) in either case, the appropriate distribution will be made upon the death or change, as the case may be.

These distribution provisions do not apply to any contract exempt from Section 72(s) of the Code by reason of Section 72(s)(5) or any other law or rule.

***Required Distributions for Tax Sheltered Annuities, IRAs, SEP IRAs, Simple IRAs, and Roth IRAs***

*Required Distributions During the Life of the Contract Owner*

For those contract owners who attained the age of 70 ½ prior to January 1, 2020, distributions from a Tax Sheltered Annuity, IRA, SEP IRA or Simple IRA must begin no later than April 1 of the calendar year following the calendar year in which the contract owner reaches age 70½. The SECURE Act raised the age that distributions from IRA, SEP IRA, or Simple IRA must begin. For contract owners who attain age 72 on or after 1/1/2020, distributions must begin no later than April 1 of the calendar year in which the contract owner turns age 72. Distributions may be paid in a lump sum or in substantially equal payments over:

- (a) the life of the contract owner or the joint lives of the contract owner and the contract owner's designated beneficiary; or
- (b) a period not longer than the period determined under the table in Treasury Regulation 1.401(a)(9)-9, which is the deemed joint life expectancy of the contract owner and a person 10 years younger than the contract owner. If the designated beneficiary is the spouse of the contract owner, the period may not exceed the longer of the period determined under such table or the joint life expectancy of the contract owner and the contract owner's spouse, determined in accordance with Treasury Regulation 1.72-9, or such additional guidance as may be provided pursuant to Treasury Regulation 1.401(a)(9)-9.

For Tax Sheltered Annuities, required distributions do not have to be withdrawn from this contract if they are being withdrawn from another Tax Sheltered Annuity of the contract owner.

For IRAs, SEP IRAs, and Simple IRAs, required distributions do not have to be withdrawn from this contract if they are being withdrawn from another IRA, SEP IRA, or Simple IRA of the contract owner.

If the contract owner's entire interest in a Tax Sheltered Annuity, IRA, SEP IRA, or Simple IRA will be distributed in equal or substantially equal payments over a period described in (a) or (b) above, the payments must begin on or before the required beginning date. The required beginning date is April 1 of the calendar year following the calendar year in which the contract owner reaches age 70½ (age 72 for those contract owners who turn age 72 on or after January 1, 2020). The rules for Roth IRAs do not require distributions to begin during the contract owner's lifetime, therefore, the required beginning date is not applicable to Roth IRAs.

Due to recent changes in Treasury Regulations, the amount used to compute the minimum distribution requirement may exceed the contract value. *Required Distributions Upon Death of a Contract Owner Before January 1, 2020*

If the contract owner dies before January 1, 2020 and before the required beginning date (in the case of a Tax Sheltered Annuity, IRA, SEP IRA, or Simple IRA) or before the entire contract value is distributed (in the case of Roth IRAs), any remaining interest in the contract must be distributed by December 31 of the fifth year following the contract owner's death or over a period not exceeding the applicable distribution period, which is determined as follows:

- (a) if the designated beneficiary is the contract owner's spouse, the applicable distribution period is the surviving spouse's remaining life expectancy using the surviving spouse's birthday for each distribution calendar year after the calendar year of the contract owner's death. For calendar years after the death of the contract owner's surviving spouse occurring before January 1, 2020, the applicable distribution period is the spouse's remaining life expectancy using the spouse's age in the calendar year of the spouse's death, reduced by one for each calendar year that elapsed since the calendar year immediately following the calendar year of the spouse's death. Such distributions must begin on or before the later of (a) the end of the calendar year immediately following the calendar year in which the contract owner died; or (b) the end of the calendar year in which the contract owner would have attained 70½ (age 72 for those contract owners who turn age 72 on or after January 1, 2020). For death of the contract owner's spouse on or after January 1, 2020, the entire value of the contract must be withdrawn by December 31 of the tenth year following the death of the contract owner's spouse;

- (b) if the designated beneficiary is not the contract owner's surviving spouse, the applicable distribution period is the designated beneficiary's remaining life expectancy using the designated beneficiary's birthday in the calendar year immediately following the calendar year of the contract owner's death, reduced by one for each calendar year that elapsed thereafter. Such distributions must begin on or before the end of the calendar year immediately following the calendar year in which the contract owner died. If the designated beneficiary dies on or after January 1, 2020, the entire value of the contract must be withdrawn by December 31 of the tenth year following the death of the designated beneficiary; and
- (c) if there is no designated beneficiary, the entire balance of the contract must be distributed by December 31 of the fifth year following the contract owner's death.

If the contract owner dies before January 1, 2020 and on or after the required beginning date, the interest in the Tax Sheltered Annuity, IRA, SEP IRA, or Simple IRA must be distributed over a period not exceeding the applicable distribution period, which is determined as follows:

- (a) if the designated beneficiary is the contract owner's spouse, the applicable distribution period is the surviving spouse's remaining life expectancy using the surviving spouse's birthday for each distribution calendar year after the calendar year of the contract owner's death. For calendar years after the death of the contract owner's surviving spouse occurring before January 1, 2020, the applicable distribution period is the greater of (a) the contract owner's remaining life expectancy using the contract owner's birthday in the calendar year of the contract owner's death, reduced by one for each year thereafter; or (b) the spouse's remaining life expectancy using the spouse's age in the calendar year of the spouse's death, reduced by one for each calendar year that elapsed since the calendar year immediately following the calendar year of the spouse's death. For death of the contract owner's spouse on or after January 1, 2020, the entire value of the contract must be withdrawn by December 31 of the tenth year following the death of the contract owner's spouse;
- (b) if the designated beneficiary is not the contract owner's surviving spouse, the applicable distribution period is the greater of (a) the contract owner's remaining life expectancy using the contract owner's birthday in the calendar year of the contract owner's death, reduced by one for each year thereafter; or (b) the designated beneficiary's remaining life expectancy using the designated beneficiary's birthday in the calendar year immediately following the calendar year of the contract owner's death, reduced by one for each calendar year that elapsed thereafter. If the designated beneficiary dies on or after January 1, 2020, the entire value of the contract must be withdrawn by December 31 of the tenth year following the death of the designated beneficiary; and
- (c) if there is no designated beneficiary, the applicable distribution period is the contract owner's remaining life expectancy using the contract owner's birthday in the calendar year of the contract owner's death, reduced by one for each year thereafter.

*Required Distributions Upon Death of a Contract Owner On or After January 1, 2020*

If the contract owner dies on or after January 1, 2020 and the designated beneficiary is not an eligible designated beneficiary as defined under Code Section 401(a)(9)(E)(ii), then the entire balance of the contract must be distributed by December 31 of the tenth year following the contract owner's death. In the case of an eligible designated beneficiary as defined under Code Section 401(a)(9)(E)(ii), the entire balance of the contract will be distributed by December 31 of the tenth year following the contract owner's death unless otherwise permitted by law and approved by Nationwide. Purchasers and prospective purchasers should consult a financial professional, tax advisor or legal counsel to discuss the taxation and use of the contracts.

If distribution requirements are not met, a penalty tax of 50% is levied on the difference between the amount that should have been distributed for that year and the amount that actually was distributed for that year.

For IRAs, SEP IRAs, and Simple IRAs, all or a portion of each distribution will be included in the recipient's gross income and taxed at ordinary income tax rates. The portion of a distribution that is taxable is based on the ratio between the amount by which non-deductible purchase payments exceed prior non-taxable distributions and total account balances at the time of the distribution. The owner of an IRA, SEP IRA, or Simple IRA must annually report the amount of non-deductible purchase payments, the amount of any distribution, the amount by which non-deductible purchase payments for all years exceed non taxable distributions for all years, and the total balance of all IRAs, SEP IRAs, or Simple IRAs.

Distributions from Roth IRAs may be either taxable or nontaxable, depending upon whether they are "qualified distributions" or "non-qualified distributions."

## **Tax Changes**

The SECURE Act was enacted on December 20, 2019. The SECURE Act made numerous changes to the Code effective January 1, 2020, including the following:

- Increasing the age a contract owner must begin RMDs under IRAs and certain qualified plans from age 70½ to age 72.
- Requiring an individual beneficiary of an inherited IRA and certain qualified plans to withdraw their entire inherited interest within 10 years of the original contract owner's death.
- Repealing the 70½ age limitation that prohibited an individual from making an IRA contribution.

The Tax Cuts and Jobs Act (the "Act") was enacted on December 22, 2017. The Act made numerous changes to the Code effective January 1, 2018, including the following:

- Lowered the federal individual and corporate income tax rates;
- Doubled the federal estate and gift tax exclusion amount to \$10 million;
- Eliminated the ability to recharacterize the rollover or conversion of amounts from IRAs or eligible retirement plans to a Roth IRA.

## **State Taxation**

The tax rules across the various states and localities are not uniform and therefore are not discussed in this prospectus. Tax rules that may apply to contracts issued in U.S. territories such as Puerto Rico and Guam are also not discussed. Purchasers and prospective purchasers should consult a financial professional, tax advisor or legal counsel to discuss the taxation and use of the contracts.







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