

Fixed indexed annuities

Balancing protection and growth potential for clients

It's challenging to invest for protection and growth in a rising rate environment, but a fixed indexed annuity is designed to help in some important ways.

As clients near retirement, we often try to reduce their market risk. Of course, this may limit their opportunities for growth. A fixed indexed annuity offers a similar measure of safety as bonds do and can help capture the positive performance of an underlying market index, so your clients will have the potential to keep up with inflation.

Bonds may not be as much help as they used to be.

Increasing bond exposure is a common way to decrease market risk while maintaining reasonable returns, but this may not always be the right strategy for all clients.



We're coming out of a **low bond yield environment**, which can make bonds less attractive.



In a rising interest rate environment, **long-term bond investments may lose value over time.**



Short-term bonds are less sensitive to rate increases but also **provide less income potential.**



Over one-third of investors say **protecting against investment loss** is a higher priority than maximizing gains now.¹

Offer your clients an alternative: a fixed indexed annuity.

Clients looking for principal protection in the fixed income portion of their portfolio may find fixed income annuities (FIAs) to be an appealing alternative because they offer:

Protection from negative returns

The money your clients invest and any earnings they're credited are guaranteed and can't be lost due to negative market performance.

Opportunity for growth

A FIA tracks an underlying market index² of your clients' choosing and credits interest when the index has positive performance.

Guaranteed lifetime income

Some FIAs feature an optional living benefit rider that's designed to ensure a lifetime stream of income that clients can't outlive.



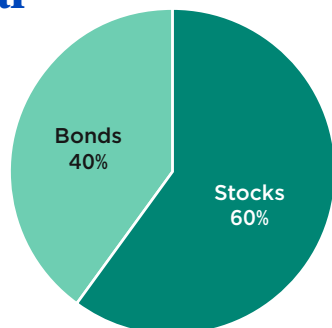
Review the sales idea on the back and consider it for your clients.

¹ 2023 Retiree Insights Program Surveys, Greenwald Research.

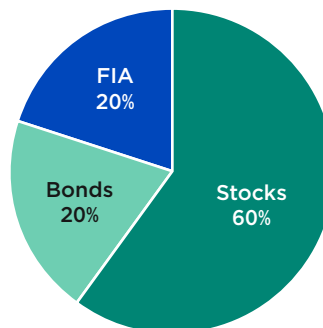
² Returns are based on the performance of an underlying index such as the S&P 500®. While the benchmark index does follow the market, an investor is never directly exposed to the stock market.

Enhance a client's fixed income sleeve with a fixed indexed annuity.

Traditional 60/40 portfolio



Enhanced 60/40 portfolio



To use this idea, you don't need to allocate a client's entire fixed income sleeve to a FIA; just try half of it. In fact, Monte Carlo analysis has shown that a portfolio split 60% into equities, 20% into bonds and 20% into a FIA significantly outperformed a traditional 60/40 portfolio³:

- Accumulating more assets in 85.9% of the scenarios that were simulated
- Allowing more retirement spending 99.7% of the time when a living benefit rider was included



To learn more about FIAs, contact your marketer.

³ Bloomberg Barclays, JourneyGuide and S&P; "The Fixed Index Annuity: A New Core for Retirement Saving?" AllianceBernstein (June 2022). The 60/40 portfolio represents a blend of the total returns of 60% S&P 500 Index and 40% Bloomberg Barclays US Aggregate Bond Index. Price returns would be lower. The FIA-enhanced portfolio represents 60% S&P total return, 20% Bloomberg Barclays US Aggregate Bond Index total return and 20% fixed indexed annuity return based on the S&P 500 Index price return. For the retirement accumulation simulations, taxes are omitted, as assets are assumed to be held within qualified retirement vehicles; based on distributions from 5,000 simulations of future returns provided by JourneyGuide retirement planning software over a 10-year period starting March 31, 2022. For the retirement spending simulations, taxes are omitted from the accumulation phase, as assets are assumed to be held within qualified retirement vehicles; annuity and portfolio withdrawals (accounting for required minimum distributions) are taxed at ordinary income tax rates for individuals, increase with inflation and incorporate the sunset of the Tax Cuts and Jobs Act in 2026; standard deductions are assumed, as are state income taxes (using Indiana as an example); based on return distributions from 5,000 simulations of future returns provided by JourneyGuide retirement planning software over a 10-year period starting March 31, 2022, followed by an additional 30 years of retirement income withdrawals.



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When evaluating the purchase of an annuity, you should be aware that annuities have limitations. They are long-term vehicles designed for retirement purposes. They are not intended to replace emergency funds, to be used as income for day-to-day expenses or to fund short-term savings goals. Please read the prospectus for complete details. Withdrawals are subject to income tax, and withdrawals before age 59½ may be subject to a 10% early withdrawal federal tax penalty.

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