Planning for Health Care in Retirement
Value Components
Agenda

- The Retirement Income Challenge
- The Health Care Opportunity
- Understanding Health Care
- Creating a Plan to Address Health Care Costs
The Retirement Income Challenge
The Retirement Income Challenge

Percentage of Private-Sector Workers Employed By Establishments Offering Health Insurance to Retirees, 1997–2011

The Retirement Income Challenge

Consumer Estimate of Annual Health Care Costs in Retirement

- $10,000: 8%
- $6,000 to $9,999: 13%
- $3,000 to $5,999: 25%
- $1,500 to $2,999: 12%
- $0 to $1,499: 16%
- Don’t Know: 26%

79% have underestimated, or don’t know their medical costs

Health care in retirement

The Health Care Opportunity
The Health Care Opportunity

Health care costs can have a significant impact on investors:

- **38%** Have difficulty paying bills
- **27%** Use up all or most of savings
- **16%** Borrow money

Understanding Health Care
Understanding Health Care

Option 1

Original Medicare
Part A and Part B

Secondary Insurance
GHI, MedSup

Rx Coverage
Part D or GHI

OR

Option 2

Medicare Advantage (Part C)

1. Hospitalization,
2. Medical
3. Rx (MA-PD)
# Understanding Health Care

## Cost of Medicare Premiums:

<table>
<thead>
<tr>
<th></th>
<th>Monthly</th>
<th>Annual</th>
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</thead>
<tbody>
<tr>
<td>Medicare Part A</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>Medicare Part B</td>
<td>$104.90</td>
<td>$1,258.80(^{14})</td>
</tr>
<tr>
<td>Medicare Part D</td>
<td>$39.90</td>
<td>$478.80(^{15})</td>
</tr>
<tr>
<td>Medigap Plan C</td>
<td>$185.00</td>
<td>$2,220.00(^{16})</td>
</tr>
<tr>
<td><strong>Total Per Person</strong></td>
<td><strong>$329.80</strong></td>
<td><strong>$3,957.60</strong></td>
</tr>
<tr>
<td><strong>Per Couple</strong></td>
<td><strong>$659.60</strong></td>
<td><strong>$7,915.20</strong></td>
</tr>
</tbody>
</table>


\(^{16}\) Medicare.gov. Median cost for Medigap Policy C in Columbus, Ohio. Ranges from $117 to $253.
Creating a plan to address Health Care costs
Start with a Health Care Cost Assessment

Determine individual health care costs

• The Nationwide Financial Personalized Health Care Cost Assessment
  – Powered by calculations from one of the world’s leading actuarial firms
  – Provides a personalized estimate of possible annual health care expenses
  – Includes estimates for Medicare, out-of-pocket and long-term care expenses
Health Care Cost Assessment

A personalized estimate of retirement health care costs to help you plan for the future

Includes Medicare, out-of-pocket, and long-term care expense estimates

Designed for Client and Partner
Tuesday, January 14, 2014

Prepared by Sample Producer

The information collected on the Personalized Health Care Cost Assessment will be kept confidential and used to provide an estimate of a client’s potential health care costs in retirement. The estimate is based on a client’s specific financial situation and goals, as well as their current overall health condition. The client’s financial situation and health conditions may change over time and this may affect their future changes. Please keep in mind that the estimates resulting from this fact finder are for hypothetical purposes only and are not guaranteed.

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Not a deposit • Not FDIC or NCUA insured • Not guaranteed by the institution • Not insured by any federal government agency • May lose value
# Health Care Cost Assessment

## Client Facts

<table>
<thead>
<tr>
<th></th>
<th>Client</th>
<th>Partner</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age/Gender:</td>
<td>Male, Age 60</td>
<td>Female, Age 60</td>
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<td>Retirement Age:</td>
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<td>65</td>
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<tr>
<td>Life Expectancy:</td>
<td>80</td>
<td>90</td>
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<tr>
<td>State:</td>
<td>OH</td>
<td>OH</td>
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<tr>
<td>Income Level:</td>
<td>Married Filing Jointly — $170,000 or less</td>
<td>Medicare premiums plus additional medical costs</td>
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<tr>
<td>Medicare Coverage:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Need to purchase private health insurance prior to 65:</td>
<td>No</td>
<td>No</td>
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### Current Health

<table>
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<tr>
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<th>Client</th>
<th>Partner</th>
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<tbody>
<tr>
<td>High blood pressure:</td>
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<td>No</td>
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<tr>
<td>High cholesterol:</td>
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<td>No</td>
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<tr>
<td>Type 1 diabetes:</td>
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<td>No</td>
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<tr>
<td>Type 2 diabetes:</td>
<td>Yes</td>
<td>No</td>
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<tr>
<td>Cardiovascular disease:</td>
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<td>No</td>
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<tr>
<td>Cancer:</td>
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<td>No</td>
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<tr>
<td>Multiple Sclerosis:</td>
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</table>

### Lifestyle & health history

<table>
<thead>
<tr>
<th></th>
<th>Client</th>
<th>Partner</th>
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<td>Tobacco user:</td>
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</tr>
<tr>
<td>Cardiovascular/Diabetes family history:</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Dependency on cane, walker, or wheelchair:</td>
<td>No</td>
<td>No</td>
</tr>
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</table>

---

Health Care Cost Assessment

Average Annual Expenses per 5-Year Period

The following graph shows the average estimated annual cost of health care in retirement.

Amounts for under age 65 assume 100% member responsibility for private health insurance premiums and other associated medical costs unless otherwise indicated. Amounts for age 65 and older assume coverage by Medicare Part A and include insurance premiums for Medicare Parts B, D, and supplemental insurance, plus additional associated medical costs.
# Health Care Cost Assessment

<table>
<thead>
<tr>
<th>Year</th>
<th>Age</th>
<th>Private or Part B</th>
<th>Part D and Supplemental</th>
<th>Additional Costs</th>
<th>Total</th>
<th>Age</th>
<th>Private or Part B</th>
<th>Part D and Supplemental</th>
<th>Additional Costs</th>
<th>Total</th>
<th>Household Total</th>
<th>Total Without Part D</th>
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<td>$3,300</td>
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<td>$15,812</td>
<td>83</td>
<td>$4,536</td>
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<td>$1,119</td>
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<td>$15,812</td>
<td>$11,512</td>
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<td>83</td>
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<td>$11,175</td>
<td>$1,119</td>
<td>$16,830</td>
<td>84</td>
<td>$4,786</td>
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<td>$1,156</td>
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<tr>
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<td>84</td>
<td>$4,786</td>
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<td>$17,910</td>
<td>85</td>
<td>$5,049</td>
<td>$12,817</td>
<td>$1,193</td>
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<td>$19,059</td>
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<td>$5,620</td>
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<td>$15,593</td>
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<td>$15,593</td>
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<td>2043</td>
<td>89</td>
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<td>$16,504</td>
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<td>90</td>
<td>$6,599</td>
<td>$17,445</td>
<td>$1,408</td>
<td>$25,452</td>
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<tr>
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<td>90</td>
<td>$6,599</td>
<td>$17,445</td>
<td>$1,408</td>
<td>$25,452</td>
<td></td>
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<td>Total</td>
<td></td>
<td>$42,587</td>
<td>$89,669</td>
<td>$29,219</td>
<td>$161,375</td>
<td></td>
<td>$95,064</td>
<td>$223,641</td>
<td>$24,333</td>
<td>$343,038</td>
<td>$504,413</td>
<td>$366,762</td>
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<tr>
<td>Average*</td>
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<td>$2,662</td>
<td>$5,598</td>
<td>$1,826</td>
<td>$10,086</td>
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<td>$3,656</td>
<td>$8,502</td>
<td>$936</td>
<td>$13,194</td>
<td>$19,401</td>
<td>$14,106</td>
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* Averages are calculated from columns.

<table>
<thead>
<tr>
<th>Year</th>
<th>Age</th>
<th>Private or Part B</th>
<th>Part D and Supplemental</th>
<th>Additional Costs</th>
<th>Total</th>
<th>2032</th>
<th>78</th>
<th>$3,471</th>
<th>$7,951</th>
<th>$2,331</th>
<th>$13,753</th>
<th>2032</th>
<th>78</th>
<th>$3,471</th>
<th>$7,951</th>
<th>$938</th>
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<td>$3,662</td>
<td>$8,513</td>
<td>$2,431</td>
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<td>$8,513</td>
<td>$974</td>
<td>$13,149</td>
<td>2033</td>
<td>79</td>
<td>$3,662</td>
<td>$8,513</td>
<td>$974</td>
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<tr>
<td>2034</td>
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<td>$3,863</td>
<td>$9,111</td>
<td>$2,535</td>
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<td>80</td>
<td>$3,863</td>
<td>$9,111</td>
<td>$1,009</td>
<td>$13,983</td>
<td>2034</td>
<td>80</td>
<td>$3,863</td>
<td>$9,111</td>
<td>$1,009</td>
<td>$13,983</td>
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<tr>
<td>2035</td>
<td>81</td>
<td>$4,076</td>
<td>$9,748</td>
<td>$1,046</td>
<td>$14,870</td>
<td>81</td>
<td>$4,076</td>
<td>$9,748</td>
<td>$1,046</td>
<td>$14,870</td>
<td>2035</td>
<td>81</td>
<td>$4,076</td>
<td>$9,748</td>
<td>$1,046</td>
<td>$14,870</td>
<td>$14,870</td>
<td>$10,794</td>
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</table>

* Averages are calculated from columns.
**Health Care Cost Assessment**

**Client Fact Finder**

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**Nationwide Financial**

**Health Care Cost Assessment Fact Finder**

**Report type:**
- Medicare costs only
- Medicare and long-term care costs
- Long-term care costs only

**Client and Spouse/Partner Information**
Couples and partners sharing a household should complete all of the fields below, even if you are planning for only one spouse or partner. The assessment considers the availability of receiving care from a spouse or partner in determining the health care and long-term care cost estimate.

**Assessment Questions (Check Yes or No)**

<table>
<thead>
<tr>
<th>Question</th>
<th>Client’s Response</th>
<th>Spouse’s/Partner’s Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>If you plan to retire prior to age 65, will you need to purchase private health insurance?</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>Yes</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Yes</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Yes</td>
<td>No</td>
<td></td>
</tr>
</tbody>
</table>

**Current health**

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<tr>
<th>Diagnosis</th>
<th>Yes</th>
<th>No</th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Diagnosed with high blood pressure?</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Diagnosed with high cholesterol?</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Diagnosed with type 1 diabetes?</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Annual Income in Retirement**
Select the range that best fits your actual or estimated post-retirement income (not your income level before retirement). Use your modified adjusted gross income (MAGI) and assume today’s dollars. Your retirement income helps determine the cost for Medicare Parts B & D.

<table>
<thead>
<tr>
<th>Income Range</th>
<th>Individual: for single persons filing an individual tax return</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Individual 1</td>
</tr>
<tr>
<td>$170,000 or less</td>
<td>$85,000 or less</td>
</tr>
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<td>$170,001 to $214,000</td>
<td>$85,001 to $129,000</td>
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<tr>
<td>$214,001 to $320,000</td>
<td>more than $129,001</td>
</tr>
<tr>
<td>$320,001 to $428,000</td>
<td></td>
</tr>
<tr>
<td>more than $428,000</td>
<td></td>
</tr>
</tbody>
</table>

**Medicare Coverage**
Choose from the following Medicare coverage options. All Medicare premiums plus additional medical costs will be used as the default option if no other option is selected. Not required for LTC-only reports.

- Include Medicare parts A, B, & D plus supplemental insurance premiums and out-of-pocket expenses.
- Include Medicare parts A, B & D plus supplemental insurance premiums only.
- Include Medicare parts A, B & D only.
- Include Medicare parts A & B only.
Case Study:
Immediate Annuity

**Situation**

**Expenses:**
- Leisure = $12,183
- Basic Living = $10,798
- Health Care = + $4,707

**TOTAL NEED =** $27,688

**Income:**
- Pension = $5,446
- Social Security = $13,631

**Essential Income Gap:** $8,611

**Possible Solution**

INCOME Promise Select®
Single Life Only with 4% COLA

$137,317 in Income Promise Select

This is a hypothetical example and is not intended to represent any specific client or client situation.
Case Study:

Variable Annuity (with Guaranteed Lifetime Withdrawal Benefit)

Client

“John and Denise,” a 65-year-old couple. John has diabetes.

Goal

Looking for a solution that helps to cover essential expenses (basic living expenses), including health care expenses estimated in their personal health care assessment.

This is a hypothetical example and is not intended to represent any specific client or client situation.
Case Study:
Variable Annuity (with Guaranteed Lifetime Withdrawal Benefit)

**Situation**

**Expenses:**
- Basic Living = $33,809
- Health Care = $7,684
- **TOTAL NEED** = $41,493

**Income:**
- Pension = $6,590
- Social Security = $22,153

**Essential Income Gap:** $12,750

**Possible Solution**

VA with Nationwide Lifetime Income Rider® 7%
Age 65 – 5% guaranteed w/d benefit*
$255,000 in VA with Nationwide L.inc 7%

*Spousal continuation available at no additional cost with a 4.75% w/d benefit

This is a hypothetical example and is not intended to represent any specific client or client situation.
Case Study: 
Variable Annuity 
(with Guaranteed Lifetime Withdrawal Benefit AND Spousal Continuation)

**Situation**

**Expenses:**
- Basic Living = $33,809
- Health Care = $7,684
- **TOTAL NEED = $41,493**

**Income:**
- Pension = $6,590
- Social Security = $22,153
- **Essential Income Gap: $12,750**

**Possible Solution**

*VA with Nationwide L.inc 7%*
Age 65 – 4.75% guaranteed w/d benefit with spousal continuation
$268,421 in VA with Nationwide L.inc 7%

This is a hypothetical example and is not intended to represent any specific client or client situation.
Case Study:
Integrated Retirement Income Planning

Client
(hypothetical example)
“Andy and Beth”, 65-year-old retired couple

Goal
Looking to incorporate their health care assessment into a comprehensive retirement income strategy

This is a hypothetical example and is not intended to represent any specific client or client situation.
Case Study:
Integrated Retirement Income Planning
Divide and Conquer

Target income — the “want-to-haves”
Case Study:
Integrated Retirement Income Planning
Protect with purpose
Case Study:
Integrated Retirement Income Planning
Helping solve the puzzle

Adding it all up

TARGET INCOME
Investments for the “want-to-haves”

ESSENTIAL INCOME
Investments for the “must-haves”

Social Security, pensions, etc.

Life Segments™

Years 1-5
Years 6-10
Years 11-15
Years 16-20
Years 21+

More conservative

More aggressive
Case Study:

Integrated Retirement Income Planning

Harvest investments for income

Please consult your wholesaler for specific product availability at your firm. Note that these are not product recommendations and suitability of these products for clients should be determined by their financial advisor.

Possible Corresponding products*

- Income Promise Select
- Nationwide VA with L.inc
- NVIT Investor Destination Funds
- Nationwide Platinum V® Fixed Annuity
- Nationwide VA with L.inc
- Nationwide Income Architect® Annuity
- Nationwide VA
- America's marketFLEX® Annuity
Case Study:
Integrated Retirement Income Planning
Case Study:

Split Annuity (Immediate and Variable)

Client

“John and Denise,” a 65-year-old couple. John has diabetes.

Goal

Looking for a solution to help cover the costs of health care in retirement with future growth potential in addition to immediate payout.

This is a hypothetical example and is not intended to represent any specific client or client situation.
Case Study:
Split Annuity (Immediate and Variable)

Possible Solution

• Use Immediate annuity to fund early years of health care expenses

INCOME Promise Select
10-year term certain only with 4% COLA

• Use Variable annuity with living benefit to fund later years of health care expenses

VA with Nationwide L.inc 7%
5% guaranteed w/d benefit*

*Spousal continuation available at no additional cost with a 4.75% w/d benefit

This is a hypothetical example and is not intended to represent any specific client or client situation.
Case Study:

**Split Annuity** (Immediate and Variable)

**Immediate Annuity**
- $138,000 into a 10-year period certain immediate annuity with 4% COLA
- Payouts - Year 1: $12,570   Year 10: $17,891

**Variable Annuity**
- $256,506 into a VA with Nationwide L.inc 7%
- Allow VA to grow for 10 years with no withdrawals
- Year 11, clients receive a guaranteed lifetime annual payment of $21,803
- Reserve at end of 20 years: $770

This is a hypothetical example and is not intended to represent any specific client or client situation.
Case Study:

**Split Annuity** (Immediate and Variable)

**Immediate Annuity**
- $138,000 into a 10-year period certain immediate annuity with 4% COLA
- Payouts - Year 1: $12,570   Year 10: $17,891

**Variable Annuity** (with Spousal Continuation)
- $270,000 into a VA with Nationwide L.inc 7%
- Allow VA to grow for 10 years with no withdrawals
- Year 11, clients receive a guaranteed lifetime annual payment of $21,803
- Reserve at end of 20 years: $770

This is a hypothetical example and is not intended to represent any specific client or client situation.
Case Study:
Fee-based Annuity

Client
“Patrick and Gloria,” a 55-year-old couple. Gloria is a smoker.

Goal
Looking to plan for future health care costs alone after they retire at 65. Interested in growth potential with base need guaranteed.

This is a hypothetical example and is not intended to represent any specific client or client situation.
Case Study:
Fee-based Annuity

Situation
Annual Health Care Expense at Retirement = $13,352

Possible Solution

Nationwide Income Architect® Annuity
5.5% guaranteed payout at 65 (11th year)
1% contract fee
$160,000 NIAA*

* Estimated 6.51% total rate of return over the 10-year growth period based on the average return on a custom portfolio in that time

This is a hypothetical example and is not intended to represent any specific client or client situation.
Case Study:
Accumulation with a Conservative Asset Allocation Mutual Fund

Client
“Patrick and Gloria,” a 55-year-old couple. Gloria is a smoker.

Goal
Looking to accumulate funds for health care costs before retirement. Willing to take on more risk for potential upside.
Case Study:
Conservative Asset Allocation Mutual Fund

**Situation:** Annual Health Care Expense at Retirement = $27,032

<table>
<thead>
<tr>
<th>Initial Investment</th>
<th>End of Year</th>
<th>Client Age</th>
<th>Investment Return</th>
<th>Health Care Expense</th>
<th>Ending Value</th>
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<td>-</td>
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<td></td>
<td>5</td>
<td>59</td>
<td>11.15%</td>
<td>-</td>
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<td>64</td>
<td>9.65%</td>
<td>-</td>
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<tr>
<td>Accumulation</td>
<td>11</td>
<td>65</td>
<td>17.90%</td>
<td>$27,032</td>
<td>$262,265</td>
</tr>
<tr>
<td></td>
<td>16</td>
<td>70</td>
<td>-2.07%</td>
<td>$27,032</td>
<td>$233,654</td>
</tr>
<tr>
<td>Distribution</td>
<td>26</td>
<td>80</td>
<td>5.68%</td>
<td>$27,032</td>
<td>$176,130</td>
</tr>
<tr>
<td></td>
<td>30</td>
<td>84</td>
<td>-3.96%</td>
<td>$27,032</td>
<td>$87,860</td>
</tr>
<tr>
<td></td>
<td>34</td>
<td>88</td>
<td>6.58%</td>
<td>$27,032</td>
<td>$0.00</td>
</tr>
</tbody>
</table>

All values are end-of-year values

PERFORMANCE SHOWN REPRESENTS PAST PERFORMANCE AND DOES NOT GUARANTEE FUTURE RESULTS.

- These projections are hypothetical in nature and are not meant to show actual projections of performance. Projections were based on an asset allocation portfolio consisting of 20% S&P 500 index and 80% Barclays Aggregate Bond index from 1979 through 2012, compounded annually. There is no guarantee an investor will experience these returns.
- Mutual Funds by themselves are traditionally used as a vehicle for accumulation purposes with no guarantee of a minimum yearly distribution; there is longevity risk. All investing involves risk, including the possible loss of principal.
Case Study:

Other Mutual Fund Options

- **Equity and Fixed Income Funds** – stand-alone products built for accumulation, current income and preservation of capital
- **Nationwide Investor Destinations Funds** – risk-based asset allocations products
- **Nationwide Target Destination Funds** – glide path target date products designed to remain invested past the retirement date

To obtain information on Nationwide Funds, please call 1-800-848-0920 to request a prospectus. Please read it carefully before investing any money. Nationwide Funds distributed by Nationwide Fund Distributors LLC, Member FINRA, 1000 Continental Drive, Suite 400, King of Prussia, PA 19406.
Case Study:

America’s marketFLEX® II Annuity

Client

“Patrick and Gloria,” a 55-year-old couple. Gloria is a smoker.

Goal

Looking to accumulate funds for health care costs before retirement. Willing to invest in alternative strategies to help manage risk and volatility.
### Case Study:
#### America’s marketFLEX® II Annuity Results

<table>
<thead>
<tr>
<th>Initial Investment $178,451</th>
<th>End of Year</th>
<th>Client Age</th>
<th>*Investment Return (net)</th>
<th>Health Care Expense</th>
<th>Ending Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>55</td>
<td>6.00%</td>
<td>-</td>
<td>-</td>
<td>$189,158</td>
</tr>
<tr>
<td>5</td>
<td>59</td>
<td>6.00%</td>
<td>-</td>
<td>-</td>
<td>$238,807</td>
</tr>
<tr>
<td>10</td>
<td>64</td>
<td>6.00%</td>
<td>-</td>
<td>-</td>
<td>$319,578</td>
</tr>
<tr>
<td>11</td>
<td>65</td>
<td>6.00%</td>
<td>$12,524</td>
<td>$325,477</td>
<td></td>
</tr>
<tr>
<td>16</td>
<td>70</td>
<td>6.00%</td>
<td>$18,384</td>
<td>$341,548</td>
<td></td>
</tr>
<tr>
<td>26</td>
<td>80</td>
<td>6.00%</td>
<td>$38,316</td>
<td>$229,960</td>
<td></td>
</tr>
<tr>
<td>30</td>
<td>85</td>
<td>6.00%</td>
<td>$24,425</td>
<td>$106,873</td>
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<tr>
<td>33</td>
<td>88</td>
<td>6.00%</td>
<td>$32,311</td>
<td>$0</td>
<td></td>
</tr>
</tbody>
</table>

*All values are end-of-year values*

*A 6.00% investment return is a conservative estimate. Returns over time are typically between 6% to 9%.*

**PERFORMANCE SHOWN REPRESENTS PAST PERFORMANCE AND DOES NOT GUARANTEE FUTURE RESULTS.**

These projections are hypothetical in nature and are not meant to show actual projections of performance. There is no guarantee an investor will experience these returns.
Case Study:
America’s marketFLEX® II Annuity

• A broad array of available investment options
  • Traditional asset class options
  • Alternative asset class options
  • Asset allocation funds
  • Actively traded funds

• Death benefit options
  
  **Standard:** Standard Death Benefit – return of contract value
  **Option:** Return of Premium Enhanced Death Benefit
  **Option:** One-year Step-up Death Benefit

• Spousal Protection Feature
  • Available with the enhanced death benefit option

• Multiple CDSC options
Case Study:
Life Insurance

Client
“Dennis,” 50-year-old career man, nonsmoker

Goal
Looking for additional family protection and stability in retirement. He wants to protect his income from eroding due to high costs of health care in retirement.

Possible Solution

**Nationwide YourLife® Indexed Universal Life Policy**
Provides a life insurance death benefit to protect family as well as funds supplemental health care costs through tax-deferred growth, tax-preferred distributions and tax-preferred loans

This is a hypothetical example and is not intended to represent any specific client or client situation.
## Case Study:
### Life Insurance results

All values are end-of-year values

<table>
<thead>
<tr>
<th>End of Year</th>
<th>Client Age</th>
<th>Annualized Premium</th>
<th>Withdrawal / Loan Amount</th>
<th>Cash Value</th>
<th>Death Benefit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accumulation</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>51</td>
<td>$11,500</td>
<td>-</td>
<td>$9,192</td>
<td>$334,192</td>
</tr>
<tr>
<td>8</td>
<td>58</td>
<td>$11,500</td>
<td>-</td>
<td>$98,808</td>
<td>$404,100</td>
</tr>
<tr>
<td>16</td>
<td>66</td>
<td>$11,500</td>
<td>-</td>
<td>$261,446</td>
<td>$404,100</td>
</tr>
<tr>
<td>Distribution</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>17</td>
<td>67</td>
<td>-</td>
<td>$12,344</td>
<td>$268,130</td>
<td>$391,756</td>
</tr>
<tr>
<td>20</td>
<td>70</td>
<td>-</td>
<td>$15,468</td>
<td>$285,630</td>
<td>$348,639</td>
</tr>
<tr>
<td>25</td>
<td>75</td>
<td>-</td>
<td>$22,395</td>
<td>$297,943</td>
<td>$319,333</td>
</tr>
<tr>
<td>30</td>
<td>80</td>
<td>-</td>
<td>$31,877</td>
<td>$381,046</td>
<td>$286,201</td>
</tr>
<tr>
<td>35</td>
<td>85</td>
<td>-</td>
<td>$44,915</td>
<td>$498,001</td>
<td>$79,449</td>
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<tr>
<td>38</td>
<td>88</td>
<td>-</td>
<td>$54,640</td>
<td>$559,446</td>
<td>$50,920</td>
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<tr>
<td>TOTAL</td>
<td></td>
<td></td>
<td></td>
<td><strong>$172,500</strong></td>
<td><strong>$642,763</strong></td>
</tr>
</tbody>
</table>

Consider the following hypothetical case, which is not intended to represent any specific client or client situation. The assumptions used are approximations and are for illustrative purposes only; actual results will vary based on the product used. In this scenario, a two-to-one switch in death benefit option was used to maximize cash value. Annual multi-index crediting rate is projected at 7.6%.
Case Study:
Life Insurance

Client
“Carol,” 58-year-old pre-retiree, nonsmoker

Goal
She wants to protect her retirement income from the staggering costs of health care as well as to ensure an inheritance to her heirs upon her death.

Possible Solution
Nationwide YourLife Accumulation Variable Universal Life
Provides a legacy of an income tax-free death benefit to heirs as well as funds supplemental health care costs through tax-deferred growth, tax-preferred distributions and tax-preferred loans

This is a hypothetical example and is not intended to represent any specific client or client situation.
Case Study:
Life Insurance results

All values are end-of-year values

<table>
<thead>
<tr>
<th>End of Year</th>
<th>Client Age</th>
<th>Annualized Premium</th>
<th>Withdrawal / Loan Amount</th>
<th>Cash Value</th>
<th>Death Benefit</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>59</td>
<td>$21,898</td>
<td>-</td>
<td>$18,661</td>
<td>$418,661</td>
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<tr>
<td>5</td>
<td>63</td>
<td>$21,898</td>
<td>-</td>
<td>$106,748</td>
<td>$472,309</td>
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<tr>
<td>8</td>
<td>66</td>
<td>$21,898</td>
<td>-</td>
<td>$189,101</td>
<td>$554,662</td>
</tr>
<tr>
<td>9</td>
<td>67</td>
<td>-</td>
<td>$7,623</td>
<td>$199,342</td>
<td>$229,434</td>
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<tr>
<td>17</td>
<td>75</td>
<td>-</td>
<td>$13,514</td>
<td>$295,022</td>
<td>$237,168</td>
</tr>
<tr>
<td>22</td>
<td>80</td>
<td>-</td>
<td>$19,076</td>
<td>$292,199</td>
<td>$222,100</td>
</tr>
<tr>
<td>27</td>
<td>85</td>
<td>-</td>
<td>$26,784</td>
<td>$310,734</td>
<td>$167,233</td>
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<tr>
<td>32</td>
<td>90</td>
<td>-</td>
<td>$36,682</td>
<td>$359,581</td>
<td>$30,961</td>
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<td>TOTAL</td>
<td></td>
<td></td>
<td></td>
<td>$175,184</td>
<td>$457,265</td>
</tr>
</tbody>
</table>

Consider the following hypothetical case, which is not intended to represent any specific client or client situation. The assumptions used are approximations and are for illustrative purposes only; actual results will vary based on the product used. In this scenario, a two-to-one switch and reduction of specified amount was used to maximize cash value. Above, distributions begin as tax-free loans due to recapture ceiling. Annual rate of return is projected to be 8%.
Case Study:
Retirement Plan Savings for Health Care

Client
• “Paul and Suzanne,” a 50-year-old couple
• They plan to retire at 67
• They are contributing $17,500 a year each to their plan
• They are concerned about health care costs

Goal
Develop a plan to save enough to help cover their health care costs in retirement

These projections are hypothetical in nature and are not meant to show actual projections of performance. There is no guarantee an investor will experience these returns. The assumptions used are approximations and are for illustrative purposes only; actual results will vary based on the product used.
Case Study:
Retirement Plan Savings for Health Care

Paul and Suzanne run a Health Care Cost Assessment

<table>
<thead>
<tr>
<th>Year</th>
<th>Client</th>
<th>Age</th>
<th>Private or Part B Premiums</th>
<th>Part D and Supplemental Premiums</th>
<th>Additional Costs</th>
<th>Total</th>
<th>Age</th>
<th>Private or Part B Premiums</th>
<th>Part D and Supplemental Premiums</th>
<th>Additional Costs</th>
<th>Total</th>
<th>Household Total</th>
<th>Total Without Part B</th>
</tr>
</thead>
<tbody>
<tr>
<td>2031</td>
<td>67</td>
<td>$3,290</td>
<td>$5,945</td>
<td>$1,733</td>
<td>$10,968</td>
<td>67</td>
<td>$3,290</td>
<td>$5,945</td>
<td>$752</td>
<td>$9,987</td>
<td>$20,955</td>
<td>$14,375</td>
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<tr>
<td>2032</td>
<td>68</td>
<td>$3,471</td>
<td>$6,429</td>
<td>$1,835</td>
<td>$11,735</td>
<td>68</td>
<td>$3,471</td>
<td>$6,429</td>
<td>$798</td>
<td>$10,668</td>
<td>$22,423</td>
<td>$15,481</td>
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</tr>
<tr>
<td>2033</td>
<td>69</td>
<td>$3,662</td>
<td>$6,949</td>
<td>$1,938</td>
<td>$12,549</td>
<td>69</td>
<td>$3,662</td>
<td>$6,949</td>
<td>$827</td>
<td>$11,438</td>
<td>$23,987</td>
<td>$16,663</td>
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<tr>
<td>2053</td>
<td>89</td>
<td>$10,684</td>
<td>$28,749</td>
<td>$1,789</td>
<td>$41,222</td>
<td>89</td>
<td>$10,684</td>
<td>$28,749</td>
<td>$1,789</td>
<td>$41,222</td>
<td>$30,538</td>
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<tr>
<td>2054</td>
<td>90</td>
<td>$11,272</td>
<td>$30,498</td>
<td>$1,842</td>
<td>$43,612</td>
<td>90</td>
<td>$11,272</td>
<td>$30,498</td>
<td>$1,842</td>
<td>$43,612</td>
<td>$32,340</td>
<td></td>
<td></td>
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<tr>
<td>Total</td>
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<td>$85,933</td>
<td>$22,437</td>
<td>$150,730</td>
<td></td>
<td>$156,399</td>
<td>$374,538</td>
<td>$30,240</td>
<td>$561,177</td>
<td>$711,907</td>
<td>$513,148</td>
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<tr>
<td>Average*</td>
<td></td>
<td>$4,236</td>
<td>$8,593</td>
<td>$2,244</td>
<td>$15,073</td>
<td></td>
<td>$6,517</td>
<td>$15,606</td>
<td>$1,260</td>
<td>$23,382</td>
<td>$29,663</td>
<td>$21,381</td>
<td></td>
</tr>
</tbody>
</table>

- Average annual health care costs $ 21,381
- Per Month Costs $ 1,782

These projections are hypothetical in nature and are not meant to show actual projections of performance. There is no guarantee an investor will experience these returns. The assumptions used are approximations and are for illustrative purposes only; actual results will vary based on the product used.
Case Study:
Retirement Plan Savings for Health Care

Calculate balance needed to fund the plan

\[
\frac{$21,381}{5\%} = $427,620
\]
Case Study:
Retirement Plan Savings for Health Care

- Achieve goal of $427,620 to fund health care
- Each contribute $495 a month to get there in 17 years

<table>
<thead>
<tr>
<th>Period to Invest</th>
<th>Monthly Investment</th>
<th>Annual Investment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age 50 to 67</td>
<td>$990</td>
<td>$11,880</td>
</tr>
<tr>
<td>Total Per Person Age 50 to 67</td>
<td>$495</td>
<td>$5,940</td>
</tr>
</tbody>
</table>

These projections are hypothetical in nature and are not meant to show actual projections of performance. There is no guarantee an investor will experience these returns. The assumptions used are approximations and are for illustrative purposes only; actual results will vary based on the product used. Annual rate of return is projected to be 8%.
Case Study: Retirement Plan Savings for Health Care

- Begin catch-up contributions at age 50

<table>
<thead>
<tr>
<th>Period to Invest</th>
<th>Catch-Up Contribution</th>
<th>Combined Catch-Up Contribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age 50 to 67</td>
<td>$5,500</td>
<td>$11,000</td>
</tr>
<tr>
<td>Total Potential Savings</td>
<td>$197,907</td>
<td>$395,814</td>
</tr>
</tbody>
</table>

- $395,814 is 93% of the $427,620 needed to fund Health Care

These projections are hypothetical in nature and are not meant to show actual projections of performance. There is no guarantee an investor will experience these returns. The assumptions used are approximations and are for illustrative purposes only; actual results will vary based on the product used. Annual rate of return is projected to be 8%.
Summary:

• The Retirement Income Challenge
• The Health Care Opportunity
• Understanding Health Care
• Creating a Plan to Address Health Care Costs
Institute of Retirement Income

1. Regional Vice Presidents

2. Income Planning Desk
   Phone: 1-877-245-0763
   Fax: 1-614-435-1997
   Email: IPLNDESK@nationwide.com