



Nationwide®
is on your side

RetireSense®

Guide

NATIONWIDE RETIREMENT INSTITUTE®

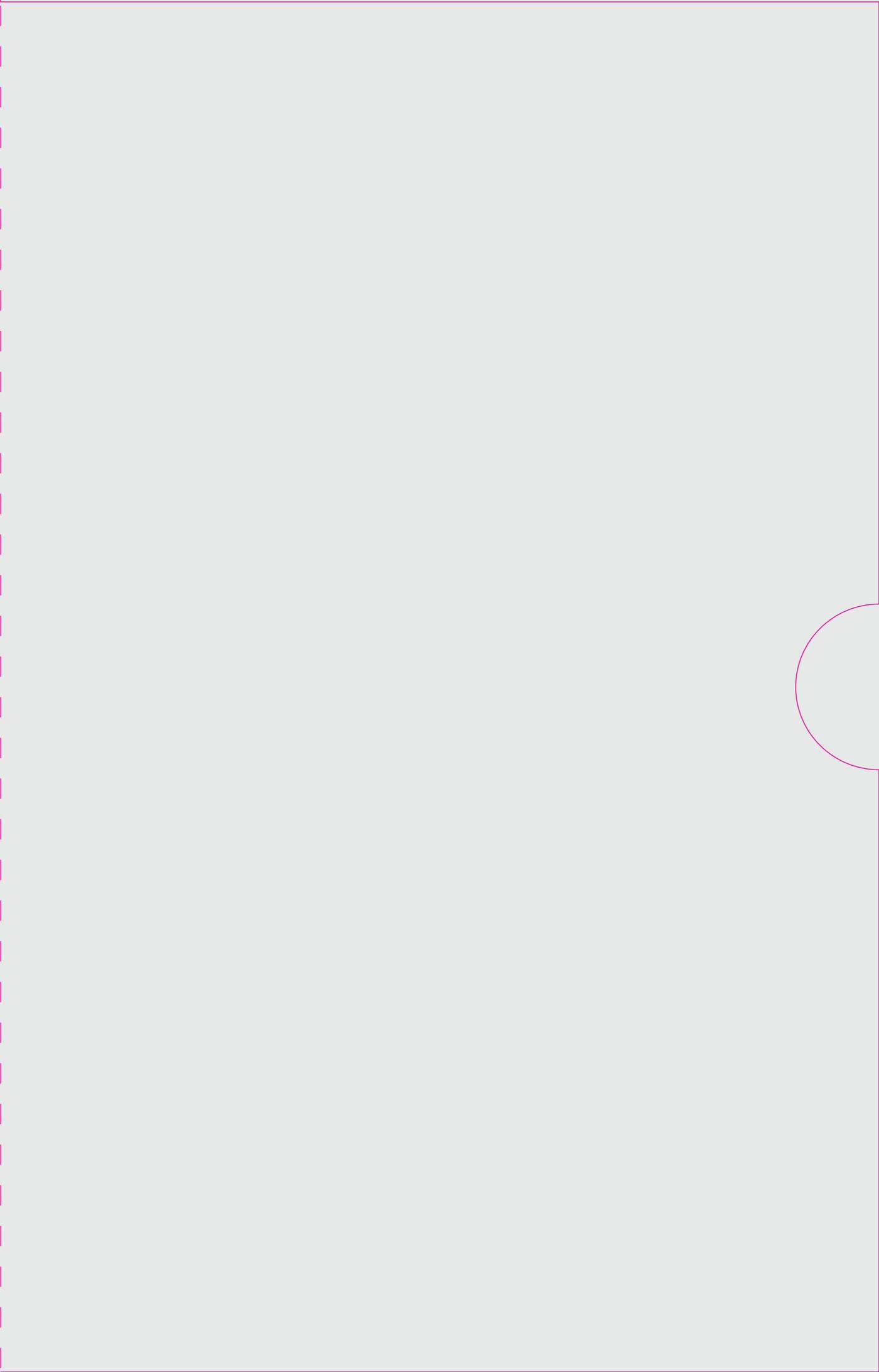
Retirement Income Strategy

— *Take the next step forward* —

Be confident

80% of retirees with a written plan believe they will be able to live the retirement lifestyle they want.¹

What happens
when **what's**
next is now?



All of your working life, you've planned for what's next — retirement, in other words. But when the day comes and you're ready to retire, what comes next are many questions — How long will you live? What costs will you face? Will your money last?

What's needed for what's next is a strategy specifically for the risks you face in retirement.

Together with Nationwide®, your investment professional can show you the unique financial risks you face in retirement and help you build a plan to address them based on facts, not guesses.

It's a strategy we call RetireSense. To create it, we combined best practices from leading financial planners with insights from industry researchers. RetireSense shows you how you can balance different retirement risks and generate income from your savings to cover your financial needs throughout retirement — regardless of what comes next.

Let's start by looking at the risks you face in retirement.

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



The three major retirement risks.

You're probably familiar with two of these risks — market volatility and inflation. Before retirement, these risks both have an effect on your assets. However, once you retire and begin taking an income from your assets, the impact of volatility and inflation intensifies, and is joined by an additional risk — longevity, or the risk of outliving your income.



Any one of these three major risks can really put a crimp in your plans. Here's how:

Market volatility

The ups and downs of the stock market

Flat or down markets can cause frustration before retirement. But during retirement, the lack of growth can devastate your financial plan. When markets decline as you're withdrawing for income, your assets have to work harder to keep you on track.

Inflation

Remember what you could buy for a dollar?

Today, you'd need \$6.56 to buy what you could get with \$1 in 1970.² That's inflation in action, and your investments need to keep pace or beat it in order to preserve your purchasing power.

If inflation grows faster than your investments, you're actually losing money. And with the average retirement lasting 25 years or more, there's a lot of keeping up to do.

Longevity

Living a much, much longer life

The good news is that Americans are living longer lives. Today one out of 10 American will live past the age of 95.³ However, living a longer life requires you to make your retirement savings last.

At times, it can seem like the deck is stacked against you. How do people commonly work through these challenges? Let's take a look.

² U.S. Dept. of Labor, Bureau of Labor Statistics, inflation calculator, 2018. Dates used include January 1970 and January 2018. This data represents changes in the prices of all goods and services purchased for consumption by urban households.

³ Social Security Administration, Benefits Planner. <https://www.ssa.gov/planners/lifeexpectancy.html>



The challenges you
face in managing
retirement risks.



There are many ways to take income in retirement. One common approach is known as systematic withdrawal. Typically, in this strategy you invest your money rather conservatively and take regular withdrawals for income. How does systematic withdrawal stack up against the three major risks?

Market Volatility

Mutual funds, bonds and stocks typically used in this strategy don't protect against down or prolonged flat markets.

Inflation

Conservative investments within this strategy can help protect against market loss, but their lower returns may not cover the impact of inflation.

Longevity

What if you underestimate your life expectancy? Quite simply, you may run out of money. The chart on the next page reflects one historical period where early losses, coupled with continued systematic withdrawals, led to the rapid exhaustion of a retirement portfolio.

How long might assets last?

It often depends on where the market cycle is when you decide to retire. If you happen to start retirement in the midst of a market downturn, it could mean the difference between having enough money throughout retirement and running out sooner than you planned.

What difference can one year make?

For an example of what one bad year in the market could do to a retirement portfolio, we have to look back at a 25-year period following a major market downturn, starting in 1973. This downturn is similar to those experienced in the downturns of 2001 to 2002 and 2008 to 2009.

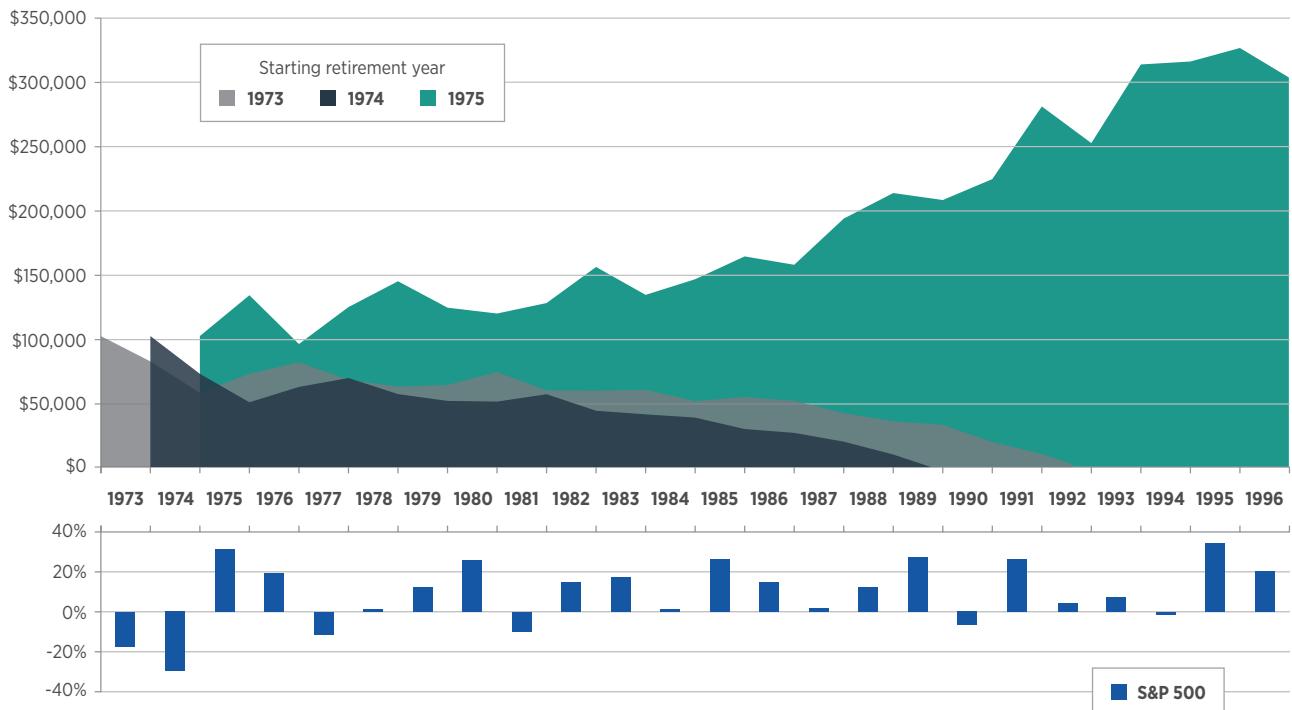
The chart at right shows what would've happened to a \$100,000 retirement portfolio invested to track the performance of the S&P 500 Index during this volatile period in the stock market. To simulate real retirement conditions, this example assumes annual withdrawals of 4% adjusted for inflation over a 25-year period.

If the first year of your retirement was 1973, when the S&P 500 declined 17%, retirement savings would be exhausted by 1993 (20 years). Starting one year later, when the S&P 500 declined nearly 30%, the portfolio would have run out of money even faster (16 years).

But if the first year of retirement was 1975 — when the S&P 500 gained 31.5% — the story changes dramatically. In fact, your savings would've grown three-fold in 20 years.

Growth of \$100,000 retirement portfolio, 1973 - 1996

- Investments track the growth of the S&P 500 Index (See chart below)
- Assume 4% annual withdrawals
- Annual withdrawal rate adjusted for inflation each year based on the Consumer Price Index (CPI)



This data is hypothetical and may not be used to project or predict actual performance. Your experience may be different and results may be higher or lower depending on the strategy options chosen.

The volatile and unpredictable nature of the financial markets means every investor runs the risk of retiring in a bear market, when losses early in retirement can erode assets sooner than planned. This makes it all the more important to have a strategy in place that balances these risks with your need for income throughout retirement.



There's a different way to approach retirement risks.



As you've seen, a systematic withdrawal approach may not help you with the unique — and sometimes devastating — risks you'll face in retirement. That's why Nationwide® developed RetireSense — a retirement income strategy that helps balance risks while also meeting your needs for income and protection. It starts with clear principles.

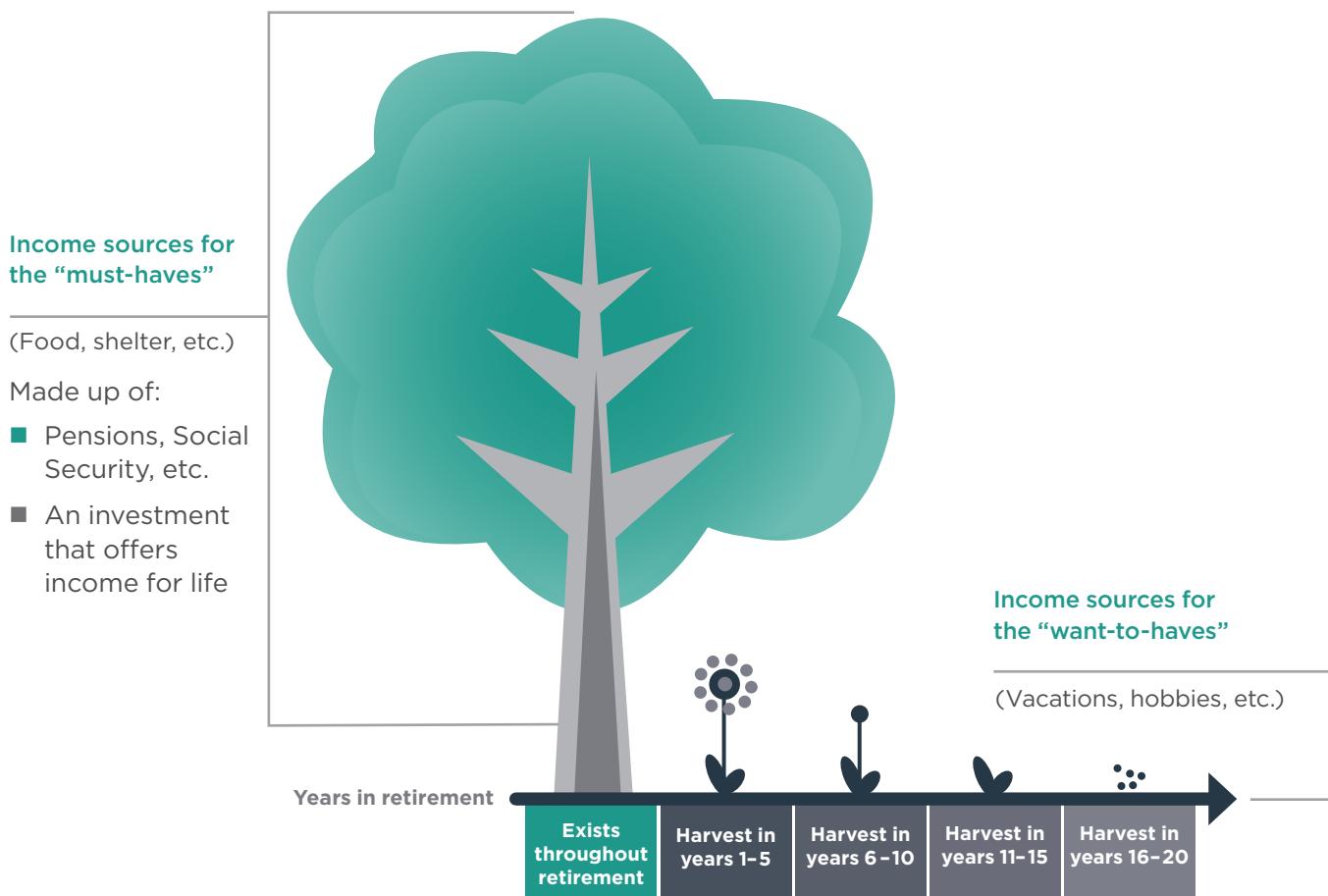
You should have a **high level of confidence** that the income you need for essential living expenses will be there — for life.

Assets you need for **income today** should be **invested differently** than the assets you'll need for income many years in the future.

Financial risks you face in retirement **impact you differently over time** and your income strategy should reflect that.

So how does RetireSense help you accomplish these goals?

A good retirement strategy is similar to landscaping a new planting bed. You start with the essentials — say, a tree or shrubs — to provide an income foundation to cover your needs. Then, in order to provide color throughout the season, you plant a variety of flowers that will bloom in succession, providing income for your wants. That way, just as one variety withers, the next is blooming.



1

First things first

We first work to try to cover Essential Income for life, taking your basic income needs off the table. This is represented by the tree.

2

Divide and conquer

Then we work to achieve Target Income — the amount you prefer to receive so you can live the life you want. To work toward this income level, your retirement is divided into five-year periods called Life SegmentsSM and an investment is assigned to be used for income in each.

This is the flower bed planted to bloom in succession throughout the season. Since the Target Income is money you'd like to have, rather than absolutely need, the strategy assumes it's acceptable to incur some risk in exchange for greater potential to outpace inflation and increase in value over time.

3

Protect with purpose

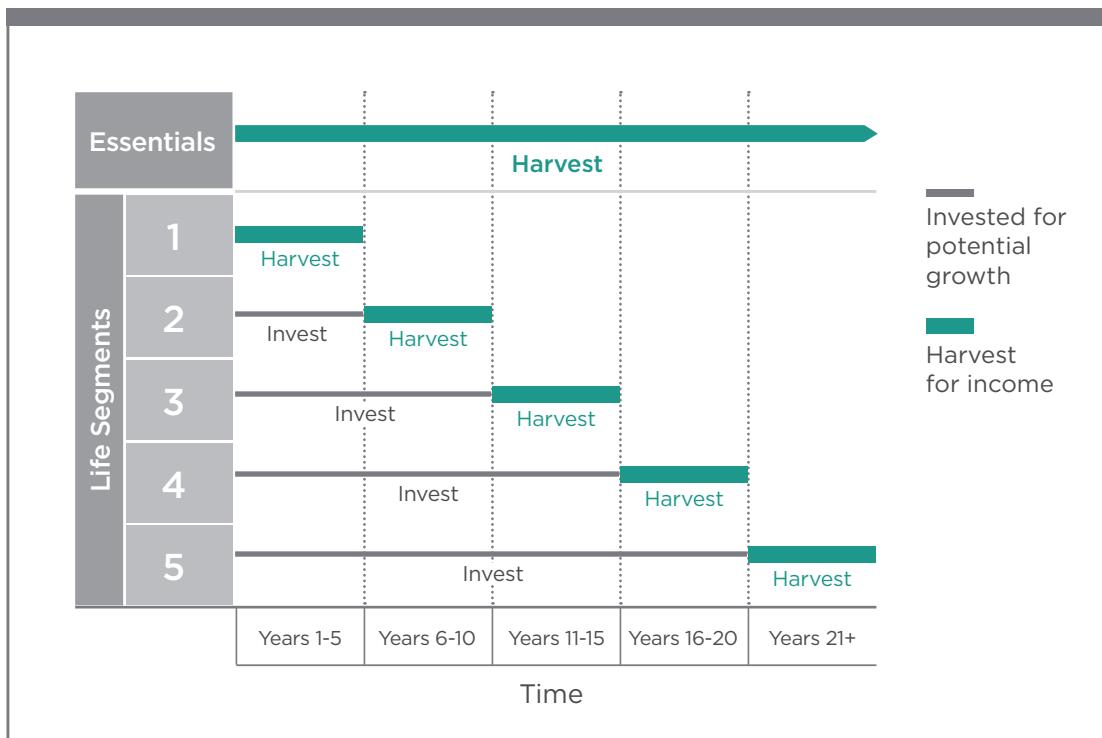
The potential impact of risks changes over time. For example, underperforming markets can have a greater impact early in retirement, while longevity and inflation are more of a factor later. Using the Life Segments approach, specific risk-reduction techniques can be used when they're most appropriate.

You could compare the ability to use protection features within the strategy with specific fertilizers and fences in our garden analogy.

Harvesting income with RetireSense®.

Once the strategy is set up, it's harvested just like our garden. Your Essential Income — represented by the tree — is provided for as long as you live. As you're enjoying that constant shade, the spice and variety is provided by the Life Segments investments that bloom in succession. At the start of each new five-year Life Segment, assets are placed into a conservative investment to “bloom” as income for the next five years.

Throughout the process, regular check-ups with your investment professional help ensure that the strategy is working as planned.



A clear way forward

Talk to your investment professional about Nationwide's strategy for addressing risk. Your investment professional can help you create a strong retirement income strategy, which is important to the financial success of your retirement. Remember, investing always involves risk, including the potential loss of principal.



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