

Nationwide Financial(R) Declares a "Sevolution(SM)" with Enhancements to The Nationwide Lifetime Income

by Business-Wire

Revolutionary Seven Percent Guaranteed Roll-up Means Potential for More Retirement Income for Consumers

COLUMBUS, Ohio--(BUSINESS WIRE)--Nationwide Financial Services, Inc. (NYSE:NFS - News), announced enhancements to The Nationwide Lifetime Income Rider[®] (L.inc) beginning Sept. 4 that could potentially offer consumers even more guaranteed retirement income from their variable annuity.

"Lifetime income is a top priority for those preparing for or entering retirement, and our intention with Nationwide L.inc has always been to increase allowable income for the consumer," said Eric Henderson, senior vice president of Nationwide Financial's Individual Investments Group. "We've enhanced L.inc to provide consumers with the opportunity to earn more income while maintaining the flexibility, liquidity, protection and quality investment options that were introduced in its original version last year."

Enhancements to Nationwide L.inc include:

A guaranteed roll-up of seven percent, up from five percent, meaning the income benefit base -- the amount on which the lifetime income payments are calculated -- is guaranteed to increase by seven percent simple interest annually for 10 years or until the first withdrawal, whichever comes first. When combined with L.inc's competitive age-based payout rates this equates to higher income payments for the consumer.

A reset option that now automatically adjusts the income benefit base at each rider anniversary if the contract value is higher than the existing benefit base.

If the market is flat or down, the new roll-up translates to a guaranteed 70 percent increase to the income benefit base if the consumer waits 10 years to take a withdrawal, which provides a cushion against inflation.

If the market is up and the contract value at any rider anniversary is higher than the guaranteed minimum value, the contract value will become the new benefit base. This increases the lifetime withdrawal amount. If the contract value falls to zero after the first 10 years (and before the first withdrawal), there will be no further adjustments to the income benefit base. In other words, the benefit base will always be at least 170 percent of the initial purchase payment.

Nationwide L.inc is available with certain variable annuities for an additional cost (0.70 percent of income benefit base(1)), and in addition to the enhancements still offers:

Guaranteed lifetime income through withdrawals of up to 7 percent of an income base that will never decrease due to market performance even if the contract value does.

Guaranteed growth with the potential to beat inflation

No waiting - as early as age 45 consumers can begin withdrawals immediately, and can start and stop them at will, which will lock in their lifetime withdrawal percentage

100% market participation that provides upside potential without complicated choices or fixed investment restrictions

Lifelong income continuation for a surviving spouse (optional at a cost of 0.15 percent in addition to the cost of Nationwide L.inc)

Nationwide L.inc uses a "greater of" value proposition to help give consumers the potential to beat inflation and ensure that they receive the highest withdrawals available according to rider provisions. Guarantees are subject to the claims paying ability of Nationwide.

When consumers are ready to begin taking withdrawals, the benefit base used to determine withdrawal amounts will be whichever is higher on the contract rider anniversary date: the contract value or the guaranteed minimum value that was determined by the seven percent annual roll-ups. The higher income benefit base is then multiplied by an age-based lifetime income percentage to determine the withdrawal amount.

Nationwide L.inc still offers spousal continuation, which allows the surviving spouse to continue to receive lifetime income for the duration of his or her life.

"Nationwide L.inc guarantees a surviving spouse will receive a lifetime income stream, which for many equates to peace-of-mind," said Henderson.

Henderson said Nationwide L.inc's flexibility allows consumers to access their lifetime income stream based on their individual needs and circumstances, whether that's as early as age 45 or later on, when they'll benefit from a higher withdrawal percentage.

Nationwide L.inc also allows consumers to choose from a variety of model portfolios, from passive to actively managed, that consist of various underlying investment options that correspond to the particular strategy of each model that fit their needs.

Investment options now available with L.inc include Nationwide Custom Portfolio(SM), a Nationwide-selected group of more than 50 underlying investment options divided into seven risk tolerance models and nine asset classes that consumers can select from, and The American Funds NVIT Option, which combines three American Funds in a single portfolio, offering both variety and simplicity.

Henderson said L.inc and Nationwide's other living benefit, Capital Preservation Plus Lifetime Income® (CPPLI), provides consumers with two income withdrawal options to choose from based on their needs.

Capital Preservation Plus Lifetime Income, available at an additional cost of 0.60 percent with certain variable annuities, provides clients with a way to invest without risking their principal by providing a guaranteed return of principal (less applicable charges and withdrawals) in as few as five, seven or 10 years. After this Capital Preservation phase, individuals have the flexibility to begin taking guaranteed lifetime withdrawals, enter another Capital Preservation phase or drop the rider and its fee.

"With the continued demise of defined benefit plans consumers are quickly realizing that achieving financial security in retirement is becoming their own responsibility," said Henderson. "Through their unique ability to provide guaranteed lifetime income, variable annuities with living benefits like L.inc and CPPLI can play a valuable role when planning for a retirement period that may last thirty years or more."

Annuities are long-term, tax-deferred investments designed for retirement and will fluctuate in value. They also allow customers to create a fixed or variable stream of income through a process called annuitization. It also provides a variable rate of return based on the performance of the underlying investments.

Annuities do have limitations. If a contract holder decides to take money out early, he or she may face surrender charges. Plus, if a person is not yet 59 1/2, he or she may also have to pay an additional 10% income tax penalty on top of ordinary income taxes. A death benefit is available with most variable annuities. If an early withdrawal is taken, the death benefit and cash value will be reduced.

Annuities contain guarantees and protections that are subject to the claims-paying ability of the issuer. But, while these don't apply to the actual performance of the variable accounts, they do offer a level of protection against investment loss.

Annuities are contracts bought from an insurance company and they are sold by prospectus. While it may take some time, these documents should be read. They describe risk factors, fees and charges that may apply to the contract holder. Please remember, variable annuities may have fees and charges including mortality and expense, administrative fees, contract fees and the expenses of the underlying investment options.

Variable products are sold by prospectus. Potential clients may obtain both the product prospectus and underlying fund prospectuses from their investment professional or by writing to Nationwide Life Insurance Company, P.O. Box 182021, Columbus, Ohio 43218-2021. Before investing, carefully consider the fund's investment objectives, risks, charges and expenses. The product prospectus and underlying fund prospectus contain this and other important information. Read the prospectus carefully before investing or sending money.

Nationwide variable annuities are issued by Nationwide Life Insurance Company, Columbus, Ohio. The general distributor is Nationwide Investment Services Corporation, member NASD. In MI only: Nationwide Investment Svcs. Corporation.

About Nationwide Financial

Nationwide Financial Services, Inc. (NYSE:NFS - News), a publicly traded company based in Columbus, Ohio, provides a variety of financial services that help consumers invest⁽²⁾ and protect their long-term assets, and offers retirement plans and services through both public- and private-sector employers.

It's part of the Nationwide group of companies, which offers diversified insurance and financial services. The group is led by Nationwide Mutual Insurance Company, which is ranked No. 104 on the Fortune 500 based on 2006 revenue.⁽³⁾ For more information, visit www.nationwide.com.

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